U.S. Department of Labor
Office of Inspector General
Office of Audit

Performance Audit of

Columbus Urban League

Welfare-to-Work Competitive Grant
For the Period
January 4, 1999 through June 30, 2001

Audit Report No. 05-02-003-03-386
Date Issued: August 19, 2002

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Acronyms

AFDC	Aid to Families with Dependent Children
CFR	Code of Federal Regulations
CUL	Columbus Urban League
DOL	U.S. Department of Labor
ETA	Employment and Training Administration
FCDJFS	Franklin County Department of Jobs and Family Services
MIS	Management Information System
OMB	Office of Management and Budget
OIG	Office of Inspector General
QFSR	Quarterly Financial Status Report
TANF	Temporary Assistance for Needy Families
WtW	Welfare-to-Work

Executive Summary

The Office of Inspector General (OIG) conducted a performance audit of the $3,149,984 Welfare-to-Work (WtW) Competitive Grant awarded to the Columbus Urban League (CUL). Our audit objective was to determine whether CUL was in compliance with the WtW grant agreement, applicable laws and regulations.

The CUL reported expenditures of $1,854,785 in support of 313 WtW participants for the period January 4, 1999 through June 30, 2001. We tested a judgmental sample of staff salaries and fringe benefits, as well as administrative, program, and service provider costs totaling $285,744. We also tested 18 participants' program eligibility and reviewed the grantee's compliance with the grant requirements and principal criteria. However, our selective testing was not designed to express an opinion on CUL's Quarterly Financial Status Report (QFSR).

We found:

- Noncompliance with OMB Circular A-122 and grant agreement resulted in questioned costs totaling $139,516 because:
    - salaries and fringe benefits, totaling $91,516, that were directly allocated between WtW and other programs are based on a predetermined rate; and
    - expenditures of $48,000 for technology items were not pre-approved.
- A participant MIS was not in place resulting in:
    - enrollment of participants not accurately tracked; and
    - 70 percent and 30 percent expenditures not allocated properly.

We recommend that the Assistant Secretary for Employment and Training:

- recover questioned costs totaling $139,516,
- ensure the accuracy of the MIS tracking of enrolled participants, and
- ensure that accurate participant ratios are used in allocating 70 percent and 30 percent expenditures.

CUL concurred with our findings and proceeded to take the following corrective actions:

- requested approval for its costs allocation plan for salaries and fringe benefits, and purchases of technology items exceeding $5,000,
- removed the unallowable charges from the WtW Program,
- implemented a tracking and allocation system for the 70 percent and 30 percent expenditures, and

- revised its written procurement procedures to include the minimum requirements set forth by the regulation as stated in our draft report.

CUL has not received approval for its allocation plan and equipment purchases. However, we were provided sufficient documentation in the grantee's response to our draft report to reduce the original questioned costs to $139,516. CUL's response to the draft report is included as Appendix A.

Background

Objective of Welfare-to-Work

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 established the Temporary Assistance for Needy Families (TANF) program. The TANF provisions substantially changed the nation's welfare system from one in which cash assistance was provided on an entitlement basis to a system in which the primary focus is on moving welfare recipients to work and promoting family responsibility, accountability and self-sufficiency. This is known as the "work first" objective.

Recognizing that individuals in TANF may need additional assistance to obtain lasting jobs and become self-sufficient, the Balanced Budget Act of 1997 amended certain TANF provisions and provided for Welfare-to-Work (WtW) grants to states and local communities for transitional employment assistance which moves hard-to-employ TANF welfare recipients into unsubsidized jobs and economic self-sufficiency.

The Welfare-to-Work and Child Support Amendments of 1999 allow grantees to effectively serve both long-term welfare recipients and noncustodial parents of low-income children.

Of the $3 billion budgeted for the WtW program in Fiscal Years 1998 and 1999, $711.5 million was designated for award through competitive grants to local communities.

Columbus Urban League's Competitive Grant

On January 4, 1999, the Columbus Urban League (CUL) received a 30-month WtW competitive grant in the amount of $3,149,984. The period of performance was January 4, 1999 through June 30, 2001. There were four grant modifications. The first three modifications realigned the budget. The fourth modification, dated June 12, 2001, realigned the budget, extended the grant period through June 30, 2003, and made changes to its statements and conditions. No additional funding was included in the grant modifications.

The purpose of the grant was to operate the "Day One" program to recruit, train, and place a minimum of 480 Franklin County TANF participants in subsidized employment, concurrently engaging them in career development strategies which will increase their earning potential and economic stability. Of these 480 participants, 346 were to complete the career development strategies segment and enter into unsubsidized employment. The goal for transition to unsubsidized employment was later reduced from 346 participants to 228.

Principal Criteria

In addition to the provisions of the Balanced Budget Act of 1997, the U.S. Department of Labor (DOL) issued regulations found in 20 Code of Federal Regulation (CFR) 645. Interim regulations were issued November 18, 1997. Final Regulations were issued on January 11, 2001, and became effective April 13, 2001. Also, on April 13, 2001, a new Interim Final Rule became effective, implementing the Welfare-to-Work and Child Support Amendments of 1999. This resulted in changes in the participant eligibility requirements for competitive grants, effective January 1, 2000.

As a nonprofit entity, CUL is required to follow general administrative requirements contained in Office of Management and Budget (OMB) Circular A-110, which is codified in DOL regulations at 29 CFR 95, and OMB Circular A-122 requirements for determining the allowability of costs.

Postaward Survey

In September 1999, we issued a report on the results of a postaward survey of 12 second-round competitive grantees. CUL was included in that review. During this audit, we followed up on our concerns identified in the postaward survey. Based on our audit work, some concerns were not adequately addressed by CUL and are noted in the findings section of this report.

Objective, Scope and Methodology

Objective

Our audit objective was to determine whether CUL was in compliance with the WtW grant agreement, applicable laws and regulations.

Audit Scope and Methodology

Our audit included financial and program activities that occurred from January 4, 1999 through June 30, 2001. Our review of management controls was limited to financial management at the grantee level. We did not audit performance measures at CUL.

As part of our audit planning, we conducted a vulnerability assessment of the financial management, participant eligibility, cost allocation and procurement processes to determine if we could limit the audit procedures in any of these areas. As a result of the vulnerability assessment, judgmental sampling was chosen as our sampling methodology. Accordingly, we did not project the results of our sample to the entire universe of financial transactions or participants. In addition, our selective testing was not designed to express an opinion on CUL's QFSR.

Of the $1,854,785 claimed costs reported on the QFSR as of June 30, 2001, we selected 50 transactions for audit totaling $285,744. These transactions included staff salaries and fringe benefits, administrative expenditures, program costs, and service provider costs.

Of the 313 participants reported on the June 30, 2001, QFSR, we reviewed a list of WtW participants provided by CUL and determined the universe of eligible WtW participants was 303. We then created from this list two groups of participants; those enrolled before January 1, 2000, and those enrolled from January 1, 2000 through June 30, 2001. This was necessary because of a change in participant eligibility requirements, effective January 1, 2000. Using judgmental sampling techniques, we selected and reviewed the files of 7 participants that enrolled before January 1, 2000, and 11 participants enrolled from January 1, 2000 through June 30, 2001.

As part of our eligibility determination, we reviewed information provided by the Franklin County Department of Jobs and Family Services (FCDJFS) to determine whether certain participants met TANF and/or Aid to Families with Dependent Children (AFDC) cash assistance requirements as of each participant's WtW eligibility determination date.

During our audit, we reviewed compliance with the grant requirements and principal criteria cited on page 2.

To accomplish the audit objective, we interviewed CUL officials. We also obtained and reviewed grantee policies and procedures, participant files, accounting records, and source documentation, such as contracts, service provider agreements, invoices and payrolls to support claimed costs.

We conducted our audit in accordance with *Government Auditing Standards* for performance audits, issued by the Comptroller General of the United States. We conducted fieldwork from October 1, 2001 to November 16, 2001, at the office of CUL.

Findings and Recommendations

1. Questioned Costs Totaling $139,516

Of the $1,854,785 claimed costs reported on the QFSR as of June 30, 2001, we selected 50 transactions totaling $285,744. The results of the audit are presented herein.

Unallowable expenditures resulted in $139,516 of questioned costs

We found that CUL claimed $139,516 in expenditures that did not comply with the OMB Circular A-122 and its grant requirements. These costs consisted of staff salaries and related payroll benefits that were based on predetermined rates, and equipment costs that lacked prior approval. Based on CUL's response to our draft report, the following table outlines the questioned costs.

Cost Category	**Costs Questioned**
Payroll	$ 79,144
Payroll Benefits	12,372
Equipment	48,000
Total	**$139,516**

20 CFR Part 645.230(c)(2) states: "Non-profit organizations must determine allowability of costs in accordance with OMB Circular *A-122,* 'Cost Principles for Non-Profit Organizations.*'*"

Appropriately, as detailed below, the following costs were questioned based on the OMB Circular A-122, CUL's grant agreement and related regulations.

A. <u>Salaries of Staff Were Allocated Between WtW and Other Programs Based on a Predetermined Rate</u>

CUL used predetermined rates to directly allocate the salary costs of staff who worked on WtW and other programs or activities. However, CUL could not provide documentation on how these rates were determined.

OMB Circular A-122, Attachment B, Paragraph 7.m states:

> . . . *(*1) Charges to awards for salaries and wages, whether treated as direct costs or indirect costs, will be based on documented payrolls approved by a responsible official(s) of the organization. The distribution of salaries and wages to awards must be supported by personnel activity reports, as prescribed in **subparagraph (2),** except when a substitute system has been approved in writing by the cognizant agency.
>
> . . . (2) Reports reflecting the distribution of activity of each employee must be maintained for all staff members (professionals and nonprofessionals) whose compensation is charged, in whole or in part, directly to awards. . . . Reports maintained by non-profit organizations to satisfy these requirements must meet the following standards:
>
> > (a) The reports must reflect an after-the-fact determination of the actual activity of each employee. Budget estimates (i.e. estimates determined before the services are performed) do not qualify as support for charges to awards.
> >
> > (b) Each report must account for the total activity for which employees are compensated and which is required in fulfillment of their obligations to the organization.
> >
> > (c) The reports must be signed by the individual employee, or by a responsible supervisory official having first hand knowledge of the activities performed by the employee, that the distribution of activity represents a reasonable estimate of the actual work performed by the employee during the periods covered by the reports.
> >
> > (d) The reports must be prepared at least monthly and must coincide with one or more pay periods. . . .

CUL employees are paid semimonthly. For testing purposes, we analyzed the payroll for March 31, 2001. Our analysis showed that four employees had their salaries directly allocated to WtW and other programs or activities. However, the time sheets did not document the actual time worked on WtW and other programs and activities.

Based on this analysis and the fact that CUL officials informed us that they used predetermined rates, we determined the wages of these four employees from March 1, 1999 through June 30, 2001, from their available payroll records. The following table shows the salaries and related fringe benefits. The referenced schedules, placed at the end of this report, provide the details on the salaries.

FISCAL YEAR	DEPARTMENT CODE	WAGES	SCHEDULE	PAYROLL OVERHEAD RATE [1]	PAYROLL BENEFITS	TOTAL WAGES & BENEFITS
1999	CD1	2,750	A	19.90%	546	3,296
2000	CD1	1,611	B	12.65%	204	1,815
2000	160	1,996	B	12.66%	253	2,249
2001	160	49,548	C	15.62%	7,739	57,287
2001	210	23,239	C	15.62%	3,630	26,869
TOTAL		**$79,144**			**$12,372**	**$91,516**

The wages amounted to $79,144 and the fringe benefits totaled $12,372 (estimated based on the percentage of fringe benefits charged compared to the personnel costs charged for each fiscal year ending June 30). The grand total comes to $91,516, which we are questioning because the costs were charged based on a predetermined rate that violates the provisions of OMB Circular A-122, Attachment B, Paragraph 7.m.

B. <u>Nonpersonnel Costs Were Not in Compliance with Federal Regulations</u>

We selected a judgmental sample of program and administrative transactions to test. As a result of this testing, we are questioning equipment purchases totaling $48,000 based on the requirements of CUL's grant agreement and supporting regulations. The detail is as follows:

[1]Payroll Overhead Rate = Total Payroll Taxes + Total Employee Benefits / Total Salaries and Wages =
19.9% = [4,675 + 7,006 / 58,821]
12.65% = [31,176 + 14,701 / 362,599]
15.62% = [35,765 + 20,876 / 362,600]

Expenditures of Equipment Items Were Not Preapproved

CUL did not comply with the terms of its grant agreement when it purchased two software packages. The software packages were priced at $24,500 and $23,500, and did not have prior approval from the grant officer. Part IV, Special Conditions, 2.Equipment of the grant agreement specifies that:

> [a]wardees must receive prior approval from the DOL/ETAGrant Officer for the purchase and/or lease of any equipment with a per unit acquisition cost of $5,000 or more, and a useful life of more than one year. This includes the purchase of ADP equipment.

Furthermore, 29 CFR, Section 95.2(n) states in part:

> Equipment means tangible non-expendable personal property . . . having a useful life of more than one year and acquisition cost of $5,000 or more per unit.

A CUL official stated that CUL did not know that prior approval from ETA is necessary for purchases of equipment over $5,000, although it is a grant condition. Furthermore, CUL believes that software purchases do not fall under equipment cost. We believe that software packages meet the definition of ADP equipment and thus requires approval for any single item purchase exceeding $5,000. Accordingly, we are questioning $48,000 which is the price for the software packages.

In summary, we question a total of $48,000 of equipment costs, as follows:

EXPENSE ACCOUNT DESCRIPTION	AMOUNT	VENDORS
Cellular Telephone	0*	VoiceStream Wireless
Day One Mugs	0*	Artina Promotion Products
Hand Fans	0*	Matrix Media Services, Inc.
Grocery Purchases	0*	Kroger
55th Annual Dinner	0*	The College Fund/UNCF
Equal Opportunity Day Dinner	0*	Urban League of the Pikes Peak Regional, Inc.
Installation and training on Adult Services Module (Employment Case Management Training) for the Day One Program	24,500	JML Solutions, LTD
	23,500	DRV Software, LLC
Total	$ 48,000	

* Each amount has been reduced by a cumulative total of $19,722 as a result of additional data provided by CUL officials subsequent to the release of the draft report.

<u>Recommendation</u>:

We recommend that the Assistant Secretary for Employment and Training recover questioned costs of $139,516.

<u>CUL's Response</u>:

CUL provided a copy of the letter sent to the DOL/ETA requesting approval of the allocation method used to charge salaries to the grant, and a copy of the letter requesting approval of the software package used for the WtW program. CUL believes that the salary amount charged the grant was reasonable. CUL also indicated that the organization did not realize that an approval had to be obtained from the DOL/ETA Grant Officer for the purchase of software that costs $5,000 or more.

For nonpersonnel cost, CUL submitted a schedule showing what telephone calls should be charged to the grant. CUL also submitted a copy of the journal entry removing the $8,049 that was incorrectly charged to the program for cell phone calls, dinner tickets, grocery purchases, promotional items and memorabilia. CUL officials stated that they did not realize promotional items and memorabilia could not be charged to the program.

<u>OIG's Conclusion:</u>

We concur with CUL's removal of $8,049 in questioned costs from the WtW program. CUL submitted sufficient documentation for the remaining $11,673. Therefore, we consider this portion of the finding resolved and closed.

Since CUL has not received approval from DOL/ETA for either the allocation method for salaries or the purchase of software, our recommendations on these findings remain unchanged. The questioned costs for these expenses are $139,516.

2. Participant MIS Was Not in Place

A. <u>Enrollment of Participants Not Tracked</u>

CUL did not have an MIS in place to track the enrollment of participants in the WtW Program and identify participants' "general eligibility" and 30 percent classifications, program activities and placement into unsubsidized employment. CUL relied on client referrals and participant files to provide this information. As a result, CUL lacked a system for accurately tracking and reporting participants served in the WtW program.

20 CFR 645.240(d) states:

> Participant reports. Each grant recipient must submit participant reports to the Department. Participant data must be aggregate data, and, for most data elements, must be cumulative by fiscal year of appropriation.

CUL had no MIS in Place

Through March 31, 2001, the reported number of participants served was not based on the number of individuals determined eligible but on the number of clients referred to the program. This practice caused the number of participants reported as served on the QFSRs to be overstated. For the June 30, 2001 QFSR, CUL still used client referrals but only for individuals determined eligible, although the numbers included eligible participants who were not served. Because we requested a list of participants who were determined eligible from the inception of the grant until June 30, 2001, CUL manually compiled a list which included the participants' enrollment date, and their eligibility status. The table below demonstrates the significant differences in the two QFSRs and the list provided during the audit.

QFSR ending period	Participants Served Under the "General Eligibility" Criteria	Participants Served Under the "Other Eligibility" Criteria	Total Participants
3/31/01	339 (75%)	116 (25%)	455
6/30/01	296 (95%)	17 (5%)	313
Per CUL list	252 (83%)	51 (17%)	303

We believe the participant list provided to us during the audit is more accurate than the participant numbers reported on the QFSRs since they were based on the files of the participants. CUL indicated they will maintain and update this list and use it for an MIS and for program reporting purposes.

B. <u>Expenditures Not Allocated Properly Between Participants Served Under the "General Eligibility" Criteria (70 percent category) and the "Other Eligibility" Criteria (30 percent category)</u>

As a result of not having accurate participant numbers, CUL's participant ratios to allocate the expenditures were also inaccurate. Based on information provided to us, the expenditures reported on the June 30, 2001 QFSR were understated for the "general eligibility" criteria and overstated for the "other eligibility" criteria. On the June 30, 2001 QFSR, CUL reported $1,854,785 in expenditures. Only $262,749 were directly charged to the "general eligibility" or "other eligibility" categories, the remaining expenditures of $1,592,036 were allocated between the two categories. The $1,592,036 were not allocated properly among the "general eligibility" and "other eligibility" expenditures.

20 CFR 645.211 states:

> An operating entity . . . may spend not more than 30 percent of the WtW funds allotted to or awarded to the operating entity to assist individuals who meet the "other eligibles" eligibility requirements . . . . The remaining funds allotted to or awarded to the operating entity are to be spent to benefit individuals who meet the "general eligibility" and/or "noncustodial parents" eligibility requirements . . .

Prior to ETA's financial management review of the CUL's WtW grant in August 2000, CUL had no system in place to allocate "general eligibility" and "other eligibility" expenditures. Instead, CUL reported the breakdown of "general eligibility" and "other eligibility" expenditures on the

QFSRs by multiplying the total expenditures to date by the required "general eligibility" minimum rate and "other eligibility" maximum rate.

A report was issued in February 2001 presenting a finding concerning the allocation of "general eligibility" and "other eligibility" expenditures, as a result of a review conducted by ETA's financial management team. The report stated the accounting records along with the time sheets used by the WtW program did not identify established methods in collecting accurate data to account for "general eligibility" and "other eligibility" expenditures.

CUL responded in March 2001 by providing a corrective action plan. This plan stated that case managers would, on a daily basis, account for their time between "general eligibility" and "other eligibility" participants. The business development specialists would use a formula method because their time is dedicated to the number of participants enrolled each cycle. However, the grantee never implemented this plan.

Instead, CUL decided to allocate the "general eligibility" and "other eligibility" expenditures by its participant ratios for the entire grant period each time the QFSR was prepared. This method seems to be equitable in allocating the expenditures, since either type of participant is eligible for the same services as long as the participant ratio stays fairly consistent from quarter to quarter.

This allocation method was used for the QFSR ending June 30, 2001. However, CUL used a 75 percent ratio for "general eligibility" participants and 25 percent ratio for "other eligibility" participants based on the ratio as of December 31, 2000, which was based on client referrals rather than persons determined eligible.

At our request, CUL manually compiled a list of participants providing the enrollment dates and the "general eligibility" and "other eligibility" status. Of the 303 participants, 252 (83 percent) were enrolled under the "general eligibility" criteria and 51 (17 percent) under the "other eligibility"criteria. These totals are the most accurate since the list was based on the files of the participants and should have been used for allocating the "general eligibility" and "other eligibility" pooled expenditures for June 30, 2001.

Based on the participant listing provided to us, "general eligibility" expenditures have been understated and "other eligibility" expenditures have been overstated. CUL agreed that the participant ratio used was inaccurate. However, CUL now has a list of participants which will be constantly updated in order to provide an accurate participant ratio to be applied when allocating "general eligibility" and "other eligibility" expenditures beginning with the September 30, 2001 QFSR. The ratio to be used, based on the participant listing as of September 30, 2001, is 83 percent, "general eligibility" and 17 percent, "other eligibility".

Recommendations:

We recommend that the Assistant Secretary for Employment and Training direct CUL to ensure the accuracy of the participant list and update it timely. The participant list would be used as CUL's MIS for tracking participants' enrollment dates, the "general eligibility" and "other eligibility" classifications, and their activities in the WtW Program. This list should assist CUL in presenting accurate participant data on the QFSR.

We also recommend that the Assistant Secretary for Employment and Training direct CUL to ensure that accurate participant ratios are used to allocate expenditures for the "general eligibility" and "other eligibility" categories on the QFSRs.

CUL's Response:

CUL stated that it implemented a system in April 2001 called the Internal Consolidated Information Tracking System which tracks Day One (WtW) participants for the "general eligibility" and "other eligibility" categories. CUL stated that accurate participant ratios of 83.7 percent and 16.3 percent are now used to allocate expenditures on the QFSR ending September 2001. The percentages will be updated each quarter.

OIG's Conclusion:

CUL must produce a list of WtW participants tracked by, at a minimum, the "general eligibility" and "other eligibility" classifications that are produced from its MIS, in order to resolve the matter of CUL's MIS capability. Also, we concur and resolve the matter of the use of accurate participant's ratios for the QFSRs. This matter will remain open pending the review of the QFSR submitted to ETA.

3. Procurement Policy Does Not Meet Minimum Federal Requirements

Our review of CUL's written procurement procedures disclosed that the procedures did not contain the minimum requirements dictated by the regulations.

Recommendation:

We recommend that the Assistant Secretary for Employment and Training direct CUL to develop written procurement procedures that provide detailed instructions and meet Federal requirements.

CUL's Response:

CUL provided a copy of its revised written procurement procedures.

OIG's Conclusion:

The written procurement procedures provided by CUL include the minimum requirements based on the regulation. We consider CUL's written procurement procedures sufficient to resolve and close this finding.

Schedules of Payroll Questioned Costs

Schedule A

COLUMBUS URBAN LEAGUE
WELFARE-TO-WORK COMPETITIVE GRANT NO. Y-7209-9-00-81-60
Computation of Questioned Payroll Costs
For the Pay Periods
March 1, 1999 through June 30,1999

PAY PERIOD	EMPLOYEE	**/**** GROSS WAGES	** PERCENT ALLOCATION CD1	**** AMOUNT CHARGED CD1
03/1-3/15/99	Person No. 1	1,375.00	25.00%	$ 343.75
3/16-3/30/99	Person No. 1	1,375.00	25.00%	343.75
4/1-4/15/99	Person No. 1	1,375.00	25.00%	343.75
04/16-4/30/99	Person No. 1	1,375.00	25.00%	343.75
05/1-5/15/99	Person No. 1	1,375.00	25.00%	343.75
05/16-5/31/99	Person No. 1	1,375.00	25.00%	343.75
06/1-6/15/99	Person No. 1	1,375.00	25.00%	343.75 (A)
06/16-6/30/99	Person No. 1	1,375.00	25.00%	343.75
TOTAL				$2,750.00

CD1 = Day One - Administration

** Source: ADP Master Control
**** Source: Labor Distribution Report
(A) = Unable to Locate Labor Distribution Report - Computed Amount

Schedule B

COLUMBUS URBAN LEAGUE
WELFARE-TO-WORK COMPETITIVE GRANT NO. Y-7209-9-00-81-60
Computation of Questioned Payroll Costs
For the Pay Periods
July 1, 1999 through June 30, 2000

PAY PERIOD*	EMPLOYEE	**/**** GROSS WAGES	PERCENT ALLOCATED ** TO DEPARTMENT		AMOUNT CHARGED **** TO DEPARTMENT	
			CD1	160	CD1	160
07/1-7/15/99	Person No. 1	1,541.66	9.50%		146.46	
07/16-7/3199	Person No. 1	1,541.66	9.50%		146.46	
08/1-8/15/99	Person No. 1	1,541.66	9.50%		146.46	
08/16-8/31/99	Person No. 1	1,541.66	9.50%		146.46	
09/1-9/15/99	Person No. 1	1,541.66	9.50%		146.46	
09/16-9/30/99	Person No. 1	1,541.66	9.50%		146.46	
10/1-10/15/99	Person No. 1	1,541.66	9.50%		146.46	
10/16-10/31/99	Person No. 1	1,541.66	9.50%		146.46	
11/1-11/15/99	Person No. 1	1,541.66	9.50%		146.46	
11/16-11/30/99	Person No. 1	1,541.66	9.50%		146.46	
12/1-12/15/99	Person No. 1	1,541.66	9.50%		146.46	
02/16-2/29/00	Person No. 1	1,541.66		9.50%		146.46
03/1-3/15/00	Person No. 1	1,625.00		14.14%		241.56 (A)
03/16-3/31/00	Person No. 1	1,625.00		14.14%		229.78
04/1-4/15/00	Person No. 1	1,625.00		14.14%		229.78
04/16-4/30/00	Person No. 1	1,625.00		14.14%		229.78
05/1-5/15/00	Person No. 1	1,625.00		14.14%		229.78
05/16-5/31/00	Person No. 1	1,625.00		14.14%		229.78
06/1-6/15/00	Person No. 1	1,625.00		14.14%		229.78
06/16-6/30/00	Person No. 1	1,625.00		14.14%		229.78
TOTAL FOR YEAR 2000					$ 1,611.06	$ 1,996.48

(A) = Actual percentage used was 14.87% * = Payroll documents for pay periods ending 12/30/99 through 2/15/00 were not provided
** = SOURCE = ADP Master Control (Payroll) **** = SOURCE = Labor Distribution Report

Schedule C

COLUMBUS URBAN LEAGUE
WELFARE-TO-WORK COMPETITIVE GRANT NO. Y-7209-9-00-81-60
Computation of Questioned Payroll Costs
For the Period
July 1, 2000 through June 30, 2001

PAY PERIOD	EMPLOYEE	**/**** GROSS WAGES	** PERCENT ALLOCATED TO DEPARTMENT		**** AMOUNT CHARGED TO DEPARTMENT	
			No. 160	No. 210	No. 160	No. 210
07/1-7/15/00	Person No. 1	2,333.33	16.08%		375.20	
07/16-7/31/00	Person No. 1	2,333.33	16.08%		375.20	
08/1-8/15/00	Person No. 2	1,250.00	50.00%		625.00	
	Person No. 1	2,333.33	16.08%		375.20	
08/16-8/31/00	Person No. 2	1,250.00	50.00%		625.00	
	Person No. 1	2,333.33	16.08%		375.20	
09/1-9/15/00	Person No. 2	1,250.00	50.00%		625.00	
	Person No. 1	2,333.33	16.08%		375.20	
09/16-9/30/00	Person No. 2	1,250.00	50.00%		625.00	
	Person No. 3	1,416.67		85.30%		1208.42
	Person No. 1	2,333.33	16.08%		375.20	
	Person No. 4	1,750.00	88.10%		1,541.66	
10/1-10/15/00	Person No. 2	1,250.00	50.00%		625.00	
	Person No. 3	1,416.67		85.30%		1208.42
	Person No. 1	2,333.33	16.08%		375.20	
	Person No. 4	1,750.00	88.10%		1,541.75	
10/16-10/31/00	Person No. 2	1,250.00	50.00%		625.00	
	Person No. 3	1,416.67		85.30%		1208.42
	Person No. 1	2,333.33	16.08%		375.20	
	Person No. 4	1,750.00	88.10%		1,541.75	
11/1-11/15/00	Person No. 2	1,250.00	50.00%		625.00	
	Person No. 3	1,416.67		85.30%		1208.42
	Person No. 1	2,333.33	16.08%		375.20	
	Person No. 4	1,750.00	88.10%		1,541.75	

Schedule C

COLUMBUS URBAN LEAGUE
WELFARE-TO-WORK COMPETITIVE GRANT NO. Y-7209-9-00-81-60
Computation of Questioned Payroll Costs
For the Period
July 1, 2000 through June 30, 2001

PAY PERIOD	EMPLOYEE	**/**** GROSS WAGES	** PERCENT ALLOCATED TO DEPARTMENT		**** AMOUNT CHARGED TO DEPARTMENT	
			No. 160	No. 210	No. 160	No. 210
11/16-11/30/00	Person No. 2	1,250.00	50.00%		625.00	
	Person No. 3	1,416.67		85.30%		1208.42
	Person No. 1	2,333.33	16.08%		375.20	
	Person No. 4	1,750.00	88.10%		1,541.75	
12/1-12/15/00	Person No. 2	1,250.00	50.00%		625.00	
	Person No. 3	1,416.67		85.30%		1208.42
	Person No. 1	2,333.33	16.08%		375.20	
	Person No. 4	1,750.00	88.10%		1,541.75	
12/16-12/31/00	Person No. 2	1,250.00	50.00%		625.00	
	Person No. 3	1,416.67		85.30%		1,208.42
	Person No. 1	2,333.33	16.08%		375.20	
	Person No. 4	1,750.00	88.10%		1541.75	
01/1-1/15/01	Person No. 2	1,750.00	88.10%		625.00	
	Person No. 3	1,416.67		85.30%		1,208.42
	Person No. 1	2,333.33	16.08%		375.20	
	Person No. 4	1,750.00	88.10%		1541.75	
01/16-1/31/01	Person No. 2	1,250.00	50.00%		625.00	
	Person No. 3	1,416.67		85.30%		1,208.42
	Person No. 1	2,333.33	16.08%		375.20	
	Person No. 4	1,750.00	88.10%		1541.75	
02/1-2/15/01	Person No. 2	1,250.00	50.00%		625.00	
	Person No. 3	1,416.67		85.30%		1,208.42
	Person No. 1	2,333.33	16.08%		375.20	

Schedule C

COLUMBUS URBAN LEAGUE
WELFARE-TO-WORK COMPETITIVE GRANT NO. Y-7209-9-00-81-60
Computation of Questioned Payroll Costs
For the Period
July 1, 2000 through June 30, 2001

PAY PERIOD	EMPLOYEE	**/**** GROSS WAGES	** PERCENT ALLOCATED TO DEPARTMENT		**** AMOUNT CHARGED TO DEPARTMENT	
			No. 160	No. 210	No. 160	No. 210
	Person No. 4	1,750.00	88.10%		1541.75	
02/16-2/28/01	Person No. 2	1,250.00	50.00%		625.00	
	Person No. 3	1,416.67		85.30%		1,208.42
	Person No. 1	2,333.33	16.08%		375.20	
	Person No. 4	1,750.00	88.10%		1,541.75	
03/1-3/15/01	Person No. 2	1,250.00	50.00%		625.00	
	Person No. 3	1,416.67		85.30%		1,208.42
	Person No. 1	2,333.33	16.08%		375.20	
	Person No. 4	1,750.00	88.10%		1,541.75	
03/16-3/31/01	Person No. 2	1,250.00	50.00%		625.00	
	Person No. 3	1,416.67		85.30%		1,208.42
	Person No. 1	2,333.33	16.08%		375.20	
	Person No. 4	1,750.00	88.10%		1,541.75	
04/1-4/15/01	Person No. 2	1,250.00	50.00%		625.00	
	Person No. 3	1,416.67		85.30%		1,208.42
	Person No. 1	2,333.33	16.08%		375.20	
	Person No. 4	1,750.00	88.10%		1,541.75	
04/16-4/30/01	Person No. 2	1,250.00	50.00%		625.00	
	Person No. 3	1,416.67		85.30%		1,208.42
	Person No. 1	2,333.33	16.08%		375.20	
	Person No. 4	1,750.00	88.10%		1,541.75	
05/1-5/15/01	Person No. 3	1,416.67		85.30%		1,208.42
	Person No. 1	2,333.33	16.08%		375.20	

Schedule C

COLUMBUS URBAN LEAGUE
WELFARE-TO-WORK COMPETITIVE GRANT NO. Y-7209-9-00-81-60
Computation of Questioned Payroll Costs
For the Period
July 1, 2000 through June 30, 2001

PAY PERIOD	EMPLOYEE	**/**** GROSS WAGES	** PERCENT ALLOCATED TO DEPARTMENT		**** AMOUNT CHARGED TO DEPARTMENT	
			No. 160	No. 210	No. 160	No. 210
	Person No. 4	1,750.00	88.10%		1,541.75	
05/16-5/31/01	Person No. 3	1,416.67		85.30%		1,208.42
	Person No. 1	2,333.33	16.08%		375.20	
	Person No. 4	1,750.00	88.10%		1,541.75	
06/1-6/15/01	Person No. 3	1,416.67		85.30%		1,208.42
	Person No. 1	2,333.33	88.10%		375.20	
	Person No. 4	1,750.00	16.08%		1,541.75	
06/16-6/30/01	Person No. 3	1,743.67		85.30%		1,487.35
	Person No. 1	2,333.33	16.08%		375.20	
	Person No. 4	1,750.00	88.10%		1,541.75	
TOTAL					49,547.96	23,238.91

** = SOURCE= ADP Master Control (Payroll)
****= SOURCE= Labor Distribution Report
DEPARTMENT 160 = DAY ONE
DEPARTMENT 210 =DAY ONE - Business Development Specialist
SOURCE: ADP Master Control (Payroll) and Labor Distribution.

Columbus Urban League, Inc.

788 Mount Vernon Avenue • Columbus, Ohio 43203-1408
Voice (614) 257-6300 • Fax (614) 257-6327 • www.cul.org

Attachment A

June 28, 2002

Preston Firman
Regional Inspector General for Audit
U.S. Department of Labor
Office of Inspector General
230 South Dearborn Street
Chicago, IL 60604

Dear Mr. Firmin:

This is our written response to your June 7, 2002, draft report - findings and recommendations.

1.A. Salaries of Staff Were Allocated Between WtW and Other Programs Based on a Predetermined Rate. Total questioned $91,516.

Please find attached our March 21, 2002 letter to Mr. Paul Fredericks, Grant Officer's Tech Rep, requesting approval of the allocation.

1.B. Non personnel Cost Were Not in Compliance with Federal Regulations. Total questioned $67,722.

Cellular Telephones – We have reviewed cell phone expenses changed to this program. We have determined that $1,329.74 in cell phone expenses was incorrectly charged to this program. Detail schedule is attached.

Promotional Items – We did not realize that "promotional items and memorabilia" could not be charged to this program. Total amount is $5,810.

Dinner Tickets - $360 questioned.

Grocery Purchased - $550 questioned.

We have made a journal entry in June 2002 to remove the above expenses from the program – Total $8,049.07. Please see attached copy of journal entry and related backup.

"Ending racism through education, economic and social progress."

A United Way of Central Ohio Agency • National Urban League Affiliate • Non-Profit Organization • Equal Opportunity Employer

Expenditure of Equipment Items Were Not Preapporved. – We did not realize that this expenditure needed to be preapproved. Please see copy of attached letter to Lynn Kinzer requesting written approval.

2. Participant MIS Was Not in Place

A. Enrollment of Participants Not Tracked

The Columbus Urban League's Internal Consolidated Information Tracking System (CITS), which was implemented April 2001, tracks Day One participations as it relates to 70/30 eligibility categories, employment history (subsidized to unsubsidized) and retention through case notes that are entered into the system on a current basis. Customer information entered into the system can be updated to document progress reports and numbers of participants that are active in the program.

B. Seventy Percent and Thirty Percent Expenditures Not Allocated Properly.

Accurate participant ratios are now used to allocate expenditures for the seventy percent and thirty percent categories on the QFSRs. The ratio of 83.7% seventy percenters and 16.3% thirty percenters was implanted on the report for the quarter ended September 2001. These percentages will be updated each quarter.

3. Procurement Policy Does Not Meet Minimum Federal Requirements.

Written procedures have been modified. Please see attached.

If you or your staff has any questions, please call Wanda Parker, Director Work Force Development 614-372-2311 or Ed Sweeney, Director of Finance/CFO, 614-372-2313.

Sincerely,

Samuel Gresham, Jr.
President and Chief Executive Officer

"The Partnership That Works"