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**Human Resources and Occupational Development Council**

Xavier González Calderón  
Executive Director

February 28, 2003

Robert R. Wallace  
Regional Inspector General for Audit  
U.S. Department of Labor – OIG  
61 Forsyth Street, S.W., Room 6T20  
Atlanta, Georgia 30303-3104

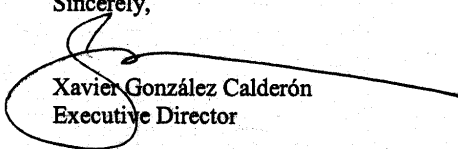
Dear Mr. Wallace:

The enclosed information contains the Human Resources and Occupational Development Council's comments to the draft report of the evaluation of Puerto Rico's JTPA closeout (reference number 04-03-020-03-340).

The JTPA Closeout was a well organized and performed process which included the participation of our staff, SDA/SSA staff and the services of the independent accounting firm contracted.

If you have any questions concerning this letter or the attached comments, please contact Joe Alvarez Nazario, Deputy Director, at (787)754-5504.

Sincerely,

  
Xavier González Calderón  
Executive Director



### **Schedule of Comments**

Evaluation of Grant Closeout Practices Applied to  
Job Training Partnership Act Grants by the Commonwealth of Puerto Rico  
(Report No. 04-03-020-03-340)

1. **Procedure 7 Finding – In the June 30, 2001 Single Audit Report, the auditors indicated that the CPR should monitor subrecipients on a periodic basis at least once a year.**

Comment: For the fiscal year 1999-2000, the CPR did not performed on-site visits to monitor the JTPA Grant. However, as noted by the accountants on their agreed-upon procedures report the CPR contracted an independent accounting firm which provided technical assistance and monitored each SDA/SSA closeout process during that fiscal year and the closeout period after the closing of the fiscal year in order to fully comply with the JTPA Financial Closeout Technical Assistance Guide.

2. **Procedure 7 Finding – In the June 30, 2001 Single Audit Report, the auditors also indicated that CPR should prepare a reconciliation worksheets between the reported expenditures and the expenditures reported in the audited financial statements of the subrecipients.**

Comment: This finding was disputed by the CPR (HRODC) management during the audit report draft process. We argued that the auditors' opinion includes a statement indicating his reliance on the information prepared by the Council's management and the contracted firm's agreed-upon procedures reports. Also, evidence was presented that as part of the CPR subrecipients Single Audit resolution process a reconciliation of the audited expenditures and the reported expenditures is performed. However, the finding was included on the final report. This condition was corrected as noted on the Summary Schedule of Prior Audit Findings and Questioned Costs included on the fiscal year 2000-01 Single Audit report.

3. **Procedure 10 Finding – Audit reports for the Right to Employment Administration contained two minor findings: that the REA did not always review forms completed by participants; and a bid was accepted after the established closing date.**

Comment: These findings were not related to the administration of the JTPA Grant. This information was included on the final determination of the audit resolution process of the 1999-2000 audit report.



4. **Procedure 10 Finding – Audit reports for the Southeast Consortium had several findings: the trial balance was not completed, actual expenditures were not compared to budget; and the accounting system did not provide timely and reliable information to permit preparation of cost reports.**

Comment: Although the audit findings included on the auditor's report related to financial matters, the closeout process performed by the Southeast Consortium included a reconciliation of all accounting records, expenditures and budget performed by a contracted accounting firm and no differences existed within the final cost reports and the accounting records. This fact was noted and included on the report submitted by R. Navarro & Associates, Inc. Under WIA, corrective actions have been requested to the Consortium so that reliable and accurate information is available on a timely basis without the need of external consultants.

