

## **RESPONSE TO DRAFT REPORT**

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Attached is a copy of ITC's complete response to each of the findings in the draft report. Due the length ITC's response to some of the findings, the report contains excerpts of its response to each findings.

ITC also provided additional information for each of the participant files we reviewed. This information has not been included due the privacy act consideration but is available upon request to authorized parties.

**Appendix D (Continued)**

**Alabama Intertribal Council**  
**Workforce Investment Act (WIA)**  
P.O. Box 369 / Millbrook, Alabama 36054-0369  
(334) 290-2900 or Fax (334) 290-2902  
*E-mail: [aicwia@aol.com](mailto:aicwia@aol.com)*

*Chief Wilford "Longhair" Taylor*  
*Chairman*

*Charlotte Hallmark*  
*Director*

**RE: Report Number 04-04-006-03-355**

September 22, 2004

Mr. Michael K. Yarbrough  
Regional Inspector General for Audit  
U.S. Department of Labor – OIG  
61 Forsyth Street, S.W., Room 6T20  
Atlanta, Georgia 30303-3104

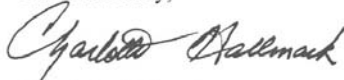
Dear Mr. Yarbrough,

We have enclosed the comments of the Board of Directors in the papers titled "AIC Solutions" and "AIC Response". We are still working with the accounting firm that handles our financial reports as to why there are discrepancies in the way they report to us and on Form 990. They have assured us this will not happen again. Enclosed is a copy of the statement they gave us.

We feel that we have carried out our duties here as honestly and fairly as we possibly could, considering all the circumstances and the limited funds available to us.

We genuinely appreciate all the suggestions and guidance offered to us by the OIG Staff.

Most Sincerely,



Charlotte Hallmark  
Project Director

Enclosures

Appendix D (Continued)

O.I.G. Recommendations	AIC Solutions
<p><b>Recommendation 1</b></p> <p>Find effective ways to encourage and promote the program to members of all recognized tribes.</p>	<p>Promotional sources currently used are: AIC-WIA web-site; AIC Board Members publicize the program; Alabama Indian Affairs Commission publicize in their office and on their web-site; State Workforce Investment Board publicize the program; educational institutions are aware of program; Indian Educational Programs are aware of the AIC program and AIC publishes occasionally through local newspapers and radio. AIC-WIA has limited funding. AIC Board voted to use the Alabama Advertising Agency, local cable stations, Al. Press Association, The Network of Educational Television, Dr. Sabino will see that information is placed on the Auburn University web site. All tribes will make a major effort to inform more of their tribal members.</p>
<p><b>Recommendation 2</b></p> <p>Ensure ITC's program costs are accurately reported.</p>	<p>Have informed Bern, Butler, Capilouto &amp; Massey, P.C. of past inconsistencies and have received a letter from above mentioned stating future reports will be rectified. AIC Board stated that we would change Accounting Firms if problem continued.</p>
<p><b>Recommendation 3</b></p> <p>Ensure ITC verify that all participants have satisfied WIA eligibility requirements. ITC should also ensure WIA participants' eligibility determination is properly supported with verifiable information.</p>	<p>Proof of last 6 months income is required, instead of using previous years income tax forms; verifying end date at last place of employment if not employed at the time the application is received; have created forms to support that participants have updated Pell grant information, number of semesters active on WIA program, and application check-off list to ensure all documentation is included with application. We have also adopted a policy requiring further documentation be written into participants file by staff members, and that all other pertinent information be placed in file.</p>
<p><b>Recommendation 4</b></p> <p>Ensure ITC's Board takes action to either affirm or remove the Director after a complete review of the events leading up to the Director's employment at ITC.</p>	<p>The AIC Board met on September 2, 2004 and reviewed all of the events leading up to the present Directors employment. They also heard testimony from a former Board member who was present at the meeting when the Director was hired. They voted unanimously to affirm the Directors employment.</p>
<p><b>Recommendation 5</b></p> <p>Ensure ITC complies with existing internal controls over payroll disbursements. ITC should ensure that all financial transactions are properly authorized and traceable. Also, ensure ITC compensates the Director for the unauthorized salary reduction of \$4,680.</p>	<p>ITC has created a form to document all financial transactions regarding personnel. Remarks made concerning the reduction of Directors salary was that the issue had been voted on, however that information escaped the minutes of the meeting due to a malfunction in the tape recorder. Ms. Hallmark stated that she still desired that the money not be returned to her since she felt that she had given the funds to assist the participants on the program.</p>

**Appendix D (Continued)**

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

During an audit by the Office of Inspector General of the Inter-Tribal Council of Alabama there was an inconsistency found in the reporting of program costs for PY 2002. There was a difference between the Statement of Revenue and Expense report and the Form 990 for individual expense categories. The Director's entire salary (\$46,967) was reported as management services on Form 990. By contrast, only \$14,541 was reported as management services on the Statement of Revenue & Expense report. Conversely, the Director's salary was similarly recorded for program services.

**Solution:**

The accounting firm employed by the Inter-Tribal Council of Alabama (Bern, Butler, Capilouto & Massey, P.C.) recognizes the inconsistency found in the reporting of the program costs and agrees it should be rectified. Future reports will support the rectification of these reports.

  
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Bruce A. Moore, CPA  
Bern, Butler, Capilouto & Massey, P.C.

8/26/04  
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Date