

U.S. Department of Labor

Office of Inspector General—Office of Audit

EMPLOYMENT AND TRAINING ADMINISTRATION



WELFARE-TO-WORK GRANT NATIONAL PUERTO RICAN FORUM, INC.

Date Issued: March 31, 2006
Report Number: 02-06-201-03-386

BRIEFLY...

Highlights of Report Number: 02-06-201-03-386, to the Assistant Secretary for Employment and Training.

WHY READ THE REPORT

The National Puerto Rican Forum, Inc. (NPRF) was awarded a \$4 million Welfare-to-Work (WtW) grant. The grant required NPRF to provide transitional assistance to shift welfare recipients into unsubsidized employment, which would provide good career potential for achieving economic self-sufficiency. Further, NPRF is a not-for-profit organization whose mission is to empower Latinos and other minorities to achieve socio-economic parity through education and economic advancement. This report discusses issues surrounding costs charged to the WtW program, participant eligibility and performance.

WHY OIG DID THE AUDIT

The OIG conducted a performance audit to answer the following questions:

- Were costs reasonable, allowable and allocable to the WtW grant?
- Were participants eligible for the program?
- Were performance results measured, reported and achieved?

READ THE FULL REPORT

To view the report, including the scope, methodology, and full agency response, go to: <http://www.oig.dol.gov/publicreports/oa/2006/02-06-201-03-386.pdf>.

March 2006

WELFARE-TO-WORK GRANT – NATIONAL PUERTO RICAN FORUM, INC.

WHAT OIG FOUND

The audit found 1) costs were not reasonable, allowable, and allocable to the WtW grant, resulting in questioned costs of \$424,080. The questioned amount primarily resulted from unallocable costs, missing supporting documentation, and lack of grant officer approval for equipment purchases and leasehold improvements; 2) participants served were eligible for the WtW program; and 3) NPRF measured, reported, and exceeded its enrollment goals; however, adequate placement information was not maintained.

WHAT OIG RECOMMENDED

We recommended that the Assistant Secretary for Employment and Training 1) recover questioned costs of \$424,080; 2) ensure that NPRF implements systems to properly allocate personnel costs to final cost objectives, adequately documents costs, obtains prior approvals where required and claims indirect costs in accordance with the grant agreement and applicable Federal regulations; and 3) ensure NPRF obtains and maintains accurate performance information on current and future awards, as required by grant provisions.

In its response to the draft report, NPRF indicated that an electrical fire at the program site, subsequent moves to new locations and miscommunications impacted the availability of some required documentation. NPRF stated that it will put in measures to prevent reoccurrence of these conditions on future Federal awards; however, NPRF requested that questioned costs be waived. Further, it stated that it has no doubt the service levels reported by NPRF were correct.

Since no additional information was provided that materially affects the report, our report findings and recommendations remain unchanged.

Table of Contents

	PAGE
EXECUTIVE SUMMARY	2
ASSISTANT INSPECTOR GENERAL’S REPORT	5
RESULTS AND FINDINGS	5
1. Costs were not reasonable, allowable, and allocable to the WtW grant, resulting in questioned costs of \$424,080	5
2. Participants were eligible for the WtW program	9
3. NPRF measured, reported, and exceeded its enrollment goals; however, adequate placement information was not maintained	9
EXHIBIT	13
Schedule of claimed and questioned costs	15
APPENDICES	17
A. Background	19
B. Objectives, Scope, Methodology, and Criteria	21
C. Acronyms and Abbreviations.....	23
D. Agency Response	25

PAGE HAS BEEN INTENTIONALLY LEFT BLANK

Executive Summary

This report summarizes the results of our performance audit of a \$3,994,316 Welfare-to-Work (WtW) grant awarded to the National Puerto Rican Forum, Inc. (NPRF) for the period October 1, 1999, through March 31, 2003. The grant required NPRF to provide transitional assistance to shift welfare recipients into unsubsidized employment providing career potential for achieving economic self-sufficiency. NPRF was to enroll 400 participants and place 324 participants into unsubsidized employment. Services provided consisted of English as a Second Language, General Educational Development, Microsoft Office, math, and resumé writing classes. Our objectives were to determine the following:

- Were costs reasonable, allowable and allocable to the WtW grant?
- Were participants eligible for the program?
- Were performance results measured, reported and achieved?

Results

Costs were not reasonable, allowable, and allocable to the WtW grant, resulting in questioned costs of \$424,080. Participants served were eligible for the WtW program. NPRF measured, reported, and exceeded its enrollment goals. However, adequate placement information was not maintained.

1. Questioned costs of \$424,080 consisted of personnel costs of \$162,883 and non-personnel costs of \$261,197. The questioned amount primarily resulted from unallocable costs, missing supporting documentation, and lack of grant officer approval for equipment purchases and leasehold improvements.
2. Participants served were eligible for the WtW program. The majority of participants were hard-to-employ individuals. They received Temporary Assistance for Needy Families for at least 30 months, had not completed secondary school and had poor work histories.
3. NPRF measured and reported program results on its WtW Competitive Grant Cumulative Quarterly Financial Status Reports (FSR). NPRF exceeded its enrollment goals; however, adequate placement information was not maintained. Further, the grant did not contain performance goals pertaining to employment retention and wages.

Recommendations

We recommend that the Assistant Secretary for Employment and Training:

1. Recover questioned costs of \$424,080;
2. Ensure that NPRF implements systems to properly allocate personnel costs to final cost objectives, adequately document costs, obtain prior approvals where required and claim indirect costs in accordance with applicable Federal regulations and provisions set forth in the grant agreement; and
3. Ensure NPRF obtains and maintains accurate performance information on current and future awards, as required by grant provisions.

Agency Response

NPRF provided a written response on March 28, 2006. The grantee stated that an electrical fire at the program site, subsequent moves to new locations and miscommunications impacted the availability of some required documentation. NPRF stated that it will put in measures to prevent reoccurrence of these conditions on future Federal awards; however, NPRF requested that questioned costs be waived. Further, it stated that it has no doubt the service levels reported by NPRF were correct.

The NPRF response in its entirety is attached as Appendix D.

OIG Conclusion

We have considered NPRF's response to the draft report. No additional information was provided that materially affects the report. Therefore, the report findings remain unchanged. The recommendations will be resolved during DOL's formal audit resolution process.

U.S. Department of Labor

Office of Inspector General
Washington, DC 20210



Assistant Inspector General's Report

Ms. Emily Stover DeRocco
Assistant Secretary for
Employment and Training
U.S. Department of Labor
200 Constitution Avenue, NW
Washington, DC 20210

We conducted a performance audit of the \$3,994,316 WtW grant number Y-7889-9-00-81-60 awarded to NPRF for the period October 1, 1999 through March 31, 2003. The grant required NPRF to provide transitional assistance to shift welfare recipients into unsubsidized employment providing career potential for achieving economic self-sufficiency. NPRF was to enroll 400 participants and place 324 participants in unsubsidized employment. The audit objectives were to determine the following:

1. Were costs reasonable, allowable and allocable to the WtW grant?
2. Were participants eligible for the program?
3. Were performance results measured, reported and achieved?

We conducted the audit in accordance with Government Auditing Standards issued by the Comptroller General of the United States. Our audit objectives, scope, methodology, and criteria are detailed in Appendix B.

Objective 1 – Were costs reasonable, allowable and allocable to the WtW grant?

Results and Findings – Costs were not reasonable, allowable, and allocable to the WtW grant, resulting in questioned costs of \$424,080.

NPRF claimed costs of \$3,994,316 under grant number Y-7889-9-00-81-60. Questioned costs of \$424,080 consisted of personnel costs of \$162,883 and non-personnel costs of \$261,197. Questioned costs primarily resulted from unallocable

costs, missing supporting documentation, and lack of grant officer approval for equipment purchases and leasehold improvements.

Personnel Costs - \$162,883

NPRF claimed salary and related fringe benefit costs of \$1,993,871. An examination of timesheets disclosed questioned personnel costs of \$162,883 consisting of \$72,528 for non-WtW activities, \$45,361 for costs that were not supported, \$4,875 for duplicate salary costs, and \$40,119 for related fringe benefit costs.

Non-WtW Activities

Salary costs totaling \$72,528 for non-WtW activities were allocated to the grant. Timesheets and labor distribution records disclosed that salary costs allocated to the WtW grant were for individuals who worked on non-WtW activities. NPRF did not follow its accounting policy manual that specifically stated labor distribution and fringe benefits are based on approved and signed timesheets. NPRF applied budgeted percentages to allocate salary costs without adjustment to reflect the actual salary distribution.

Office of Management and Budget (OMB) Circular A-122, Attachment B, Paragraphs 8.m(1) and (2)(a) state:

(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. . . .

(2)(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.

Unsupported Salary Costs

There was a general ledger entry of \$45,361 that resulted in increased salary costs to the WtW grant. NPRF did not provide any supporting documentation to justify these costs. The current NPRF Director, who was not employed at NPRF at the time of the WtW grant, indicated the unsupported salary costs could be the result of a general ledger entry error. NPRF's accounting policy manual requires adequate substantiation for all expenditures. Further, Federal regulations require grantees to document all costs and retain evidence of claimed expenditures.

OMB Circular A-122, Attachment A, Section A.2.g states: "Factors affecting allowability of costs. To be allowable under an award, costs must meet the following general criteria . . . be adequately documented."

Duplicate Salaries

A general ledger adjustment of \$4,875 for the former NPRF Director's salary was made even though the salary was included in the indirect cost pool and allocated to the WtW grant.

OMB Circular A-122, Attachment A, Section B.1 states:

Direct costs are those that can be identified specifically with a particular final cost objective, i.e., a particular award, project, service, or other direct activity of an organization. However, a cost may not be assigned to an award as a direct cost if any other cost incurred for the same purpose, in like circumstance, has been allocated to an award as an indirect cost.

Related Fringe Benefits

Questioned fringe benefit costs of \$40,119 are the average fringe benefit rate of 32.68 percent applied to total questioned salary costs of \$122,764.

Non-Personnel Costs - \$261,197

NPRF claimed non-personnel costs of \$2,000,445. An examination of general ledger entries revealed questioned costs of \$261,197 consisting of equipment of \$186,989, leasehold improvements of \$43,019, and indirect costs of \$31,189.

Equipment Purchases

NPRF purchased equipment for a network system that included computers, computer servers, workstations and network installation totaling \$186,989. The original grant had a budget of \$28,100 for the purchase of computers and related items but was later removed due to a budget modification. The ETA Federal Project Officer (FPO) did not have records to indicate the approval of this purchase of equipment. In addition, NPRF officials did not provide supporting documentation for \$15,129 of the \$186,989.

OMB Circular A-122, Attachment B, Paragraph 15b(1) states: "Capital expenditures for general purpose equipment, buildings, and land are unallowable as direct charges, except where approved in advance by the awarding agency." In addition, The WtW grant, Part IV Special Conditions, states: "Equipment: Awardees must receive prior approvals from the DOL/ETA Grant 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."

Leasehold Improvements

NPRF incurred leasehold improvements of \$43,019 for training, job placement, and administrative offices specifically for the WtW grant. Contrary to OMB Circular A-122, there was no prior approval for these costs. NPRF provided an e-mail and letter sent to the FPO explaining that there was an electrical fire and assistance was needed for relocation and alterations of the new facility. The FPO acknowledged the letter and e-mail and indicated that there is no record of approval for leasehold improvements.

OMB Circular A-122, Attachment B, Paragraph 39 states: “. . . Special arrangement and alteration costs incurred specifically for the project are allowable with the prior approval of the awarding agency.”

Indirect Costs

We questioned \$31,189 of indirect costs: \$9,200 due to charges in excess of the grant-specified indirect cost rate, and \$21,989 due to questioned base cost. The grant specified an indirect cost rate of 13.5 percent of total costs (Salaries and Fringe) of \$1,993,871. However, total indirect costs charged to WtW were \$278,373. We questioned \$9,200 in excess of the maximum allowable indirect costs of \$269,173. Further, we questioned indirect costs of \$21,989 which results from the application of the grant specified rate of 13.5 percent to question base cost of \$162,883.

Recommendations

We recommend that the Assistant Secretary for Employment and Training:

1. Recover questioned costs of \$424,080.
2. Ensure that NPRF implements systems to properly allocate personnel costs to final cost objectives, adequately document costs, obtain prior approvals where required and claim indirect costs in accordance with applicable Federal regulations and provisions set forth in the grant agreement.

Agency Response

NPRF stated that during the course of the grant an electrical fire at the program site required the immediate search for a new facility with as little service disruption as possible. This circumstance, as well as two subsequent moves of NPRF's administrative offices and one move of the Chicago office, impacted the availability of some of the required documentation. In addition, it stated that there were areas of miscommunication, especially with respect to approvals, and less than adequate record keeping. NPRF acknowledges the lack of adequate record keeping and areas of miscommunication. It has indicated that it will put in measures to ensure that these conditions do not reoccur on future Federal awards; however, NPRF requested that questioned costs be waived.

OIG Conclusion

We have considered NPRF's response to the draft report. No additional information was provided that materially affects the report. Therefore, the report findings remain unchanged. The recommendations will be resolved during DOL's formal audit resolution process.

Objective 2 – Were participants eligible for the WtW program?

Results – Participants were eligible for the WtW program.

The grant requires that the provision governing WtW funds described in Title 20, Code of Federal Regulations (CFR) Part 645.211 be met. The provision dictates that a minimum of 70 percent of WtW funds must be spent to benefit hard-to-employ individuals. Furthermore, no more than 30 percent of WtW funds may be spent to assist individuals with long-term welfare dependency. The 70 percent eligibility criteria for hard-to-employ required that an individual must be receiving Temporary Assistance for Needy Families (TANF) for at least 30 months and must face at least two of three barriers to employment (has not completed secondary school or obtained a certificate of general equivalency; requires substance abuse treatment for employment; and/or has a poor work history).

A statistical sample of 98 of the original list of 1,282 participant files showed that 79 sampled participants, or 81 percent, were hard-to-employ individuals. They were TANF recipients for at least 30 months, had not completed secondary school, and had poor work histories. Further, participants were referred to NPRF by New York City and Illinois Human Resource Administration which had screened participants for WtW eligibility.

Objective 3 – Were performance results measured, reported and achieved?

Results and Findings – NPRF measured, reported, and exceeded its enrollment goals; however, adequate placement information was not maintained.

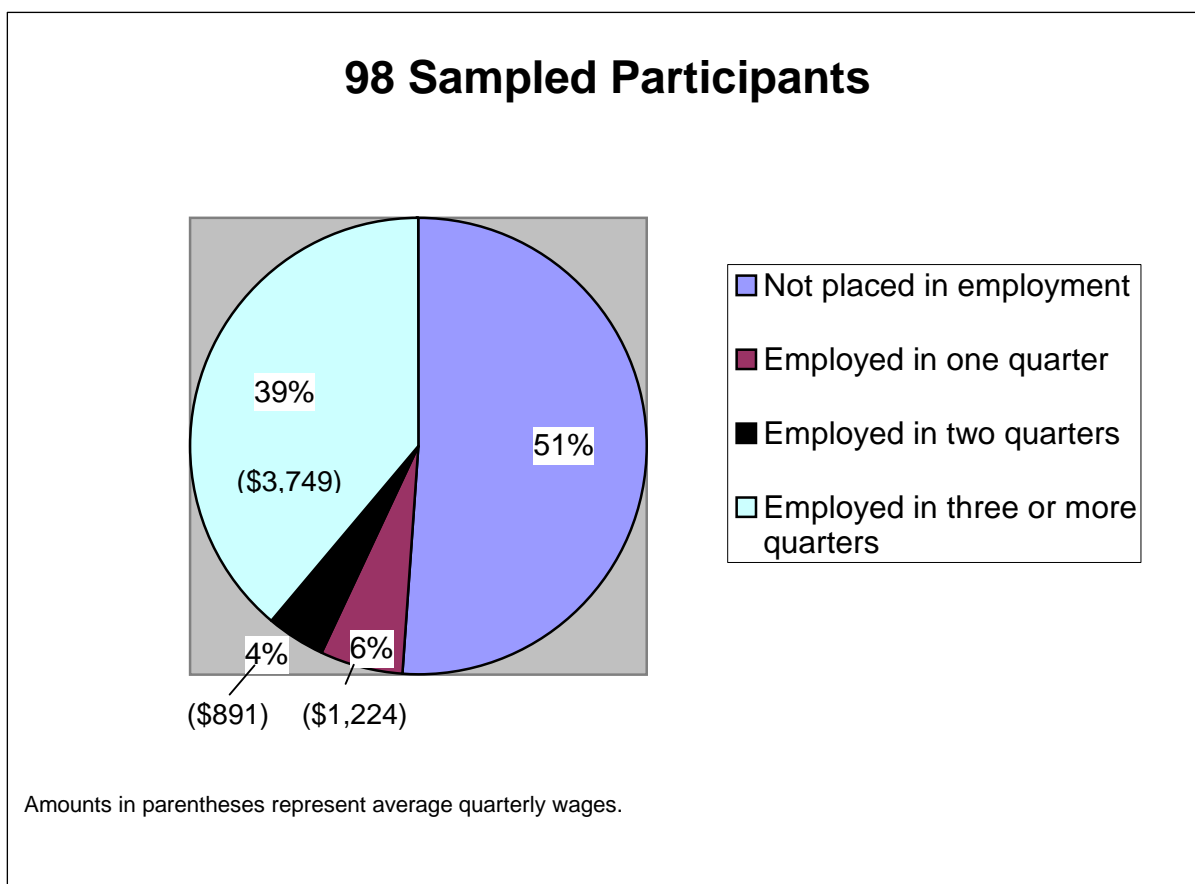
NPRF measured and reported program results on its FSR. According to the grant, NPRF was required to provide transitional assistance to place welfare recipients into unsubsidized employment and achieve economic self-sufficiency. NPRF exceeded its enrollment goals; however, NPRF did not maintain adequate placement information. Further, the grant did not contain performance goals pertaining to employment retention and wages.

The performance goals stated in the grant were to serve 400 participants and place 324 in unsubsidized employment. According to the instructions for reporting WtW

competitive grants financial and participant data, grantees were to include all WtW participants placed in unsubsidized jobs for the first time while receiving WtW services.

NPRF reported serving 1,544 participants. Further, although NPRF reported placing 522 participants in unsubsidized employment, it provided a list of only 409 such participants. However, documentation, such as pay stubs or employer verifications to confirm employment, was not provided.

We obtained Unemployment Insurance (UI) wage records from New York and Illinois to analyze placement data. Although there were no required benchmarks for employment retention and wage goals, we analyzed participant outcomes based on UI wage records obtained on sampled participants as of June 30, 2004, five quarters after the program ended. We found that 48 of the 98 participants, or 49 percent, had wages during these five quarters. Employment status details on the 98 sampled participants are presented as follows:



Recommendation

We recommend that the Assistant Secretary for Employment and Training:

3. Ensure NPRF obtains and maintains accurate performance information on current and future awards, as required by grant provisions.

Agency Response

NPRF stated that there were extenuating circumstances (the fire and moves) that made it impossible for all documentation to be provided to the auditors. However, it has no doubt that the service levels reported by NPRF were correct.

Further, it stated that verification of employment was obtained by the Human Resource Administrations of Chicago and NYC once the employment confirmation document was forwarded to them by NPRF. However, local municipalities were not required to forward NPRF written documentation of the verifications. NPRF acknowledges that this was an error in hindsight.

OIG Conclusion

We have considered NPRF's response to the draft report. No additional information was provided that materially affects the report. Therefore, the report findings remain unchanged. The recommendations will be resolved during DOL's formal audit resolution process.



Elliot P. Lewis
February 23, 2006

PAGE HAS BEEN INTENTIONALLY LEFT BLANK

Exhibit

PAGE HAS BEEN INTENTIONALLY LEFT BLANK

EXHIBIT

National Puerto Rican Forum, Inc.
Schedule of Claimed, Sampled and Questioned Costs
For the Period October 1, 1999 to March 31, 2003

<u>Cost Category</u>	<u>Claimed Costs</u>	<u>Sampled Costs</u>	<u>Questioned Costs</u>
Salaries and Wages	\$1,502,710	\$1,502,710	\$122,764
Fringe Benefits	491,161	491,161	40,119
Travel	21,666	1,128	0
Supplies & Others	1,112,039	412,255	230,008
Subcontractor	588,367	230,083	0
Indirect Costs	<u>278,373</u>	<u>205,262</u>	<u>31,189</u>
Total	<u>\$3,994,316</u>	<u>\$2,842,599</u>	<u>\$424,080</u>

PAGE HAS BEEN INTENTIONALLY LEFT BLANK

Appendices

PAGE HAS BEEN INTENTIONALLY LEFT BLANK

APPENDIX A

BACKGROUND

NPRF is a not-for-profit organization whose mission is to empower Latinos and other minorities to achieve socio-economic parity through education and economic advancement. NPRF provides services to hard-to-employ individuals in areas covering adult literacy education, job skill development and job placement. In addition to the WtW grant, NPRF received funding under the U.S. Department of Labor's Workforce Investment Demonstration Projects for Community-Based Organizations to provide technical assistance to its affiliates.

On September 30, 1999, NPRF received a WtW competitive grant in the amount of \$3,994,316. The period of performance was October 1, 1999 through March 31, 2002, extended with a modification to March 31, 2003. The grant's performance goals were to serve 400 participants, and place 324 participants into unsubsidized employment. NPRF administered the WtW contract in New York City and Chicago.

The grant required NPRF to provide transitional assistance to shift welfare recipients into unsubsidized employment providing good career potential for achieving economic self-sufficiency. NPRF provided English as a Second Language, General Educational Development, Microsoft Office, math, and resume writing classes. Projects proposed to enhance a community's ability to move eligible individuals into self-sustaining employment, create upward mobility paths and higher earning potential for WtW participants, and achieve sustainable improvement in the community's service infrastructure for assisting welfare recipients.

PAGE HAS BEEN INTENTIONALLY LEFT BLANK

APPENDIX B

OBJECTIVES, SCOPE, METHODOLOGY, AND CRITERIA

Objectives

The Office of Inspector General conducted an audit of the WtW Grant awarded to NPRF, grant number Y-7889-9-00-81-60 in the amount of \$3,994,316. Our objectives were to determine the following:

- Were costs reasonable, allowable and allocable to the WtW Grant?
- Were participants eligible for the program?
- Were performance results measured, reported and achieved?

Scope

Our performance audit was conducted in accordance with Government Auditing Standards issued by the Comptroller General of the United States and included such tests as we considered necessary to satisfy the audit objectives.

A performance audit includes an understanding of internal controls considered significant to the audit objectives and testing compliance with significant laws, regulations, and other compliance requirements. In order to plan our performance audit, we considered whether internal controls significant to the audit were properly designed and placed in operation.

We conducted the audit at the NPRF office in Bronx, NY, and included information from both New York City and Chicago locations for the grant period October 1, 1999 through March 31, 2003. Fieldwork was conducted from July 26, 2004 to February 23, 2006.

We sampled 71 percent of the reported \$3,994,316. We sampled \$1,502,710 of salaries and wages, \$491,161 of fringe benefits, \$1,128 of travel, \$412,255 of supplies and others, \$230,083 of subcontractor costs and \$205,262 of indirect costs. Further, we sampled 98 participants, or 8 percent, from the original list of 1,282 participants provided by NPRF. Subsequent to the exit conference, NPRF provided a list of 344 additional WtW enrolled participants. Based on the results of our review of sampled participants, and NPRF substantially exceeding its enrollment goal of serving 400 participants, we considered an additional test of participant files unnecessary.

Methodology

We obtained an understanding of internal controls through inquiries with appropriate personnel, inspection of relevant documentation, review of the answers to an internal control questionnaire provided by NPRF's managers, and observation of NPRF's current operations. The nature and extent of our testing was based on the auditors' judgment.

We audited claimed costs as reported in the grantee's FSR. For personnel costs, we applied analytical procedures as well as non-statistical selection of specific salary distribution records to verify the reasonableness and allocability of salary charges. For non-personnel costs, we used stratified statistical sampling to test account transactions and balances. We sampled indirect cost pool expenditures and applied grant requirements to determine the reasonableness of claimed indirect costs. We examined general ledger journals and supporting documentation such as canceled checks, vouchers, and invoices.

To determine accuracy in reported enrollment and placement, we requested from NPRF listings of participants enrolled and placed. From the enrollment listing provided, we statistically selected 98 participants and reviewed their participant files for eligibility, services provided and employment outcomes.

To determine if eligibility requirements had been properly applied, we examined a statistical sample of 98 participant files from the Chicago and New York City locations. The grant requires that a minimum of 70 percent of WtW funds must be spent to benefit hard to employ individuals. This requirement was determined by Illinois and New York City Human Resource Administrations (HRA). We verified that each participant file contained a HRA referral letter with the appropriate information. To analyze placements, we obtained UI information for sampled participants for the period January 1, 2000 to June 30, 2004.

Criteria

The audit was performed using the grant agreement and the following criteria:

- 20 CFR Part 645 "Provisions Governing Welfare-To-Work Grants"
- 29 CFR Part 95 "Grants And Agreements With Institutions Of Higher Education, Hospitals, And Other Non-Profit Organizations, And With Commercial Organizations, Foreign Governments, Organizations Under The Jurisdiction Of Foreign Governments, And International Organizations"
- OMB Circular A-122 "Cost Principles for Non-Profit Organizations"
- Social Security Act, Title IV "Grants to States for Aid and Services to Needy Families with Children and for Child-Welfare Services"

APPENDIX C

ACRONYMS AND ABBREVIATIONS

CFR	Code of Federal Regulations
FPO	ETA Federal Project Officer
FSR	WtW Competitive Grant Cumulative Quarterly Financial Status Report
HRA	Human Resource Administration
NPRF	National Puerto Rican Forum, Inc.
OIG	Office of Inspector General
OMB	Office of Management and Budget
TANF	Temporary Assistance for Needy Families
UI	Unemployment Insurance
WtW	Welfare-to-Work

PAGE HAS BEEN INTENTIONALLY LEFT BLANK

APPENDIX D

AGENCY RESPONSE TO DRAFT REPORT



**national
puerto
rican
forum, inc.**

1910 webster avenue, 2nd floor
bronx, new york 10457-4249

[phone] 718.585.4147
[fax] 718.585.5765
[website] www.nprf.org

March 28, 2006

Mr. Mark L. Schwartz
Regional Inspector General
for Audit
21 Varick Street Room 871
New York, New York 10014

RE: OIG Report Number 02-06-201-03-386

Dear Mr. Schwartz:

Thank you for the opportunity to respond to the audit report prepared by the team led by Ms. Cardelia Tsoi. I appreciate their dedication and professionalism and commend them for their patience during the audit process.

First, I would like to assure the Inspector General and ETA that there was no misappropriation of funds and all amounts were spent for the benefit of the program and its participants. During the course of the grant an electrical fire at the program site required the immediate search for a new facility and as little service disruption as possible. This circumstance, as well as two subsequent moves of NPRF's administrative offices and one move of the Chicago office, impacted the availability of some of the required documentation needed for the auditors to examine.

As the review notes, there were areas of miscommunication, especially with respect to approvals, and less than adequate record keeping that NPRF acknowledges and will put in measures to ensure that these do not repeat in managing future Federal contracts.

The fire that disrupted the base of operations in NYC led NPRF to promptly inform the FPO, including plans to restore services as quickly as possible. It was anticipated in this communication that while NPRF would independently raise some of the money required to restore services, the bulk of it would come from the program funds since the Welfare-to-Work was the major activity and beneficiary of the program. There were inspections of the new facilities by the FPO upon successful relocation.

Perhaps NPRF's overriding objective to resume services made it overanxious in its communications with the FPO. The point stands though that there was definitely a communication, NPRF was able to meet the FPO's pressure to find a new facility, resume services, and meet its contractual goals. NPRF admits some procedural missteps that may have been committed.

The Inspector General's report acknowledges that NPRF exceeded its goals and contractual requirements with respect to placing former welfare recipients into jobs. In addition, the report notes that the participants in the program were bona-fide and eligible participants. NPRF appreciates these findings and stresses that the objective to place Latino and Latina welfare recipients into gainful employment were paramount and spared no activity to achieve this goal.


As the auditors will verify, our records documented extensive case management, educational coursework, and job readiness assistance that led to employment of 198 TANF recipients above the goal of 324; and, 1144 persons were served above the goal of 400. While there were extenuating circumstances (the fire and moves) that made it impossible for all documentation to be provided to the auditors, I have no doubt that the service levels reported by NPRF are correct as program supervisors were required to submit on a monthly basis extensive documentation of the number of individuals served and employment confirmations. A summary of this data was then included in the quarterly reports to ETA.

Each program file of individuals employed contains an employment confirmation form that includes the following data: name of employer, location of employment, job title, annual or hourly salary, and the date of employment. Verification of employment was obtained by the Human Resource Administrations of Chicago and NYC once the employment confirmation document was forwarded to them by NPRF. While this was an excellent method of check and balance, the contract did not require the local municipalities to forward to NPRF written documentation of the verifications. In hindsight, this was an error on our part; however, since individuals were placed in bona-fide jobs which was verified by government entities within 30 days of employment, I can understand why at the time NPRF did not demand a written copy of our employment placements verifications.

NPRF acknowledges that all the funds were spent to meet and even exceed its contractual obligations and requests that the questioned costs be waived since its imposition will deprive a growing population of services from an organization they have come to trust for nearly 50 years. To require a recovery of \$424,080 would impose an impossible burden on the organization that will surely cause its demise to the loss of the traditional customers of NPRF.

I appreciate your consideration of the circumstances that led to the audit findings and look forward to hearing from ETA regarding our request for a resolution of the questioned costs.

Sincerely,



Gladys Padró-Soler
Executive Director