

APPENDIX D

AGENCY RESPONSE TO DRAFT REPORT

Executive Summary (Pages 3-4 of Discussion Draft)

Results:

At CTWB, we found \$17,905 in unsupported rent allocation costs which we questioned¹. Because the majority of TWC's expenditures related to salaries and fringe benefits – a reasonable distribution of a staffing grant – and the exception we identified above was relatively minor, we did not perform work at the two remaining Boards that were initially selected. We determined that TWC's charging of PRHB costs directly to the grant is allowable, based on Office of Management and Budget (OMB) Circular A-87 (A-87) guidance; and we concluded that TWC reported its unliquidated obligations in accordance with Standard Form (SF) 269 (SF-269) instructions.

Auditee Response:

The Texas Workforce Commission (Commission) would like to thank the U.S. Department of Labor's Office of Inspector General's audit team for their professionalism throughout the audit. The Commission appreciates the confirmation that costs are being applied, allocated and properly reported.

The Central Texas Local Workforce Development Board (LWDB) acknowledges there was a minor discrepancy in the allocation of rent charges. Central Texas LWDB has taken appropriate action to correct the allocation of rent, as well as ensuring supporting documentation is maintained.

Results (Pages 6-8 of Discussion Draft)

Objective 1 – Were unallowable and/or unsupported costs charged to TWC's Jobs for Veterans State Grant?

At CTWB, we questioned \$17,905 in unsupported rent allocation costs, which represents three percent of CTWB's total charges to the grant². CTWB allocated rent to program/grants based on their respective percentage of total time charged. However, CTWB did not maintain time records to fully support the sampled rent allocation costs charged to the Jobs for Veterans State Grants Program.

Our review of a statistical sample of transactions at CTWB, in the cost categories of administrative allocation and travel, revealed no discrepancies.

Objective 2 – Were PRHB costs, charged directly to the grant, allowable?

We concluded that TWC's charging of PRHB costs directly to the grant were allowable.

Objective 3 – Did TWC report unliquidated obligations properly?

We concluded that TWC reported unliquidated obligations properly on SF-269, the Financial Quarterly Report.

Agency Response:

The Central Texas Local Workforce Development Board (LWDB) acknowledges there was a minor discrepancy in the allocation of rent charges. As a result, the Central Texas LWDB has corrected and is appropriately allocating rent, as well as maintaining the necessary supporting documentation. Central Texas LWDB has determined that during that same time period there were other allocable costs that were not charged to the Veterans' Employment and Training Service program due to lack of available funds under the grant. Central Texas LWDB welcomes the opportunity to work with Veterans' Employment and Training Service during the audit resolution process to provide the supporting documentation in applying these other costs as stand-in costs in place of the questioned costs.

The Texas Workforce Commission appreciates the confirmation that costs at the State level are being applied, allocated and properly reported.