

TO: Finance Committee

DATE: 10/27/04

FROM: WIB Staff

For Action

For Information

For Discussion

SUBJECT: Notice of Final Determination – Jobs for California Graduates

PROPOSED MOTION(S): None. Information Only.

DISCUSSION: After the closure of Jobs for California Graduates, Merced County, Inc. (JCG) in September 2003, Merced County Department of Workforce Investment filed an incident report as required by State and Federal regulations. Merced County has received from the State of California Employment Development Department a Notice of Final Determination regarding this incident report.

ATTACHMENT(S):

State of CA Employment Development Dept Letter

MCACO findings and conclusions regarding the limited scope review of JCG.

In that same NID, CRD provided MCDWI with a 60-day window period to present documentation, arguments, and/or explanations to demonstrate that it has implemented an adequate corrective action plan.

On July 15, 2004, MCDWI provided CRD with its written response to the referenced NID. This package contains copies of MCDWI's July 1, 2004 procedures on:

- Internal management procedures for preventing and detecting fraud.
- Debt collection.
- Audit requirements and resolution procedures for subrecipients.
- Invoice handling and prevention of duplicate payments.

Three letters were also submitted from the MCACO, dated November 14, 2003, May 25, 2004 and June 22, 2004. These letters demonstrated that MCACO found that after offsetting MCDWI's payment of \$24,783.98 to five subcontractors for services rendered, MCDWI owed JCG a sum of \$3,314.97 which was paid to Ms. Mae Irene Ayers, fiduciary of the now defunct JCG.

In its response to the NID, MCDWI states that it has reviewed all invoices that had been received from JCG during the period of the contract and compared those invoices to bank records for proof of payment. These invoices were also reviewed to ensure duplicate expenses were not billed, all expenses were allowable and that adequate documentation was provided. MCDWI also contacted subcontractors to ensure payments had been received. Additionally, a final inventory was completed and all equipment and supplies purchased by JCG with contract funds were returned MCDWI.

It is CRD's final determination that MCDWI has provided additional documentation to demonstrate that adequate oversight processes are in place to ensure the timely completion and submission of subrecipients audits. It is also CRD's final determination that the referenced IR has resulted in no disallowed costs.

Deidre F. Kelsey

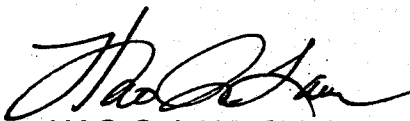
-3-

September 27, 2004

Detailed information relating to this finding is provided in the attached NID of May 20, 2004. This Notice of Final Determination is subject to a review by the USDOL and any part, or all of it, may be overruled.

Please direct questions to me at (916) 654-1137 or to Mr. Harold Velasquez, Manager of the Compliance Resolution Unit at (916) 657-2056.

Sincerely,



HAO Q. LAM, Chief
Compliance Review Division
Program Review Branch

Attachment

cc: Ms. Andrea T. Baker, Director, Merced County Department of Workforce/
Investment
Mr. Stephen Jones, Auditor/Controller, Merced County