

LOUISIANA WORKFORCE COMMISSION
STATE OF LOUISIANA



MANAGEMENT LETTER
ISSUED JUNE 23, 2010

**LEGISLATIVE AUDITOR
1600 NORTH THIRD STREET
POST OFFICE BOX 94397
BATON ROUGE, LOUISIANA 70804-9397**

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This document is produced by the Legislative Auditor, State of Louisiana, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397 in accordance with Louisiana Revised Statute 24:513. Five copies of this public document were produced at an approximate cost of \$15.85. This material was produced in accordance with the standards for state agencies established pursuant to R.S. 43:31. This report is available on the Legislative Auditor’s Web site at www.la.la.gov. When contacting the office, you may refer to Agency ID No. 3352 or Report ID No. 80090050 for additional information.

In compliance with the Americans With Disabilities Act, if you need special assistance relative to this document, or any documents of the Legislative Auditor, please contact Wayne “Skip” Irwin, Administration Manager, at 225-339-3800.

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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

April 29, 2010

LOUISIANA WORKFORCE COMMISSION
STATE OF LOUISIANA
Baton Rouge, Louisiana

As part of our audit of the State of Louisiana's financial statements for the year ended June 30, 2009, we considered the Louisiana Workforce Commission's (commission) internal control over financial reporting and over compliance with requirements that could have a direct and material effect on a major federal program; we examined evidence supporting certain accounts and balances material to the State of Louisiana's financial statements; and we tested the commission's compliance with laws and regulations that could have a direct and material effect on the State of Louisiana's financial statements and major federal programs as required by *Government Auditing Standards* and U.S. Office of Management and Budget Circular A-133.

The Annual Fiscal Reports of the commission are not audited or reviewed by us, and, accordingly, we do not express an opinion on those reports. The commission's accounts are an integral part of the State of Louisiana's financial statements, upon which the Louisiana Legislative Auditor expresses opinions.

In our prior management letter on the commission, previously named the Department of Labor, for the year ended June 30, 2008, we reported findings relating to noncompliance with administrative rules for Interstate Unemployment Compensation (UI) benefit payments, ineffective internal audit function, inadequate monitoring of Workforce Investment Act (WIA) subrecipients, inadequate monitoring of Temporary Assistance for Needy Families (TANF) subrecipients, unlocated movable property, inadequate controls over UI system access, and noncompliance with the UI's record retention policy. The findings on internal audit, inadequate monitoring of WIA and TANF subrecipients, unlocated movable property, and UI system access have been resolved. All other findings have not been resolved and are addressed again in this letter.

Based on the application of the procedures referred to previously, all significant findings are included in this letter for management's consideration. All findings included in this management letter that are required to be reported by *Government Auditing Standards* have also been included in the State of Louisiana's Single Audit Report for the year ended June 30, 2009.

Noncompliance With Administrative Rules for Interstate Unemployment Compensation Benefit Payments

For the second consecutive year, the Louisiana Workforce Commission (LWC) paid \$21,075,286 in Unemployment Insurance (UI) (CFDA 17.225) benefits to other states during fiscal year 2009 without recouping the cost of these claims from Louisiana employers. Additional benefits of \$6,832,003 that were paid to claimants by Pennsylvania and billed to LWC have not been reimbursed by LWC. Furthermore, LWC has not implemented procedures to determine if claimants filing in other states are working in Louisiana at the time they file the claim and during the duration of the claim.

The State of Louisiana participates in the Interstate Benefit Payment Plan which is an interstate agreement that allows claimants to file for unemployment in a different state from where wages are primarily earned. The states where wages are earned are charged for the unemployment paid by the filing state. The Code of Federal Regulations [20 CFR 616.6] states that, effective January 6, 2009, the claimant must have wages and employment in the filing state's base period. Administrative Rule 341 of the Louisiana Employment Security Law provides the methods by which LWC is to recoup the cost of interstate claims from employers, requires notification to the employers of the potential liability, and allows 10 days for the employer to protest the charges. In addition, good internal controls would ensure that LWC notify employers of interstate claims and verify work status of claimants to reduce the risk of payments on fraudulent claims.

Of 40 UI interstate claimants reviewed, we found the following:

- Forty (100%) of the claims had no notification to the employer of the claim in efforts to recoup the cost of benefits paid. LWC personnel verified that there are no procedures in place to notify the employers of these claims and recoup the costs of claims paid.
- Twenty-four (60%) of the claimants appear to have been employed while receiving unemployment benefits totaling \$59,497, which violates program eligibility requirements and is an indication of potentially fraudulent claims. Wage records for nine of the 24 claimants indicate the claimants received wages from their employer continuously over several quarters, and wage records for the remaining 15 indicated that the claimants received wages for the same period for which they received unemployment benefits.
- Thirty-six (90%) of the claimants appear to have received unemployment insurance compensation after January 6, 2009, from states where wages have not been earned.

LWC has not placed sufficient emphasis on implementing controls to ensure compliance with Administrative Rule 341 and 20 CFR 616.6 or to ensure the validity of the claims being paid. Failure to notify employers of the UI claims filed increases the risk that benefits will be incorrectly paid to individuals who are employed, which results in

questioned costs. In addition, failure to recoup the cost of interstate claims from employers results in the loss of state funds. Benefits charged to LWC for interstate claims total \$21,075,286 and are considered questioned costs.

LWC should establish procedures to ensure that interstate benefit claims are charged to employers and that employers are timely notified of any claims against them. Additional procedures should include a review of interstate bills to ensure that claimants are not working in Louisiana and have worked in the filing state at the time UI claims are paid. Management concurred with the finding and recommendation and outlined a plan of corrective action (see Appendix A, page 1).

Improper Charging of Administrative Expenditures to Federal Awards

LWC incorrectly charged expenditures of the Disaster Unemployment Assistance (DUA) Program (CFDA 97.034) to the UI Program (CFDA 17.225). The Office of Management and Budget (OMB) Circular A-87 states that costs are allowable if they are reasonable and necessary for the proper and efficient performance and administration of the program, are allocated to a particular program to the extent of the relative benefits received, and are appropriately documented.

Based on our audit procedures, we identified expenditures totaling \$1,586,176, which represent fees paid to contractors to process UI and DUA unemployment claims after Hurricane Gustav. Of this amount, \$536,304 should have been allocated to DUA but was incorrectly charged to UI and is therefore considered questioned costs.

LWC procedures require the program personnel to approve costs charged to their programs. The program personnel did not verify the correct federal coding based on the description of work provided on the invoice. This increases the risk that expenditures could be improperly charged to the wrong federal program when more than one federal program is involved.

Management should ensure that costs charged to a program are properly reviewed and approved by program personnel. Management concurred with the finding and recommendation and outlined a plan of corrective action (see Appendix A, page 2).

Weaknesses in Controls Over Remittance Processing System

LWC did not timely deposit and update its records for all employer tax payments received to ensure that its records adequately reflect employer taxes paid to the Unemployment Compensation Fund (UCF) and the related employee wages earned. Title 42 of the United States Code, Section 503(a)(4)[42 USC 503(a)(4)] requires that state law provide for the immediate deposit of all money received to the credit of the unemployment trust fund. 42 USC 503(b) provides that when the state fails to comply substantially with these provisions, future payments to the state will be withheld until there is no longer a failure to comply. Louisiana Revised Statute (R.S.) 23:1492 requires

that all monies received and payable to the UCF be immediately deposited into a clearing account, from which funds are allocated to various accounts. Good internal controls require that systems include processing steps to ensure that tax payments and the associated records are updated timely to provide management with accurate information and to ensure compliance with laws and regulations over the deposit of funds. In addition, employer tax payments should be reconciled to amounts posted.

LWC implemented a new remittance processing system (system) on July 7, 2009, to process employer tax payments for the UCF. Employer tax payments applicable to fiscal year 2009 totaling \$14,282,574 (44,595 checks) were processed through the system for the second quarter of calendar year 2009, which includes the 45-day accrual period. Of these deposits, 3,210 checks totaling \$1,548,540 (11%) were deposited from four to 41 days after receipt. In addition, our tests of these payments disclosed the following:

- Twenty-four employer tax records tested from the 3,210 untimely deposits were updated from seven to 69 days after receipt. In addition, one of these employer tax payments was not accurately posted to the employee wage file.
- As of September 2, 2009, \$2,274,371 (16%) of the employer tax payments totaling \$14,282,574 remained unreconciled. Some employer tax payments were unposted and others were not posted accurately.

Failure to timely deposit all employer tax payments received and to update records timely delays the transfer of amounts payable to various accounts as required by Louisiana laws. Failure to maintain accurate employer tax records may delay identification of errors in payments and issuance of delinquency notices to employers making late and/or inadequate tax payments and increases the risk of fraud and abuse. In addition, failure to comply with state law for the timely deposit of funds to the UCF causes noncompliance with federal regulations and could result in lost federal funds to the state.

LWC should strengthen its internal controls over its newly implemented remittance processing system and ensure that deposits are made timely and taxpayer accounts and employee wage files accurately reflect taxpayer payments. Management concurred with the finding and recommendation and outlined a plan of corrective action (see Appendix A, page 3).

Inadequate Monitoring of Subrecipient Findings and A-133 Audits

LWC did not adequately monitor internal subrecipient findings and OMB Circular A-133 Audits for Workforce Investment Act (WIA) Cluster (CFDA 17.258, 17.259, and 17.260) subrecipients.

OMB Circular A-133, Section 400 (d) requires LWC, as the pass-through entity, to (1) ensure that subrecipients expending \$500,000 or more in federal awards during the subrecipient's fiscal year have a single audit and that the required audits are completed within nine months of the end of the subrecipient's audit period; (2) issue a management decision on audit findings within six months after receipt of the subrecipient's audit report; and (3) ensure the subrecipients take timely and appropriate corrective action on all audit findings. Furthermore, pass-through entities are responsible for evaluating the impact of subrecipient activities on the pass-through entity's ability to comply with applicable federal regulations.

Our review of the Office of Workforce Development (OWD) Integrated Field Services Division disclosed that the division has implemented procedures that require the OWD Compliance unit to conduct on-site reviews to monitor the activities of subrecipients and perform tests for compliance with laws, regulations, and the provisions of contracts or grant agreements. However, the division has not implemented procedures for determining the allowability of costs questioned by OWD Compliance monitors.

In addition, although the OWD Integrated Field Services Division maintained an audit control log on required Single Audits for subrecipients under OMB Circular A-133, it did not always ensure that audit reports were received and that findings or questioned costs were resolved properly. Our review of OWD's audit control log and audit resolution procedures for all WIA Cluster subrecipients revealed the following:

- Four (22%) of 18 subrecipient audits were not reviewed timely. The audits were reviewed approximately 10 months after the audit due date. As of August 2009, management decision letters had not been issued for these single audit reports.
- Two (11%) instances were noted in which the audit control log did not contain information regarding identification and disposition of findings and questioned costs.

LWC has not placed sufficient emphasis on implementing internal controls to ensure that internal monitoring reports issued by the OWD Compliance unit are adequately resolved. In addition, management did not ensure that the required information on subrecipient A-133 audits was properly received, reviewed, and resolved. Failure to adequately monitor internal subrecipient findings and A-133 audits impairs the department's ability to evaluate the impact of subrecipient activities on overall compliance with laws and regulations. Costs incurred by a subrecipient that have not been appropriately monitored could result in possible misuse of federal funds and are at an increased risk of being disallowed by the federal grantors.

LWC should ensure that procedures are in place to review internal subrecipient monitoring reports and Single Audits performed under OMB Circular A-133. Management should establish adequate procedures to timely identify and resolve any audit findings and questioned costs related to WIA funds disbursed to subrecipients.

Management concurred with the finding and recommendation and outlined a plan of corrective action (see Appendix A, page 4).

Noncompliance With Record Retention Policy

For the third consecutive year, LWC did not retain employer wage records for the UI Program (CFDA 17.225). Employer wage records are the basis for determining whether applicants for UI benefits have earned sufficient wages in a base period to qualify for those benefits. R.S. 44:411.A(1) requires that the head of each state agency submit a record retention schedule to the state archivist. LWC's current record retention schedule was approved by the state archivist on June 6, 2006, and it requires that employer tax records be maintained for 11 years. In addition, OMB Circular A-133, Subpart C, Section 300(b) requires states to establish internal control over federally funded programs to provide reasonable assurance that the states are administering federal awards in compliance with grant provisions, and OMB Circular A-87 requires that costs be adequately documented.

Our tests of 60 claimants' eligibility of UI benefits disclosed that employer wage records for 22 (37%) claimants were not retained by LWC. Employers provided these records to LWC on electronic media, and LWC returned the records to the employers after the information was input into LWC's UI benefit master files. LWC was able to later provide support for payments to these claimants by contacting individual employers and requesting resubmission of the wage records.

In addition, our tests disclosed that LWC did not retain employer wage records that supported tax payments to LWC for 14 of 30 (47%) employees tested. Paper copies of the electronic media were made but were discarded. These wage records will be needed in the future to verify wages for UI claimants.

Failure to retain records to support employee wages and eligibility may result in improper benefit payments and/or questioned costs, and failure to maintain records of employer tax payments increases the risk that LWC's records may not accurately reflect employer UI tax payments. LWC management should strengthen its controls to ensure that records are retained in accordance with state and federal laws and regulations. Management concurred with the finding and recommendation and outlined a plan of corrective action (see Appendix A, page 5).

The recommendations in this letter represent, in our judgment, those most likely to bring about beneficial improvements to the operations of LWC. The nature of the recommendations, their implementation costs, and their potential impact on the operations of LWC should be considered in reaching decisions on courses of action. The findings relating to LWC's compliance with applicable laws and regulations should be addressed immediately by management.

In addition, we have included Budgetary Comparison Schedules, which were prepared from the Annual Financial Reports of the commission and from additional data in the Integrated Statewide Information System (ISIS), the state's accounting system. These schedules are presented as

additional information but have not been subjected to auditing procedures. The commission's non-appropriated program, Unemployment Trust Fund, is not included in these schedules.

This letter is intended for the information and use of the commission and its management, others within the entity, and the Louisiana Legislature and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this letter is a public document and it has been distributed to appropriate public officials.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Daryl G. Purpera".

Daryl G. Purpera, CPA, CFE
Legislative Auditor

BSL:ETM:BQD:THC:dl

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BUDGETARY COMPARISON SCHEDULES (UNAUDITED)

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UNAUDITED

**LOUISIANA WORKFORCE COMMISSION
AGENCY 474 - OFFICE OF WORKFORCE DEVELOPMENT**

**Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2009**

APPROPRIATED REVENUES

	TOTAL BEFORE ADJUSTMENTS	AGENCY ADJUSTMENTS	ADJUSTED TOTAL	REVISED BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
General Fund - direct	\$1,624,559		\$1,624,559	\$3,624,596	(\$2,000,037)
General Fund - fees & self-generated				19,417	(19,417)
General Fund - interagency transfers	15,666,918		15,666,918	35,765,024	(20,098,106)
Federal funds	143,539,233		143,539,233	190,102,781	(46,563,548)
Employment Security Administration Fund:					
Incumbent Worker Training Account	39,804,548		39,804,548	45,365,739	(5,561,191)
Employment Security Administration Account	3,963,391		3,963,391	5,151,616	(1,188,225)
Penalty and Interest Account	2,562,884		2,562,884	2,562,884	
Overcollections fund	195,115		195,115	373,350	(178,235)
Total Appropriated Revenues	<u>\$207,356,648</u>	<u>NONE</u>	<u>\$207,356,648</u>	<u>\$282,965,407</u>	<u>(\$75,608,759)</u>

APPROPRIATED EXPENDITURES

	ADMINISTRATIVE	UNEMPLOYMENT BENEFITS PROGRAM	JOB TRAINING AND PLACEMENT PROGRAM	COMMUNITY BASED SERVICES	WORKER PROTECTION PROGRAM
Salaries	\$2,786,412	\$11,559,537	\$9,586,418	\$314,169	\$743,934
Other compensation	43,382	1,036,770	105,857	784	
Related benefits	785,685	3,145,960	2,529,377	77,713	220,699
Travel & training	113,579	155,976	233,117	5,717	69,208
Operating services	147,408	4,993,158	3,512,539	29,340	53,717
Supplies	36,867	199,634	181,505	4,042	6,573
Professional services	917,447	6,194,934	68,600		
Other charges	13,178,723	4,452,789	63,731,405	14,503,593	76,832
Capital outlay	23,051	2,839,667	97,486	420	2,766
Major repairs			12,484		
Interagency transfers	470,127	1,627,999	1,199,232	8,478	23,369
Total appropriated expenditures before adjustments	18,502,681	36,206,424	81,258,020	14,944,256	1,197,098
System adjustments	(494)	(2,456)	(3,503)	NONE	(17)
Total Appropriated Expenditures	<u>18,502,187</u>	<u>36,203,968</u>	<u>81,254,517</u>	<u>14,944,256</u>	<u>1,197,081</u>
Revised Budget	<u>36,674,671</u>	<u>42,853,552</u>	<u>116,463,488</u>	<u>15,520,087</u>	<u>1,324,805</u>
Variance Favorable (Unfavorable)	<u>\$18,172,484</u>	<u>\$6,649,584</u>	<u>\$35,208,971</u>	<u>\$575,831</u>	<u>\$127,724</u>

NOTE: This schedule was prepared using information from the Integrated Statewide Information System (ISIS), the state's accounting system.

Additional detail is available on request.

MANAGEMENT AND FINANCE PROGRAM	OCCUPATIONAL INFORMATIONAL SYSTEM PROGRAM	INCUMBENT WORKER TRAINING PROGRAM	ACT 672 & HIRING FREEZE	TOTAL
\$3,895,084	\$4,133,538	\$1,143,431		\$34,162,523
335,867	141,354	40,183		1,704,197
6,319,803	1,114,560	336,290		14,530,087
7,050	68,996	22,268		675,911
665,568	271,705	116,355		9,789,790
132,996	12,665	16,581		590,863
49,787	114,455			7,345,223
293,619	76,852	35,330,403		131,644,216
61,397	11,433	13,617		3,049,837
				12,484
152,703	322,011	48,649		3,852,568
11,913,874	6,267,569	37,067,777	NONE	207,357,699
(24,954)	(356)	(136,511)	NONE	(168,291)
11,888,920	6,267,213	36,931,266	NONE	207,189,408
13,548,357	10,120,843	44,968,295	\$1,491,309	282,965,407
\$1,659,437	\$3,853,630	\$8,037,029	\$1,491,309	\$75,775,999

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UNAUDITED

**LOUISIANA WORKFORCE COMMISSION
AGENCY 475 - OFFICE OF WORKERS' COMPENSATION**

**Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2009**

APPROPRIATED REVENUES:

	TOTAL BEFORE ADJUSTMENTS	AGENCY ADJUSTMENTS	ADJUSTED TOTAL	REVISED BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
Federal funds	\$717,700		\$717,700	\$867,470	(\$149,770)
Office of Worker's Compensation 2nd Injury Fund	45,908,345		45,908,345	46,303,594	(395,249)
Louisiana Worker's Compensation Administration Fund	12,545,172		12,545,172	12,762,912	(217,740)
Total Appropriated Revenues	<u>\$59,171,217</u>	<u>NONE</u>	<u>\$59,171,217</u>	<u>\$59,933,976</u>	<u>(\$762,759)</u>

APPROPRIATED EXPENDITURES

	INJURED WORKERS BENEFIT PROTECTION PROGRAM	INJURED WORKER REEMPLOYMENT PROGRAM	OCCUPATIONAL SAFETY AND HEALTH	TOTAL
Salaries	\$5,684,264	\$455,236	\$330,174	\$6,469,674
Other compensation	170,664	8,316		178,980
Related benefits	1,848,928	133,550	102,913	2,085,391
Travel & training	104,018	8,762	32,063	144,843
Operating services	1,368,115	18,975	11,924	1,399,014
Supplies	79,226	3,309	11,306	93,841
Professional services	1,104,308	9,026		1,113,334
Other charges	70,623	45,136,450	(1,540)	45,205,533
Capital outlay	4,823			4,823
Interagency transfers	2,014,859	356,367	104,176	2,475,402
Total appropriated expenditures before adjustments	12,449,828	46,129,991	591,016	59,170,835
System adjustments	(587)	(45,000)	NONE	(45,587)
Total Appropriated Expenditures	<u>12,449,241</u>	<u>46,084,991</u>	<u>591,016</u>	<u>59,125,248</u>
Revised Budget	<u>12,856,165</u>	<u>46,303,594</u>	<u>774,217</u>	<u>59,933,976</u>
Variance Favorable (Unfavorable)	<u>\$406,924</u>	<u>\$218,603</u>	<u>\$183,201</u>	<u>\$808,728</u>

NOTE: This schedule was prepared using information from the Integrated Statewide Information System (ISIS), the state's accounting system.

Additional detail is available on request.

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Management's Corrective Action
Plans and Responses to the
Findings and Recommendations

December 17, 2009

Mr. Daryl Purpera, CPA
Temporary Legislative Auditor
Post Office Box 94397
Baton Rouge, LA 70804-9397

**RE: Noncompliance with Administrative Rules for Interstate Unemployment
Compensation Benefit Payments**

Dear Mr. Pupera:

We concur with the finding regarding noncompliance with administrative rules for Interstate Unemployment Compensation Benefit Payments.

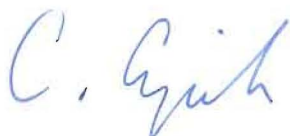
We have completed the programming necessary to begin charging employers for interstate unemployment compensation benefit payments. We have incorporated the procedures with a unit that has similar procedures for another process. We are planning to notify all base period employers for interstate claims filed as of October 1, 2009 in a single mailing. Beginning in January 2010 we will issue these notices as claims are filed.

The contact person for implementation of these corrective actions will be Marianne Sullivan, Director of Unemployment Insurance.

Please feel free to contact my office should you have any further questions.

Sincerely,

Curt Eysink
Executive Director



CE:rer:mdp

December 17, 2009

Mr. Daryl Purpera, CPA
Temporary Legislative Auditor
Post Office Box 94397
Baton Rouge, LA 70804-9397

RE: Improper Charging of Administrative Expenditures to Federal Awards

Dear Mr. Pupera:

We concur with the finding that the LWC incorrectly charged expenditures of the Disaster Unemployment Insurance to the Unemployment Insurance Program. When a natural disaster occurs, the state is required to issue DUA (disaster unemployment benefits) payments and is subsequently reimbursed by FEMA for all administrative costs incurred. A formal request for reimbursement that includes the \$536,304 questioned costs in this finding is being submitted to FEMA. Receipt of this reimbursement will resolve this finding.

We concur with the finding that program personnel did not verify the correct federal coding based on the description of work provided on the invoice. For future disasters, we will implement a review process that ensures proper review and approval of federal coding.

The contact person for implementation of these corrective actions will be Marianne Sullivan, Director of Unemployment Insurance.

Please feel free to contact my office should you have any further questions.

Sincerely,



Curt Eysink
Executive Director

CE:rer:mdp

March 4, 2010

Mr. Daryl Purpera, Legislative Auditor
Louisiana Legislative Auditor
Post Office Box 94397
Baton Rouge, Louisiana 70804-9397

Dear Mr. Purpera:

This letter is in response to the legislative audit finding "Weaknesses in Controls Over Remittance Processing System". We concur with the individual findings and recommendations. Please see the corrective action plan details below:

Responsible Contacts:

Ashley Ford – PMO Project Manager
Velmon Nichols – Imaging / Remittance Manager 2

Corrective Action Plan:

After processing the second quarter 2009 employer tax payments through the new remittance system (which allows three months of work to be processed within one month), LWC recognized that additional staff are needed during each quarterly rush period to timely process the influx of check deposits. Additional staff has allowed LWC to timely (within three business days of receipt) deposit 97.2% of all cash receipts to the bank. In addition, additional staff are utilized during this rush period to index payment documentation to update employer accounts on the LDOL mainframe. All employer accounts (excluding documentation received lacking appropriate information, such as the Employer Account Number) are updated with payment received amounts within 15 business days after the quarterly due date (i.e. January 31, 2010 for Quarter 4 2009).

Systematic reconciliation procedures have been implemented to allow management to reconcile all monetary batches to the indexing (iEditor) software application, which informs management of any batches that may not have been deposited or may be in error for any reason. This reconciliation ensures that all money is accounted for from the point of scanning to the point of indexing. An additional reconciliation is performed once the monies are posted to the employer accounts to the remittance processing daily deposit report or the bank statement. This reconciliation ensures completeness of all deposits being posted to the mainframe employer account, as well as, validity of all payment amounts posted.

Completion Date:

January 1, 2010

Sincerely,



Curt Eysink
Executive Director
Louisiana Workforce Commission

December 17, 2009

Mr. Daryl Purpera
Temporary Legislative Auditor
Post Office Box 94397
Baton Rouge, LA 70804-9397

RE: Corrective Action for Inadequate Monitoring Subrecipient Findings and A-133 Audits

Dear Mr. Purpera:

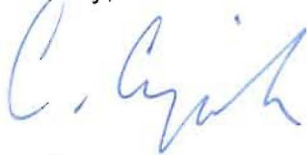
We concur with the auditor's recommendation to establish adequate procedures to timely identify and resolve any audit findings and questioned costs regarding WIA funds disbursed to subrecipients. We also concur with the recommendation to establish procedures to review internal subrecipients monitoring findings of A-133 Audits for compliance with federal laws and regulations.

As part of our corrective action plan, LWC through the Office of Workforce Development (OWD) will assign staff within the Integrated Field Service Division to (1) timely follow up on Compliance Division reports regarding the allowance of questioned costs and (2) monitor and resolve subrecipient findings in a timely manner for compliance with OMB Circular A-133 no later than January 31, 2010.

The contact person for implementation of these corrective actions will be Howard Sanders, Director of the Office of Workforce Development or his designee.

Based on the above we feel LWC's level of compliance will increase.

Sincerely,



Curt Eysink
Executive Director

CE:rer:mdp

December 17, 2009

Mr. Daryl Purpera, CPA
Temporary Legislative Auditor
Post Office Box 94397
Baton Rouge, LA 70804-9397

RE: Noncompliance with Record Retention Policy

Dear Mr. Purpera:

We concur with the finding that LWC did not retain all wage records for the Unemployment Insurance Program.

In July 2009, LWC successfully implemented a state-of-the-art imaging system that provides the appropriate documentation for reconciliation to the main frame. As part of this system, all employer wage records are scanned in and are readily retrievable for reconciliation purposes.

The contact person for implementation of these corrective actions will be Marianne Sullivan, Director of Unemployment Insurance.

Please feel free to contact my office should you have any further questions.

Sincerely,



Curt Eysink
Executive Director

CE:rer:mdp