COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF PUBLIC WELFARE
BUREAU OF FINANCIAL OPERATIONS
3rd Floor, Bertolino Building
Harrisburg, Pennsylvania 17105-2675

KEVIN M. FRIEL
DIRECTOR

TELEPHONE NUMBER
(717) 787-9200
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OCT 03 2007

Ms. Crystal Powell
Executive Director
It Takes a Village Childcare and Learning Center, Inc.
631-639 North 39th Street
Philadelphia, Pennsylvania 19104

Dear Ms Powell:

I am enclosing the final report of It Takes a Village Childcare and Learning Center, Inc recently completed by this office. Your response has been incorporated into the final report and labeled as Appendix.

I would like to express my appreciation to all the courtesy extended to my staff during the course of fieldwork. I understand that you were especially helpful to Timothy Rausch in expediting the audit process.

The final report will be forwarded to the Department's Office of Income Maintenance (OIM) to begin the Department's resolution process concerning the report contents. The staff from the OIM may be in contact with you to follow-up on the action taken to comply with the report's recommendations.

If you have any questions concerning this matter, please contact Tina Long, ,Audit Resolution Section, at (717) 705-2288.

Sincerely,

Kevin M Friel

Kevin M. Friel

cc: Ms. Kathy A. Yorkievitz
Dr. Bryon C. Noon
Mr. Karl Hoffman

Some information has been redacted from this audit report. The redaction is indicated by magic marker highlight. If you want to request an unredacted copy of this audit report, you should submit a written Right to Know Law (RTKL) request to DPW's RTKL Office. The request should identify the audit report and ask for an unredacted copy. The RTKL Office will consider your request and respond in accordance with the RTKL (65 P.S. §§ 67.101 et seq.). The DPW RTKL Office can be contacted by email at: ra-dpwtkl@pa.gov.

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KEVIN M. FRIEL
DIRECTOR

OCT 0 3 2007

Ms. Kathy A. Yorkievitz
Deputy Secretary for Income Maintenance
Health & Welfare Building
Room 432
Harrisburg, Pennsylvania 17101

Dear Ms. Yorkievitz:

Based on a referral, the Bureau of Financial Operations (BFO) conducted an audit of It Takes a Village Childcare and Learning Center, Inc.'s (ITAVCC) County Grant Contracts for the Department of Public Welfare's Community Connections Initiative (CCI) for the contract years ended March 31, 2005 and March 31, 2006. ITAVCC had CCI Grant Agreements with Bucks, Chester, Lancaster, Lehigh and Montgomery Counties.

Results in Brief

- ITAVCC had no internal controls. Most of the transactions tested were not supported by third party receipts, bills or invoices. In the few instances where third party receipts were available, the method of allocation between personal expenses, the Child Care division and the CCI division either was not clear or was not based on verifiable documentation; such as, using mileage logs for travel expenses or using square footage occupied for rent and utility expenses. Payroll records could not be reconciled to the Federal W-2 forms.
- During the two year period under review, salary payments to the Executive Director totaling $138,645 were charged to the CCI funded division. The CCI division also made numerous check payments for reimbursement of various expenses to its Executive Director, totaling $23,480. Payments of $10,952 were made to the Child Care division for CCI's "share" of common leasehold expenses. As such, the Executive Director received, either directly or indirectly, $173,077 or 27.82% of total disbursements.

Results in Brief (Continued)

- Documentation was not available to support travel costs associated with the Executive Director. The necessity of an automobile lease in the Executive Director's name could not be established as the explanations received appear to be primarily duplicative of the duties of the staff.

Background

ITAVCC has two operating divisions that share the same offices at 631-639 North 39th Street, Philadelphia, PA 19104 (ITAVCC's Offices), the CCI division and the Child Care division which operated a child daycare and learning center. The audit was restricted to the operation of the CCI Division.

The CCI Division received grants for the five counties listed above. The purpose of a grant is to provide services to TANF clients so that they can be quickly contacted, informed of the work requirement, time limits, and opportunities available to them. Grant revenues were advanced quarterly by each county and were in the following fiscal year amounts:

	April 1, 2004 Through March 31, 2005	April 1, 2005 Through March 31, 2006	Total
Bucks County	$57,604	$66,200	$123,804
Chester County	85,596	45,480	131,076
Lancaster County	117,116	29,600	146,716
Lehigh County	71,535	30,300	101,835
Montgomery County	75,374	46,350	121,724
Totals	$407,225	$217,930	$625,155

In the subsequent fiscal year total funding from all five counties was $82,100. ITAVCC terminated its relationship with the counties during June 2007.

Individual County budgets were approved each fiscal period. For the first fiscal year, provider invoices were submitted in a format that could be traced to the approved budget. However, in the second fiscal year, the invoicing format was streamlined into two categories - Administrative and Program Support.

Background (Continued)

The change in reporting, along with the restraints of the provider's record keeping system prohibited us from completing a direct budget to invoice comparison. For purposes of this report, revenue for all five grants were totaled and compared to actual expenditures for the two fiscal years.

Objective/Scope/Methodology

Our objective was to determine the reliability of the Cost Reports submitted pursuant to the ICC Grants.

Our review of the Cost Reports was conducted between March 22, 2007 and June 19, 2007. This report, when presented in its final form, will be available for public inspection.

Government auditing standards require that we obtain an understanding of management controls that are relevant to the audit objective described above. The applicable controls were examined to the extent necessary to provide reasonable assurance of compliance with generally accepted accounting principals. Based on our understanding of the controls and our examination, the following deficiencies and scope limitations came to our attention.

A significant portion of our audit involved a comprehensive review of all bank statements, checks disbursed and deposits made. Of the expenditures tested, many expenses were not verified because third party invoices, bills and receipts were not provided. Payroll was not reconciled as detailed records for each employee were unavailable. The limited number of payroll records and tax returns provided could not support any positive conclusion as to the reliability of the payroll records. We also attended various meetings with the Executive Director and ITAVCC's contracted accountant in an attempt to obtain explanations of the expenses incurred.

Results of Fieldwork

For the fiscal years ended March 31, 2005 and 2006, total expenditures were $622,071 and total receipts from all sources were $626,442. A cash balance of $4,371 was on hand as of March 31, 2006. Non grant receipts of $1,287 were deemed to be contributions of equity by the Executive Director.

Results of Fieldwork (Continued)

Issue No. 1 – Actual Expenditures Differed From Approved Budgets And/Or Cost Reports Submitted

The types of expenditures incurred and the amounts incurred differed from the values reported in the Cost Reports or permitted by the budgets. For instance, the budgeted amount for the field representative, who was a principal subcontractor, total $153,314 for the years ended March 31, 2005 and 2006 while payments for those periods were $181,958. Of particular note, the budgets limited or did not provide for rent, utilities or telephone expense, yet monies were disbursed and reimbursements were made for these categories. Other variances are detailed in Exhibit A. Additionally, nothing was budgeted for public relations and yet $3,000 was expended. See Exhibits B and C.

At the end of the audit period, $4,371 of grant funds remained unexpended. The extent of outstanding payables was not determinable. However, excess spending on categories beyond the amounts budgeted would lead to questioning the propriety of the excess expenditures. Conversely, there were also categories where the budgeted amounts were under spent.

Recommendation

The BFO recommends that the Office of Income Maintenance (OIM) examine the budgeted verses expended comparison presented in Exhibit A and determine what amount, if any, should be recovered based upon restrictions in the budget documents.

Issue No.2 – Many Expenditures Were Not Substantiated

Our review of expenses included the following costs that could not be substantiated:

- A June 25, 2004 check for $5,022 to Staples was not supported. The Executive Director stated that computers, desks, chairs, and copying paper were purchased; however, receipts provided only total $399 (See Exhibit B). Additionally, when the BFO asked to see the computers, it was stated that they had been discarded after breaking.

- Non salary disbursements in the amount of $23,480 were made to the Executive Director. Verifiable supporting documentation was not provided for these items. See Exhibit C.

- As of April 1, 2006, unexpended grant funds of $4,371 were on hand. No explanation for this balance was offered. At the same time, it was estimated that approximately $23,000 of payroll tax liability was outstanding at the end of the audit

Results of Fieldwork (Continued)

period with respect to wages paid during the period. An offer in compromise is pending with the Internal Revenue Service to satisfy these liabilities.

- The Executive Director disbursed grant funds for auto lease payments on a preexisting lease that was titled in her individual name. The propriety of these lease payments could not be established. It was noted that both the Project Director and the Subcontractor were already using a leased vehicle or driving their own car and receiving mileage reimbursement. A third set of travel expenses, for which no documentation is available, appears inappropriate. The auto lease payments are detailed as a part of Exhibit C.

- Payroll records were incomplete. The detailed tax withholdings for each employee for each quarter were not available. As a result, it was not possible to reconcile the net payroll disbursed with the payroll charged to the ICC Cost Reports. The absence of a complete set of payroll tax returns limited our ability to reconcile the total of tax expense claimed on the cost reports to the tax liabilities to the federal, state and local taxing authorities.

According to the cash records, bank statements and a grossing up of the net payroll according to BFO's reconstruction of the expected payroll tax withholdings, the following amounts were paid:

		March 31, 2005	March 31, 2006
Net Salaries –	Executive Director	$64,510	$74,135
	Administrative Assistant	18,000	19,197
	Project Director	65,978	65,727
	Subcontractor	55,556	126,402
Total payroll and related costs		$204,044	$285,461

It should be noted that the basis of allocation of certain common expenses was not documented and could not be determined. ITAVCC's operating divisions shared common office space at the principal corporate offices. Portions of the facilities (i.e. gymnasium) are used as a community center and recreational area. As such, certain expenditures were for expenses that were common to both divisions. A method of allocation for telephone, rent, utilities and office supplies is necessary to allocate fairly these common expenses. Although the method was not clear, the amounts allocated appeared to be within reasonable limits. (See Exhibit D). However, as was previously indicated, these items were limited or not included in the approved budget process.

Results of Fieldwork (Continued)

Recommendation

The BFO recommends, the unaccounted for monies be recovered as detailed below:

Unsubstantiated Payments to Third Parties	Exhibit B	$6,123
Non Salary Payments to the Executive Director	Exhibit C	23,480
Payments to Childcare Division	Exhibit D	10,952
Unexpended Grant Funds-Cash on Hand March 31, 2006		4,371
Total		$44,926

Exit Conference/Summary

On September 28, 2007, an exit conference was held at the BFO's Southeast Regional office. Representatives from the Office of Income Maintenance (OIM) attended via teleconference along with ITAVCC's Executive Director. The discussion centered on ITAVCC's operating procedures and the propriety of expenditures as presented in the draft report. In conclusion the OIM and BFO agreed to permit as eligible for reimbursement the expenditures for rent of an office in Delaware County during the first grant period. No other changes were made to the draft report. ITAVCC's response has been included as an appendix to the report.

In accordance with our established procedures, please provide a response within 60 days to the Audit Resolution Section concerning actions to be taken to ensure that the report recommendations are implemented.

Please contact Tina Long, Audit Resolution Section, at (717) 705-2288 if you have any questions concerning this matter.

Sincerely,

Kevin M. Friel

Kevin M. Friel

Attachment

Cc: Dr. Bryon C. Noon
Mr. Karl Hoffman
Ms. Crystal Powell

EXHIBITS

IT TAKES A VILLAGE CHILDCARE CENTER, INC.
COMPARISON OF BUDGETED AMOUNTS TO EXPENDITURES

April 1, 2004 through March 31, 2006:

	Invoiced	**Per Cash Disbursed**	**Variances**	
Executive Director	$ 132,261	$ 138,645	$ (6,384)	
Project Manager	129,266	131,705	(2,439)	
Accountant	11,981	22,283	(10,302)	
Benefits	51,075	3,996	47,079	*
Administrative Assistant	18,650	38,197	(19,547)	
Subtotal Personnel Costs	$ 343,233	$ 334,826	$ 8,407	
Postage	$ 1,718	$ 5	$ 1,713	
Supplies, Equip & Material	19,320	16,444	2,876	
Travel	25,998	43,020	(17,022)	
Training	192	2	190	
Consultants	153,314	181,958	(28,644)	
Incentives	11,570	3,006	8,564	
Other Costs	69,810	10,962	58,848	
Rent	-	20,896	(20,896)	
ITAVCC	-	10,952	(10,952)	
Subtotal Other Costs	$ 281,922	$ 287,245	$ (5,323)	
Total	$ 625,155	$ 622,071	$ 3,084	

* A SIGNIFICANT PAYROLL TAX LIABILITY EXISTED AT MARCH 31, 2006 AND FOR THIS REASON BENEFITS WERE UNDERPAID.

EXHIBIT A

IT TAKES A VILLAGE CHILDCARE CENTER, INC.
UNSUBSTANTIATED PAYMENT

Category	Date	Check No.	Amount	Payee
Public Relations	6/18/04	1004	$1,500	Domder
Supplies, Equip & Material	6/25/04	1009	5,022	Staples, Inc.
Less: Substantiated Portion			(399)	
			$6,123	

EXHIBIT B

IT TAKES A VILLAGE CHILDCARE CENTER, INC.
NON SALARY DISBURSEMENTS TO THE EXECUTIVE DIRECTOR

Category	Date	Check No.	Amount	
Fringe Benefits	6/30/04	1031	$1,065	
	6/30/04	1032	933	
	9/30/04	1084	1,065	
Subtotal				$ 3,063
Auto & Travel Expenses	6/16/04	995	4,567	
	7/03/04	1022	500	
	8/02/04	1042	500	
	9/26/04	1067	470	
	11/5/04	1098	1,456	
	12/20/04	1134	1,439	
	12/28/04	1139	401	
	12/28/04	1139	500	
	1/27/05	1169	1,450	
	4/18/05	1006	995	
	4/25/05	1156	823	
	4/26/05	1152	413	
	4/26/05	1154	1,574	
	1/12/06	1267	100	
	1/21/06	1270	206	
Electronic Transfers to [redacted] Bank Account # [redacted]				
	7/13/05		600	
	7/19/05		400	
	9/09/05		1,000	
	9/14/05		900	
Subtotal				18,294
Public Relations	8/01/04	1041		1,500
Insurance	7/03/04	1023	527	
	8/02/04	1042	423	
	12/20/04	1139	423	
Subtotal				1,375
Telephone	8/17/05	1225		535
Total Non Salary Payments to the Executive Director				$ 24,767

EXHIBIT C

IT TAKES A VILLAGE CHILDCARE CENTER, INC.
NON SALARY DISBURSEMENTS TO THE EXECUTIVE DIRECTOR

Category	Date	Check No.	Amount	
Less: Contributions by the Executive Director		7/21/04	$ 700	
		8/16/04	32	
		8/23/04	68	
		3/16/05	29	
		4/06/05	12	
		5/13/05	300	
		8/23/05	69	
		Unidentified	77	
				(1,287)
NET NON SALARY PAYMENTS TO THE EXECUTIVE DIRECTOR				$23,480

EXHIBIT C (Continued)

IT TAKES A VILLAGE CHILDCARE CENTER, INC (ITAVCC)
PAYMENTS FROM CCI DIVISION TO CHILDCARE DIVISION

Category	Date	Check No.	Amount	
Auto	8/27/04	1058	$ 880	ITAVCC
Insurance	8/03/04	1045	80	ITAVCC
	9/26/04	1069	80	ITAVCC
	11/5/04	1101	80	ITAVCC
	12/28/04	1136	80	ITAVCC
	2/11/05	1186	80	ITAVCC
Subtotal			400	
Postage	9/26/04	1076	39	ITAVCC
Rent	7/09/04	1027	340	ITAVCC
	7/19/04	1036	285	ITAVCC
	8/03/04	1045	550	ITAVCC
	9/26/04	1069	550	ITAVCC
	11/5/04	1101	750	ITAVCC
	12/28/04	1140	750	ITAVCC
	2/11/05	1186	750	ITAVCC
	4/26/05	1155	880	ITAVCC
Subtotal			4,855	
Supplies & Equipment	6/24/04	1016	180	ITAVCC
	6/28/04	1014	976	ITAVCC
Desk File	7/03/04	1024	250	ITAVCC
Quick Books	8/05/04	1046	797	ITAVCC
	12/28/04	1136	55	ITAVCC
Subtotal			$ 2,258	

EXHIBIT D

IT TAKES A VILLAGE CHILDCARE CENTER, INC.
PAYMENTS FROM CCI DIVISION TO CHILDCARE DIVISION

Category	Date	Check No.	Amount	
Telephone	8/20/04	1049	$ 103	ITAVCC
	9/26/04	1069	50	ITAVCC
	11/5/04	1101	50	ITAVCC
	12/28/04	1136	50	ITAVCC
	2/11/05	1186	50	ITAVCC
Subtotal			303	
Operating Costs-Other	11/5/04	1103	157	ITAVCC
	12/20/04	1132	750	ITAVCC
	12/28/04	1140	130	ITAVCC
	1/27/05	1170	880	ITAVCC
Subtotal			1,917	
Accounting Services	5/16/05	1168	300	ITAVCC
Total Payments to ITAVCC			$10,952	

EXHIBIT D (Continued)

APPENDIX

The following four pages are It Takes A Village Learning Center, Inc.'s

response to the draft report.

Response to review of CCI division of It Takes A Village Learning Center, Inc.

It Takes A Village Learning Center(ITAV) was established as a small non-profit child care facility one year prior to receiving a state contract to provide services under the Community Connections Initiative program of the Department of Public Welfare. It's CEO had over a decade of experience in managing state programs for non – profit organizations throughout Philadelphia and surrounding areas. I have always presumed that it was his proposal writing ability and management experience that ultimately lead to the state awarding this contract to ITAV. In February, 2004 when ITAV was informed that it was awarded the contract, the CEO who was to work full time as Program Manager and President who was to act as Executive Director for 70% of the time conferred and determined personnel needs, equipment needs, duties, procedures and budget requirements to effectively run the CCI Program.

Because the award was for a total of approximately 600 referrals, it was determined that there would be a need for two offices in or adjacent to the five counties to be served, a maximum of five outreach staffers and at least two vehicles for the program. The corporate office, 639 North 39th Street was to be used to service three counties (Bucks, Lehigh and Montgomery). The Delaware County office was to be used for Chester and Lancaster Counties. The existing corporate office was to be used because the space rented for the childcare center was underutilized. The Delaware County site was to be used because after phone calls, local newspaper searches and inquiries to realtors in Chester and Lancaster Counties for space, it was concluded that it was less costly to pay rent in Delaware County where there was 1,000 feet or more of space and administrative support that could be used for the program. Chester and Lancaster was to refer almost over 250 cases. The referral of 250 cases would have been an average of 20 referrals a month. Each referral required an outreach worker to create a file of the initial 3-7 pages faxed, send an initial letter of contact and make an initial phone call within 5 days of receiving the referral. After the initial contact of a phone call and letter, a home visit was required for each referral. The visit was to result in follow up visits, transportation to appointments, follow up phone calls and letters to the referred along with appointment coordinating and follow up phone calls to necessary social agencies. There was an established goal to close the case within 30 days of the referral. Therefore, two months after receiving the state contract, a lease was entered into between ITAV and Datner and Murphy in April, 2004 to rent space for the CCI program. The same was to be done at the corporate office for the referrals from Bucks, Lehigh and Montgomery Counties which totaled almost 350 for the first fiscal period. Two outreach workers for Chester and Lancaster Counties were to work out of the Delaware County Office and two or three outreach workers were to work out of the corporate office. An ad was placed in the newspaper to find outreach workers who lived in the county to be served. There was also a solicitaion used for staff recruitment.

Immediately into the start of the contract, the referrals came in very slowly for most counties and almost null in one or two counties. This was when marketing efforts by [redacted] from [redacted] was used to call tens of County Assistance Office case workers and send survey to the same. These efforts were made in an attempt to explain the benefits of the CCI program and motivate the worker to make referrals so that ITAV could perform the services in which it was contracted to perform. The marketing consultant worked an average of 6 hours a week toward these efforts. In spite of the marketing efforts and outreach work performed, the CCI program only received "half" of the referrals allocated for the first fiscal period. Chester and Lancaster Counties sending the least referrals. Therefore, it became evident that the Delaware County office would not be needed for the program in the future and the lease was not renewed. Had the counties referred the total or near total contracted referrals, the two offices would have been utilized to capacity.

Two vehicles used for the program were the Executive Director's personal vehicle (SUV) and an extra vehicle (minivan) financed personally by the Executive Director. Payments for the one vehicle that was used full time by the program manager were for the total amount of the monthly payment . This amount was paid because the vehicle was used full time by the program manager to perform his duties such as outreach verification in 2 ½ counties. The amount paid for the vehicle was a about half the monthly cost to rent a vehicle for the program. The vehicle used by the Executive Director was used approximately 60% of the time for the Executive Director to perform her duties in connection with the program. The monthly reimbursement made for this vehicle was approximately 60% of the total monthly payment. This amount was also significantly less than a monthly rental fee. The Executive Director's outreach verification was absolutely necessary to determine the veracity of the representations made by the field workers doing outreach in 2 ½ counties. The executive director and program manager had to visit the homes of the referred client and the neighbors to speak with the referred client and neighbor to determine if a visit was made as reported or determine whether the house was actually unoccupied as reported or determine if the referred had moved out of the house as reported. The Executive Director on very few occasions visited to do outreach, which would have been duplicitous, however she visited to maintain the integrity of the reports in the referred's file as did the program manager. It undoubtedly initially took two individuals to perform the verification visits because there were five counties involved. In fact, the efforts of the executive director lead to the discovery that an outreach worker's reports were not factual on more than one occasion. This discovery led to the program director terminating that particular field person.

The referrals by the five counties were consistently less than half of the contracted amount, therefore the program manager made a decision not to hire other field persons unless and until the actual referrals increased. The outreach worker was doing a very good job in terms of the goals of his position and managing the number of referrals. The program managers kept resumes on hand in case there was a sudden increase in referrals made that necessitated the hiring of additional field persons. All duties and services performed by all personnel were overseen by the executive director. The executive director did weekly hard and electronic file reviews to determine consistency and personnel needs amongst other duties. The program manager was responsible for the day to day management and operation of the program.

The program manager determined the internal policies and procedures needed to justify billing and the budget. He also made initial hiring decisions, in which the executive director concurred. The executive director deferred to his decisions because of his experience with such programs. An invoice submission procedure was never determined necessary to justify reimbursements to the daycare division by the CCI program. They were line items in the original budget. It was also never a policy for any personnel to submit detailed travel logs. The amount of referrals and location of the homes told how many miles had to be traveled round trip. Map quest was used to estimate the miles to be traveled. Rough notes were kept regarding the travels and findings. The outreach mileage was checked against the number of referrals for the month. Often, the program manager made a determination that certain trips could have been combined and often the billed mileage by outreach was not exactly paid. There were times when the program manager decided that certain expenditures were necessary, although the initial amount budgeted was lower or higher.

The initial budget submitted to the state in February, 2004 indicated dollars to be spent on rent, telephone, insurance vehicles, supplies, marketing/public relations. The quarterly reports showed the dollars spent in these categories, however, they were shown in an "other" category because there was no specific line for these expenditures in the quarterly reports. Also, they were reported on an accrual basis. However, they were line items in the initial budget submitted to the state in February, 2004. The program director was responsible for determining the fiscal necessities and reporting the same to the state as was done on the quarterly reports signed by him.

The quarterly fiscal reports were prepared on an accrual basis as deemed appropriate by the program manager. Often the, state sent the quarterly checks 30 – 60 days late which caused all actual payments to be made late. The late payment by the state caused operating costs, reimbursements and salaries to be paid one two and sometimes three months late. This along with accounting errors made by the first accountant hired by the program manager caused ITAV to incur thousands of dollars in penalties for late payments to the Internal Revenue Service. Specifically, dollars were reported as earned salary, but were not actually paid. The IRS Penalties are the subject of an offer and compromise submitted by ITAV to the Internal Revenue Service. The late payments also caused ITAV to be subjected to the threat of a lease termination on many occasions, however, the issued was ultimately worked out with the landlord.

The rent, telephone, insurance, salaries and utilities paid at the corporate office were either paid late when the CCI payments came in or paid in portion or whole by sources other than CCI. Therefore, when the CCI payment came in, reimbursements were made accordingly. Although there were no invoices submitted to daycare by CCI, the amounts were methodically determined based on use by the program and reimbursed in accordance with the use. The auditors note that the amounts allocated "appear to be within reasonable limits."

There was over $5000 spent in June of 2004 at Staples Office Supply for four computers, two printers, six office executive and waiting chairs, copy paper and office supplies. These were purchased shortly after the first CCI payment was made to ITAV. There was no need for office furniture or computers for the daycare that had been operating for over a year. When asked about the equipment by the auditors, the executive director responded that all but one computer was "functioning." She informed them that there was one at the corporate office when they visited however it was "on it's last leg". It is common knowledge that computers have a life span of approximately 3 years before upgrades or maintenance is needed. It is also common knowledge that often it is more cost effective to purchase a new computer after three years rather than pay for repairs. She also told him that the office furniture was there. Although they may not recall, the auditors were sitting on chairs that were a part of that purchase and were standing directly in front of most of the office furniture while waiting. The receipts that were submitted were for the delivered products that were purchased on line. Over 90% of the items were purchase in the store. Staples has said that they may be able to reproduce the receipt from an instore purchase from 3 years ago. Of course, if it is reproduced, then I will submit it.

Unsubstantiated grant cash payments on hand were used for continual operation of the program.

The executive director of the CCI program diligently tried to oversee this program and do whatever she could to learn this genre in which she had never been exposed. She trusted the skill and experience of individuals that should have known what was required. All acitivities and procedures were to her knowledge performed in accordance with the contract. Never was there any step taken or policy made that she deemed contrary to the contract. Although there were in hindsight some procedures and policies that should have been implemented and followed, in the end, if they were not, then what was followed and implemented was reasonable and logical with regard to the requirements of the program.

In that, she submits that if it is deemed that monies should be reimbursed, she asks that it be highly considered that the company no longer exists, there are no payments due to ITAV that can be deducted, therefore a comfortable method of repayment be demanded.

It is with deep remorse that the review did not meet the level of substantiation that would have recommended no monies recovered, however, it is understandable that there was a job to be done, requirements that needed to be met and the executive director is ready to do whatever is necessary to ultimately reconcile.

Sincerely,

Crystal B. Powell