

August 22, 2004

Development Office hopes to recover part of grant

By Paul Wilson

Business Editor

State Development Office officials say they will try to recover nearly \$15,000 from a \$120,000 training grant awarded to the state chapter of the Associated Builders and Contractors.

That's because a 2003 review of the nonunion contractors' group showed, among other things, that the money was not spent during the intended period of July 1, 2001, to July 30, 2002.

"I feel like we need to go ahead and do this now, and if there's anything else that turns up, we'll take action," said David Lieving, director of the Governor's Workforce Investment Division. Development Office staff members are reviewing other aspects of ABC's compliance, he said.

Lieving also said action might have been taken sooner if not for what he called a case of "too many cooks in the kitchen" at the Development Office.

About two months ago, Lieving asked federal authorities to investigate ABC's grants. At the time, Lieving said a review that spring showed nothing wrong, but that a second look found problems "pertaining to the uses and outcomes associated with these funds."

However, the Charleston accounting firm Gibbons & Kawash found several problems with ABC's grant in a report apparently completed in May 2003.

But Development Office officials say they didn't receive the review — and that they forgot they requested it — until June 28, more than 13 months later.

"Obviously," Lieving said, "we have some cleanup to do."

Sometime in late 2002 or early 2003, Cecil Roberts, fiscal chief for the Workforce Investment Division, asked Gibbons & Kawash to review the Workforce Investment Division's grant to ABC, he said.

“They had \$120,000, and I had never heard of the outfit before,” Roberts said when asked why he called for the review on June 28. “This is where the ball got dropped. It’s Murphy’s Law.”

Gibbons & Kawash conducted the review, a copy of which is dated May 15, 2003. But whoever conducted the review apparently left the firm after the job was completed, Lieving and Roberts said.

Roberts, meanwhile, forgot about the review for more than a year until June 28, he said. That was the day Lieving said he first heard of the review from Debbie Moore, listed as ABC’s office manager on the organization’s Web site.

“Dave was requesting information, and said he’d been told [the review] had been done,” Roberts said. “That’s when it keyed in.

“It just slipped through the cracks.”

Last week, Gibbons & Kawash staff members told the Sunday Gazette-Mail they were looking into the matter, but no representative of the office returned calls.

The three-page review shows that the firm examined ABC’s “compliance with contractual requirements of grant agreements ... for the year [ending] June 30, 2002.”

Besides the money spent outside the grant window, the review found:

A sprinkler fitter class wasn’t listed as an occupation that received training, “yet these expenditures were included on the final report.”

Some invoices were missing, improperly coded or improperly canceled.

It was impossible to verify whether ABC doled out money “allowable and allocable” to the grant “due to lack of documentation.”

No documents were provided to verify that the executive director spent 25 percent of his time toward the grant’s function or that 10 percent of overhead fees were allocated to the adult program.

There were no procedures to ensure applicants met Workforce Investment eligibility requirements. “After testing 10 participants and finding that each participant file contained no questionnaire or form to determine eligibility, no further testing was performed.”

Lieving questioned the eligibility finding, saying that the recent switch from the Job Training Partnership Act to the Workforce Investment Act might change the requirements.

The other findings, he said, need to be verified.

ABC's Moore referred questions to her attorney, Fred Holroyd, who was out of the office last week. But ABC has cooperated with Development Office staff since late June, Lieving said.

Besides the \$120,000, ABC received more than \$65,000 in Small Business Workforce grants each year between 1998 and 2003.

Development Office officials took their second, more detailed, look at the ABC grants after being contacted by Steve White, director of the Affiliated Construction Trades Foundation.

The ACT Foundation is a union group and ABC is a nonunion group. The Development Office's second look at the grant came after White brought potential irregularities to light.

"It's hard to believe that they [the Development Office] would ask for an accountant's report and they wouldn't have the accountant send them the report," White said.

"I'm a little dumbfounded that this is such a comedy of errors."

White said he was somewhat satisfied by Lieving's promise to recover some money spent by ABC, but that he wanted to see more done.

"It is something," he said. "But I don't think they're going to do anything else. I think they'll let the feds handle it."

Lieving said the Development Office has developed an audit log to "help us keep better track [of] things like this."

He has not heard anything about the federal investigation since late June, but promised that his office would take action on its own.

“We’re not going to just let the feds handle it, I can tell you that,” he said.

When White brought the problems to light, Lieving and Development Office Director David Satterfield explained the confusion as a case of fulfilling old obligations.

During former Gov. Cecil Underwood’s administration, ABC was promised \$209,700 in Workforce Investment Division grants. The state has no record of a contract, but Lieving said he has a copy of a letter of commitment to ABC.

In 2001, after Wise took office, ABC officials contacted Satterfield’s office and said the money the organization was promised never came. On Dec. 12, 2001, Satterfield signed a contract for \$120,000 — a lower total that ABC officials could apparently live with.

The Workforce Investment Division usually doles out money in portions and after grant recipients meet incremental requirements. But by late 2001, ABC had already spent money anticipating the grant, so Satterfield and Lieving made an exception and gave the group \$120,000 in one shot.

Lieving said he stands by the decision, but that it was early in the Wise administration.

“We were young and there were promises that we inherited,” Lieving said.

Roberts said transition problems also contributed to the misplaced Gibbons & Kawash report.

The switch from the Job Training Partnership Act to the Workforce Investment Act took place from July 2000 to late 2002. Federal money shifted from the state to seven local boards under the oversight of the Development Office.

Roberts was one of the last JTPA staff members to go to the Development Office in late 2002 — about the time he asked for the review of ABC.

“The transition from JTPA to the Development Office was not the smoothest thing that ever happened in my life,” he said. “We’ve had a lot of turnover here.”

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