Audit Report
Food Stamp Employment and Training Program

Report No. 27601-16-AT
March 2008
March 31, 2008

REPLY TO
ATTN OF: 27601-16-At

TO: Roberto Salazar
    Administrator
    Food and Nutrition Service

ATTN: Lael Lubing
    Director
    Grants Management Division

/s/ for
FROM: Robert W. Young (Marlene T. Evans)
    Assistant Inspector General
    for Audit

SUBJECT: Food Stamp Employment and Training Program

This report represents the results of the subject audit. Your response to the official draft report, dated March 3, 2008, is included as exhibit A, with excerpts and the Office of Inspector General’s (OIG) position incorporated into the Findings and Recommendations section of the report.

Based on your response, we were able to reach management decisions on Recommendations 2 and 3. Please follow your internal agency procedures in forwarding final action correspondence to the Office of the Chief Financial Officer. Management decision for Recommendation 1 can be reached once you have provided us with the additional information outlined in the OIG Position section for the recommendation.

In accordance with Departmental Regulation 1720-1, please furnish a reply within 60 days describing the planned correction actions and the timeframes for implementation for the recommendation for which a management decision was not reached. Please note that the regulation requires management decision to be reached on all findings and recommendations within 6 months from report issuance.

We appreciate the courtesies and cooperation extended to us by members of your staff during this audit.
Executive Summary

Food Stamp Employment and Training Program (Audit Report No. 27601-16-AT)

Results in Brief

This report presents the results of our review of the Food and Nutrition Service’s (FNS) Employment and Training (E&T) program. The purpose of the audit was to evaluate FNS’ controls over the program and assess the program’s performance. Specifically, our review determined whether FNS procedures were adequate to monitor State compliance with Federal guidelines and whether the State agencies (SA) were effectively and efficiently administering the E&T program. We concluded that FNS had established sufficient monitoring procedures utilizing its management evaluation (ME) process to monitor the SAs’ compliance and administration of the E&T program; however, performance measures are needed to assess the program’s performance.

We examined the ME process at the FNS National Office (NO) in Alexandria, Virginia, reviewing all regions ME reports and tested the procedures at the Atlanta FNS Regional Office (RO) and the North Carolina SA. The FNS NO had identified program problematic areas and established guidelines for regional offices to examine those areas. We tested these guidelines at the Atlanta FNS RO and found the FNS RO had adequately monitored the State’s compliance with E&T requirements.

However, our review determined that FNS had not established performance measures to determine the success of the Food Stamp E&T program. The Government Performance and Results Act (GPRA) of 1993, requires that performance indicators be used to measure the outcome of the government program. FNS officials told us that measuring performance for the program would be too costly based on the dollars allotted for the program. The E&T program is designed to find meaningful work-related activities that will eventually lead to paid employment and a decreased dependency on assistance programs. Without performance measures FNS does not know if its program, with $110 million annual expenditures, is meeting its goals or achieving results.

We also found in North Carolina, that a [ ] in one county employment services’ office changed the hours employees’ actually worked to the hours budgeted. He changed the timesheets already signed by frontline supervisors and employees without the employees’ knowledge. The [ ] stated that he revised the time to stay within the amount of full-time equivalents budgeted for the E&T program. These changes to timesheets caused different Federal programs to be either over or under charged expenses for operating their programs.
Also, the North Carolina Division of Social Services had not reconciled the fiscal year (FY) 2005 funds for the E&T program, thus they could not determine if they had unliquidated obligations or needed to de-obligate $212,367 of Federal funds.

**Recommendations in Brief**

We recommend that FNS establish performance measures for E&T and require States to submit performance data to determine if the program is achieving desired results. FNS should also direct the North Carolina SA to prohibit county office managers from altering employees’ timesheets after the employees and supervisors have signed them and require the SA to reconcile its accounts.

**Agency Response**

FNS agreed to implement the recommendations to direct the North Carolina SA to prohibit altering employees’ timesheets and to require the SA to reconcile its accounts. FNS did not agree to establish performance measures for the E&T or to require States to submit performance data.

In its March 3, 2008 response, FNS replied that the Food Stamp Act once contained a provision for the establishment of outcome-based performance measures, but they were subsequently removed from the Act by Congress. Further, they wrote that the E&T program is a minor part of a huge national program, not a stand-alone entity and represents a collateral function of the program, rather than a part of its core mission. FNS contended that the E&T program is not similar in scope to other Federal employment programs because the food stamp E&T operates as an adjunct to a multi-billion dollar nutrition assistance program. FNS also believed that it would be costly and difficult to implement an outcome measurement system that would gauge the influence of the program compounded with each SA offering differing capacities, economic and caseload characteristics, and operating programs that varies widely from other programs.

**OIG Position**

We do not agree with FNS’ response. The Food Stamp Security Act of 1985 did require establishment of several standards such as the placement rate, retention, wage, and reductions in food stamp caseload. These were removed in 1991 before the enactment of GPRA, which now requires that performance indicators be used to measure the outcome of Federal programs. Even though the FNS E&T Program is part of a much larger program, the purpose of this program is to provide meaningful work-related activity having a goal of reducing the dependency on the larger, Food Stamp program. Furthermore, the Food Stamp Act currently requires that FNS monitor the State agencies “to measure the effectiveness of the program to increase the numbers of household members who obtain employment and the numbers of such members who retain employment as a result of their participation in E&T programs.” Expenditures for the E&T program are approximately $110 million annually.
FNS states that it would be very costly and difficult to design an outcome measurement system. However, State agencies use their employment and security offices that already collect data on work placements. Each State agency has to track whether participants are satisfying the work requirement, thus if a participant leaves the E&T program it must know if the participant found work or it will unnecessarily sanction a participant. Therefore, the State agency has the information available.
## Abbreviations Used in this Report

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>C.F.R.</td>
<td>Code of Federal Regulation</td>
</tr>
<tr>
<td>E&amp;T</td>
<td>Employment and Training</td>
</tr>
<tr>
<td>ESC</td>
<td>Employment Security Commission</td>
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<tr>
<td>FNS</td>
<td>Food and Nutrition Service</td>
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<tr>
<td>FSP</td>
<td>Food Stamp Program</td>
</tr>
<tr>
<td>FY</td>
<td>Fiscal Year</td>
</tr>
<tr>
<td>GAO</td>
<td>Government Accountability Office</td>
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<tr>
<td>GPRA</td>
<td>Government Performance and Results Act</td>
</tr>
<tr>
<td>ME</td>
<td>Management Evaluation</td>
</tr>
<tr>
<td>NO</td>
<td>National Office</td>
</tr>
<tr>
<td>OCFO</td>
<td>Office of the Chief Financial Officer</td>
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<tr>
<td>OMB</td>
<td>Office of Management and Budget</td>
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<tr>
<td>PART</td>
<td>Performance Assessment Rating Tool</td>
</tr>
<tr>
<td>RO</td>
<td>Regional Office</td>
</tr>
<tr>
<td>SA</td>
<td>State Agency</td>
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Background and Objectives

Background

The Food Stamp Act requires each State to implement an Employment and Training (E&T) program to ensure that the Food Stamp Program (FSP) recipients are involved in a meaningful work-related activity that will eventually lead to paid employment and a decreased dependency on assistance programs. The role of the Food and Nutrition Service (FNS) is to ensure that each State provides a meaningful program for FSP recipients to increase their employment prospects.

The FNS Program Development Division of the FSP, in cooperation with State agencies (SA), administers the program. SA’s may choose to operate one or more employment and/or training components as part of their program. Components of the program include job search, job search training, self-employment activities, workfare, and vocational and basic education training.

The E&T process begins when an application for FSP benefits is received by FNS. Unless otherwise exempted, all FSP household members are required to register for work. Work registrants form the pool from which States assign participants to their E&T components. States have the option of exempting certain work registered individuals and categories of work registrants from E&T participation. Exemptions may include persons for whom an E&T requirement would be impractical due to the remote locations, lack of work opportunities, physical and mental challenges, and unavailability of dependent care.

The Farm Bill of 2002 provides $550 million for funding the program for 5 years. This funding provides $90 million annually in unmatched grant funds for fiscal years (FY) 2003 through 2007. Additionally, $20 million is allocated for States that serve able-bodied adults without dependents.

Objectives

Our overall audit objective was to evaluate FNS’ controls over the program and assess the program performance. Specifically, we determined whether procedures were adequate to monitor State compliance with Federal guidelines and whether SAs were effectively and efficiently administering the E&T program.
Findings and Recommendations

Finding 1  
FNS Does Not Have Performance Measures Required by the Government Performance and Results Act (GPRA) of 1993

FNS had no performance measures to determine the success of the Food Stamp E&T program. GPRA requires that performance indicators be used to measure the outcome of government programs. The E&T program is designed to find meaningful work-related activities that will eventually lead to paid employment and a decreased dependency on assistance programs. FNS officials advised us that it has not established performance measures because it would be too costly. Without performance measures, FNS cannot determine if its program, with $110 million annual expenditures, is meeting its goals or achieving results.

FNS requires States to submit an annual plan of operations. When FNS solicits SA plans, it states that, “FNS is interested in receiving any outcome data, such as numbers of participants entering employment, types of employment found, wage rates, etc., collected by SAs.” FNS does not require the States to submit any information on the success of the program, such as those participants placed in employment from the E&T program. Thus States may send data in their plans, but there is no uniformity of the information that the States provide. Although FNS did not require SAs to have performance data, we noted in one State that it did require its employment security division to report the percentage of participants placed in work as a method to measure performance.

GPRA requires that agencies “establish performance indicators to be used in measuring or assessing the relevant outputs, service levels, and outcomes of each program activity” and “provide a basis for comparing actual program results with the established performance goals.” The FSP E&T plan does not have any of these required measurements or goals.

In a report1 issued by the Government Accountability Office (GAO) March 2003, FNS officials agreed with the need to assess what the program was achieving, but were concerned that States would find it overly burdensome to collect the data given the funding for the program. The GAO made a recommendation that FNS establish outcome measures, but FNS did not implement the recommendation. In 2007, GAO closed the recommendation because FNS took no action.

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1 GAO Report No. 03-388, “Food Stamp Employment and Training Program”
FNS officials told us that measuring performance for the program would be too costly based on the dollars allotted for the program, thus they did not complete GPRA or Performance Assessment Rating Tool (PART) assessments. However, in our review, we noted that other Federal E&T programs with a similar scope and budget have GPRA results and perform PART assessments that are provided to the Office of Management and Budget (OMB). Most Federal E&T programs have performance measures of the number of participants and what percent were placed in employment or training. The Food Stamp Act requires States to use their employment security offices to provide E&T services, such as job search and workfare. These employment security offices manage several Federal and State E&T operations which have to provide data on the number of participants and those placed into work.

**Recommendation 1**

Establish performance measures for E&T and require States to submit performance data to determine if the program is achieving desired results.

**Agency Response.**

In its March 3, 2008, FNS did not agree with this recommendation. FNS replied that the Food Stamp Act once contained a provision for the establishment of outcome-based performance measures, but they were subsequently removed from the Act by Congress. Further they wrote that the E&T program is a minor part of a huge national program, not a stand-alone entity and represents a collateral function of the program, rather than a part of its core mission. FNS contended that the E&T program is not similar in scope to other Federal employment programs because the food stamp E&T operates as an adjunct to a multi-billion dollar nutrition assistance program. FNS also believed that it would be costly and difficult to implement an outcome measurement system that would gauge the influence of the program compounded with each SA offering differing capacities, economic and caseload characteristics, and operating programs that varies widely from other programs.

**OIG Position.**

We do not accept management decision for this recommendation. The Food Stamp Security Act of 1985 did require establishment of several standards such as the placement rate, retention, wage, and reductions in food stamp caseload. These were removed in 1991 before the enactment of GPRA, which now requires that performance indicators be used to measure the outcome of Federal programs. Even though the FNS E&T Program is part of a much

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2 Veterans Employment and Training State Grants; Bureau of Indian Affairs Job Placement and Training; and Workforce Investment Act-Native American Program Employment and Training.
larger program, the purpose of this program is to provide meaningful work-related activity having a goal of reducing the dependency on the larger, Food Stamp program. Furthermore, the Food Stamp Act currently requires that FNS monitor the State agencies “to measure the effectiveness of the program to increase the numbers of household members who obtain employment and the numbers of such members who retain employment as a result of their participation in E&T programs.” As stated in our report, FNS does not require State agencies to report participants placed in employment, thus they cannot measure the effectiveness of the program.

Our comparison of the E&T program to other Federal E&T programs was to demonstrate that programs having similar purposes have established performance measures. With $110 million of annual expenditures, the E&T program is larger than some of the programs we compared to the E&T.

FNS states that it would be very costly and difficult to design an outcome measurement system. As we state in our report, State agencies use their employment and security offices that already collect data on work placements. Each State agency has to track if participants are satisfying the work requirement, thus if a participant leaves the E&T program it must know if the participant found work or it will unnecessarily sanction a participant. Thus, the State agency has the information.

To reach management decision, FNS needs to measure the effectiveness of the program, as required by the Food Stamp Act, to determine the number of household members obtaining employment through the E&T program. The measures should also be included in GPRA reporting. Please provide OIG with a description of the planned performance measures and timeframes for implementation.

### Finding 2 North Carolina Employee Time Charges

An Employment Security Commission [     ] [     ] changed employees’ reported work times to reflect budgeted hours instead of actual hours worked in the Wake county office. He changed timesheets already signed by frontline supervisors and employees without their knowledge. The [     ] [     ] stated that the time was revised to stay within the amount of full-time equivalents budgeted for the FSP and to pay for activities when there is not enough money in the fund account to pay for them. As a result, different Federal programs were either over or under-charged their fair expenses of operating their programs.

OMB Circular A-87 requires that “any cost allocable to a particular Federal award or cost objective under the principles provided for in this circular may
not be charged to other Federal awards to overcome fund deficiencies, to avoid restrictions imposed by law or terms of the Federal awards, or for other reasons.” The circular further requires that personnel activity reports “must reflect an after-the-fact distribution of the actual activity of each employee…prepared at least monthly…and must be signed by the employee.”

Employment Security Commission (ESC) employees complete computerized timesheets that show which programs they worked. These sheets are printed monthly to certify the time worked for ESC programs. Both the employee and their immediate supervisor sign certifying that the time worked for each program is correct. The timesheets are then forwarded to the State by the [ ] for input into the cost accounting system.

Our review of the Wake county ESC office (Raleigh, North Carolina) discovered that the office did not comply with OMB Circular A-87 because the [ ] changed employees’ timesheets after the employees and supervisors signed certifying statements that the hours were accurate. The timesheets originally showed 100 percent of employees’ time charged to FSP code. Our interviews with the employees confirmed that they worked exclusively with the FSP and were unaware of changes to their timesheets. After the changes, the time was split between the FSP and Department of Labor’s Wagner-Peyzer program codes (see Table 1 below). The ESC [ ] stated that the time was revised and part of it charged to Wagner-Peyzer in order to stay within the amount of full-time equivalents budgeted for the FSP and to pay for activities when there is not enough money in the (FSP) fund account to pay for them. As a result, the FSP and Wagner-Peyzer programs were not charged their fair share of costs for ESC services provided to E&T recipients at the county office.
Table 1

<table>
<thead>
<tr>
<th>July 2006 Employees</th>
<th>Hours Certified by Employees for FSP</th>
<th>Hours Charged to FSP by County Management</th>
<th>Hours Charged to Wagner-Peyser Program by County Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee A</td>
<td>150.5</td>
<td>90.5</td>
<td>60.0</td>
</tr>
<tr>
<td>Employee B</td>
<td>100.0</td>
<td>60</td>
<td>40.0</td>
</tr>
<tr>
<td>Employee C</td>
<td>148.6</td>
<td>89.3</td>
<td>59.3</td>
</tr>
<tr>
<td>Employee D</td>
<td>125.5</td>
<td>125.5</td>
<td>0</td>
</tr>
<tr>
<td>Employee E</td>
<td>101.5</td>
<td>51.5</td>
<td>50.0</td>
</tr>
<tr>
<td>Employee F</td>
<td>144.0</td>
<td>144.0</td>
<td>0</td>
</tr>
<tr>
<td>Employee G</td>
<td>92.0</td>
<td>92.0</td>
<td>0</td>
</tr>
<tr>
<td>Employee H</td>
<td>40.0</td>
<td>40.0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total Hours</strong></td>
<td><strong>902.1</strong></td>
<td><strong>692.8</strong></td>
<td><strong>209.3</strong></td>
</tr>
</tbody>
</table>

As a result of our review at this county office, we judgmentally selected four counties (Cumberland, Gaston, Durham, and Mecklenburg) with the most activities and time charged to the FSP, but did not find evidence of a statewide change in timesheets.

**Recommendation 2**

Direct the North Carolina SA to review expenses at the Wake County ESC office to ensure that the costs are properly allocated.

**Agency Response.**

In its March 3, 2008, response, FNS stated:

FNS * * * will direct the FNS Southeast Regional Office (SERO) to require the State agency review Wake County expense and, if there is a problem, expand the review to fiscal years (FY) 2005, 2006, and 2007. The recommendation will be completed by June 30, 2008.
OIG Position.

We accept management decision for this recommendation. For final action, please provide the Office of the Chief Financial Officer (OCFO) information concerning results of the review performed by the SERO.

Finding 3  North Carolina Has Not Reconciled Its FY 2005 E&T Funds

The North Carolina Division of Social Services has not reconciled the FY 2005 funds for the Food Stamp E&T program. The SA could not reconcile the account because it combined all expenses into one account while leaving the revenue in several individual accounts. This caused the State to request and receive additional funding during year ending closeout from the FNS regional office (RO). Since the accounts were not reconciled, the SA did not know if it needed $212,367 or to de-obligate those funds. FNS requires in 7 Code of Federal Regulation (C.F.R.) 277.6, that the State have “effective control accountability of all program funds.”

The SA completes a budget request before the beginning of the fiscal year (FY) for the funds it plans to spend (FNS Form 366). Based on the budget request, funds are made available in a line of credit that the State can draw on to reimburse their expenditures. At the end of each quarter, the SA submits a quarterly report of its expenditures (FNS Form 269). At the end of the year, FNS closes the lines of credit based on a final report of expenditures to liquidate or de-obligate its funds. The process of closing the line of credit against the expenses is the year ending closeout of funds.

The SA reported final FY 2005 expenditures of $4,403,112 on its final FNS Form 269 in January 2006. The SA collected $4,190,745 using draw downs from the line of credit. This left $212,367 the SA needed to be reimbursed to close out the account. The SA requested the reimbursement and FNS made the funds available for the SA to draw down in March 2006. In February 2007, the SA was unaware that it had a credit balance, because the SA records showed the account closed, although the FNS records showed a credit available. SA officials stated this occurred because the SA combined all its FNS expenditures into one account instead of sub-accounts that led to the SA inability to match revenue against its E&T sub-account. Thus with all the expenditures in one account, and its revenue in many sub-accounts, the SA could not match the expenses and revenues. During our review, the SA did not have an audit trail showing how it reconciled its State account against the FNS account because it had combined its expenditures into one account.

SA records contradict what they have reported and requested. FNS requires in 7 C.F.R. 277, that the State have “effective control accountability of all
program funds” and an effective “audit trail.” Also, after the SA requested additional funds, it did not have any accounting controls to recognize the receipt of funds leaving their accounts unreconciled. In July 2007, the SA finally drew down the funding, but did not provide an explanation or documentation that they had reconciled the accounts to determine if the funds were needed.

**Recommendation 3**

Direct the FNS RO to require the State to reconcile the accounts to determine if the SA needed the additional FY 2005 funds and implement accounting controls to reconcile the accounts.

**Agency Response.**

In its March 3, 2008 response, FNS stated:

FNS * * * will direct SERO to require the State agency to document its procedures for reconciling its expenses versus its draws. The recommendation will be completed by June 30, 2008.

**OIG Position.**

We accept management decision for this recommendation. For final action, please inform OCFO that these corrective actions have been accomplished.
**Scope and Methodology**

To accomplish our objectives, we conducted field work at the FNS NO in Alexandria, Virginia; the Atlanta FNS RO; and the North Carolina SA and local county offices. We examined records for Federal FY 2005 and 2006.

The audit included interviews and examination of records at the FNS NO, FNS RO, and SA. Specifically, we:

- Reviewed program regulations, instructions, policies, and procedures as applicable to the E&T program.
- Examined the management evaluation process at FNS NO and tested procedures at FNS RO and the North Carolina SA.
- Reviewed external and internal reports, studies, and performance reports.
- Reviewed State plans for programming, reporting, and executing the E&T program.
- Interviewed officials at the national, regional, and State and county offices.
- Reviewed E&T program accounting records, reports, and other expenditures for compliance with regulation and law.

Field work was conducted from January through May 2007. Our review was performed in accordance with generally accepted government auditing standards.
Exhibit A – Agency Response

United States Department of Agriculture

March 3, 2008


TO: Robert W. Young
    Assistant Inspector General for Audit
    Office of the Inspector General

This is the Food and Nutrition Service’s (FNS) response to the recommendations contained in OIG’s draft audit report number 27601-16-AT.

Recommendation 1: Establish performance measures for Employment and Training (E&T) and require States to submit performance data to determine if the program is achieving desired results.

FNS Response: FNS does not agree with the recommendation.

With the limited Federal funding available to operate the Food Stamp E&T Program and the pressure placed on State budgets by declining revenues and increases in food stamp participation in the recent past, measuring outcomes would consume too great a share of State resources. It is important to understand that at one time the Food Stamp Act contained a provision for the establishment of outcome-based performance measures for the E&T Program. State agencies vehemently protested when FNS introduced proposed rules for implementation. They insisted that the costs of such a system were far too high to make it a useful performance measurement tool. Congress subsequently removed the provision from the Food Stamp Act. This is our clearest indication of Congressional intent regarding E&T Program performance measures.

The Food Stamp Act requires FNS to establish performance measures and to rate performances for which bonuses are awarded. Each year, FNS evaluates performance data elements within the Food Stamp Program (FSP) submitted by the States, the District of Columbia, and territories and distributes $48 million in cash awards for outstanding performance in various categories. When the performance measures were being established, an E&T element was considered and rejected. The primary goal of the FSP is to help eligible food stamp households purchase the food needed for a more nutritious diet through normal channels of trade. The chosen performance measures reinforce that goal. Since E&T is a minor part of a huge national program, not a stand-alone entity, and represents a collateral function of the program, rather than a part of its core mission, E&T metrics would not be appropriate as food stamp performance measures.

The draft report states that “FNS officials told us that measuring performance for the program would be too costly based on the dollars allotted for the program, thus they did not complete GPRA or Performance Assessment Rating Tool (PART) assessments.”

AN EQUAL OPPORTUNITY EMPLOYER
However, in our review, we noted that other Federal E&T programs with a similar scope and budget have GPRA results and perform PART assessments that are provided to the Office of Management and Budget (OMB)." As examples, the report names the Veterans Employment and Training State Grants and Workforce Investment Act–Native American Program of the Department of Labor and the Department of the Interior’s Bureau of Indian Affairs Job Placement and Training.

PART assessments typically encompass entire programs, rather than specific components. In 2003, the FSP, including its E&T component, was assessed under PART. The one exception to this practice for FNS to date—the separate assessment of the FSP’s nutrition education component—was undertaken, to our knowledge, because of the substantial growth of program funding in recent years. (That component had also been an important focus in the program’s original assessment.) In this important sense, the programs listed above are not of “a similar scope” to food stamp E&T which operates as an adjunct to a multi–billion dollar nutrition assistance program. Inclusion in PART does not mean that the programs are achieving the desired results or that they necessarily have performance measures.

It would be very costly and difficult to design and implement an outcome measurement system that would accurately gauge the influence of the E&T program. This difficulty is compounded for the E&T program because each of the 53 State agencies, with differing capacities, economic conditions and caseload characteristics, operate an E&T program that varies so widely from the others.

**Recommendation 2:** Direct the North Carolina State Agency to review expenses at the Wake County Employment Security Commission (ESC) office to ensure that the costs are properly allocated.

**FNS Response:** FNS agrees with the recommendation and will direct the FNS Southeast Regional Office (SERO) to require the State agency to review Wake County expenses and, if there is a problem, expand the review to fiscal years (FY) 2005, 2006, and 2007. The recommendation will be completed by June 30, 2008.

**Recommendation 3:** Direct FNS RO to require the State to reconcile the accounts to determine if the State agency needed the additional FY 2005 funds and implement accounting controls to reconcile the accounts.
Robert W. Young
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FNS Response: FNS agrees with the recommendation and will direct SERO to require the State agency to document its procedures for reconciling its expenses versus its draws. The recommendation will be completed by June 30, 2008.

Thank you for the opportunity to respond to these recommendations. If you have any questions or need further information please let us know.

Roberto Salazar
Administrator
Information copies of this report have been distributed to:

Administrator, FNS (8)
    ATTN: Agency Liaison Officer
Agency Liaison Officer (3)
Government Accountability Office (1)
Office of the Chief Financial Officer (1)
    Director, Planning and Accountability Division
Office of Management and Budget (1)