

Internal Audit Staff Needed (Continued)

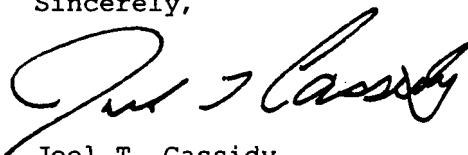
We feel that if the Commission put in place a functioning internal audit staff, it would eliminate some of the problems encountered during the audit.

Response: The Director of Internal Audit reports directly to the Executive Director. However, the Commission has made it clear to the Director of Internal Audit that he should feel free to report and discuss with them any significant issues regarding agency operations. These issues may relate to deficiencies noted during monitoring visits (financial and programmatic), procurement procedures and other internal reviews. Therefore, it is our belief that this arrangement does not preclude the Director of Internal Audit from reporting significant deficiencies directly to the Commission. The Director of Internal Audit will discuss the condition and recommendation outlined in the Management Letter with the new Executive Director who takes office July 1, 2000. In the meantime we are looking into ways to conduct the reviews mentioned either through reorganization or possibly hiring additional staff so that these reviews can be conducted.

Due to the timing of the field work of the audit for June 30, 1998 some of the Commission corrective actions will not be reflected until the June 30, 2000 financial statements.

If there are any questions, or if additional information is needed, please contact Charles D. Reeves at 737-2560.

Sincerely,

A handwritten signature in black ink, appearing to read "Joel T. Cassidy". The signature is fluid and cursive, with the first name "Joel" and last name "Cassidy" clearly distinguishable.

Joel T. Cassidy
Executive Director