



State of Louisiana

**OFFICE OF  
STATE INSPECTOR GENERAL**

**LOUISIANA TECH**

**INCUMBENT WORKER TRAINING PROGRAM**

**Report by**

**Inspector General Bill Lynch**

**Prepared for**

**Governor M. J. "Mike" Foster, Jr.**

**File No. 1-03-0071**



State of Louisiana

**OFFICE OF  
STATE INSPECTOR GENERAL**

**Louisiana Tech  
Incumbent Worker Training Program**

**Report by**

A handwritten signature in black ink, appearing to read "Bill Lynch".

**Inspector General Bill Lynch**

**Approved by**

**\_\_\_\_\_ Governor M.J. "Mike" Foster, Jr.**

**September 5, 2003**

**File No. 1-03-0071**



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STATE INSPECTOR GENERAL**

**Louisiana Tech  
Incumbent Worker Training Program**

**Report by**

\_\_\_\_\_ **Inspector General Bill Lynch**

**Approved by**

\_\_\_\_\_ **Governor Kathleen Babineaux Blanco**

**September 5, 2003**

**File No. 1-03-0071**

# Louisiana Tech

## Incumbent Worker Training Program

Louisiana Tech University paid \$194,000 to private training providers for services that did not meet requirements of a grant from the Louisiana Department of Labor.

Tech was contracted by Labor as the primary training provider under an Incumbent Worker Training Program grant to provide training to employees of Federal Home Products, a manufacturing plant in Ruston. Labor has withheld full payment pending this review.

The Incumbent Worker Training Program grant application, submitted by Federal Home Products and Tech, required classroom training be provided to company employees. The application was approved and Labor issued a \$496,000 grant contract based on Federal Home Products' and Tech's certification that classroom training would be provided. However, five of six private companies hired to provide the training, provided no classroom training.

The majority of training reports Federal Home Products submitted to Tech, as documentation for training hours provided, contained false employee signatures. Federal Home Products' training coordinator prepared and signed off on the reports although he was aware of the false signatures.

The Office of Inspector General requested Federal Home Products provide names of the private trainers and the time frames they trained the employees. As of the date of this report, the information has not been provided.

### Background

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The Incumbent Worker Training Program is administered through the Louisiana Department of Labor and funded by Unemployment Insurance tax contributions. The program is designed to benefit business and industry by assisting in the skill development of existing employees, increasing employee productivity and the growth of the company. Expected results are the creation of new jobs, the

retention of jobs that otherwise may have been eliminated, and an increase in wages for the trained workers.

Federal Home Products is one of the leading sink producers in the United States. Franke International, Switzerland, is Federal Home Products' parent company. Franke purchased the company, formerly known as UNR Home Products, in 1996.

## Grant Application and Contract

In 2000, Federal Home Products applied for an Incumbent Worker Training Program grant totaling \$496,127 to fund needed training for employees due to plant renovation. The grant application outlined proposed training, public and private entities providing the training, all costs associated with the training, and benefits derived from the training. The grant application was approved and Labor entered into a contract with Tech as the primary training provider and Federal Home Products as the employer. The contract covered the period Jan. 15, 2001, through Jan. 14, 2003.

Tech was responsible for procuring vendors for specialty training. Upon completion of the training to the reasonable satisfaction of Labor, Tech was to be reimbursed for training costs. Tech would also be reimbursed up to \$43,170 in salary expenses associated with grant coordination. Upon completion of the grant, all training equipment purchased with grant funds becomes the property of Tech.

Dr. Nancy Alexander was the grant training coordinator for Tech. Monty Raley, Federal Home Products' senior vice president, was the grant training coordinator for the company. Mr. Raley delegated a portion of the coordination responsibilities to John Law, manager of support operations.

Tech contracted Federal Home Products to procure production equipment training for employees. Federal Home Products acquired specialized training from two private companies, including its parent company, from which it had purchased production equipment. Tech also sub-contacted four private companies to provide

specialized training. These companies had also sold production and rigging equipment to Federal Home Products.

The private training providers and the maximum contract amounts are as follows:

<u>Contractor/Training Provider</u>	<u>Contract Amount</u>	<u>Amount Paid</u>
Federal Home Products/ Franke (Switzerland)	\$ 72,000	\$ 72,000
Federal Home Products/ Lien Chieh Hydraulic Industrial Co. (Taiwan)	\$ 30,000	\$ 30,000
Dieffenbacher GmbH & Co. (Germany)	\$ 56,000	\$ 56,000
Triton s.r.l. (Italy)	\$ 18,000	\$ 18,000
Metabo Schlieff-und (Germany)	\$ 18,000	\$ 18,000
Certex Lifting Products and Services (U.S.A.)	\$ 5,400	\$ 1,120
	----- \$199,400	----- \$195,120

## Training Providers

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Tech and the Louisiana Community and Technical College in Ruston were public training providers involved in this grant. No issues were raised regarding the training provided by these entities, therefore, details of the training are not included in this report.

### Franke International (Switzerland)

Tech was unable to obtain approval from the Office of Contractual Review for a contract directly with Franke. Therefore, Tech contracted with Federal Home Products to acquire training from Franke. Maximum amount of the contract was \$72,000. Reported training began in January, 2001, and ended in September, 2002. The contract was signed in September, 2002, and approved by the Office of Contractual Review in December, 2002.

The grant application states the company would provide classroom training to 23 employees for 780 hours each. Total man hours of training to be provided was 17,940 at a cost of \$72,000.

A review of the training reportedly provided revealed the following discrepancies:

- All reported training was on-the-job training as opposed to the required classroom training.
- Only 7 employees, 28% of the proposed 23, were reportedly trained.
- Total man hours of training reported amounted to 5,059, 28% of the proposed 17,940.
- The majority of training reports submitted by Federal Home Products contained false employee signatures. The reports, certified by John Law, indicate training occurred January, 2001, through September, 2002.

Franke issued an invoice dated Feb. 19, 2001, totaling \$54,300. The invoice indicates the training delivery date was January and February, 2001. On July 2, 2001, John Law approved the invoice and submitted it to Tech for payment. The invoice was paid via wire transfer to Franke on Aug. 2, 2001. The payment to Franke was paid prior to the Office of Contractual Review approving the contract.

Franke issued a second invoice dated March 1, 2002, totaling \$17,700, the balance of the contract amount. Federal Home Products then issued an invoice to Tech dated Dec. 18, 2002, for \$17,700. Tech paid the Federal Home Products' invoice on Dec. 19, 2002, via check payable to Federal Home Products.

Lien Chieh Hydraulic Industrial Co., LTD (Tiawan, ROC)

Tech was unable to obtain approval from the Office of Contractual Review for a contract directly with Lien Chieh. Therefore, Tech contracted with Federal Home Products to acquire training from Lien Chieh. The maximum amount of the contract was \$30,000. Reported training began in January, 2001, and ended in June, 2002. The contract for the training was signed in September, 2002, and approved by the Office of Contractual Review in December, 2002.

The grant application states the company would provide classroom training to 43 employees for 160 hours each. Total man hours of training to be provided was 6,880 at a cost of \$30,000.

A review of the training reportedly provided revealed the following discrepancies:

- All reported training was on-the-job training as opposed to the required classroom training.
- The majority of training reports submitted by Federal Home Products contained false employee signatures. The reports, certified by John Law, indicated training occurred January, 2001, through June, 2002.

Lien Chieh issued an invoice dated Oct. 3, 2001, totaling \$30,000. John Law approved the invoice on Oct. 26, 2001, and submitted it to Tech for payment. The invoice was paid on Dec. 19, 2002, via check payable to Federal Home Products.

Dieffenbacher GmbH & Company (Germany)

Tech attempted to enter into a contract directly with Dieffenbacher for training. The proposed contract was signed in November, 2001, however, it indicated the training had been completely provided as of July 15, 2001. The contract was disapproved by the Office of Contractual Review based on the stated completion date of the training.

The grant application states the company would provide classroom training to 83 employees for 160 hours each. Total man hours of training to be provided was 13,280 at a cost of \$56,000.

A review of training reportedly provided revealed the following discrepancies:

- All reported training was on-the-job training as opposed to the required classroom training.
- Only 57 employees, 69% of the proposed 83, were reportedly trained.
- Although the proposed contract states the training was complete as of July 15, 2001, training reports submitted to Tech by Federal Home Products indicate the training was conducted between January, 2001, and June, 2002.
- The majority of training reports submitted by Federal Home Products contained false employee signatures. The reports, certified by John Law, indicated training occurred January, 2001, through June, 2002.

Dieffenbacher issued two separate invoices dated March 26, 2001, and Oct. 31, 2001, totaling \$56,000. John Law approved the invoices on July 2, 2001, and Nov. 15, 2001, respectively, and submitted them to Tech for payment. In accordance with R.S. 39:1524, and based on information provided by Tech, Division of Administration approved payment of the Dieffenbacher invoices. Tech paid the invoices on June 12, 2002, via wire transfer to Dieffenbacher.

#### Triton s.r.l. (Italy)

Tech entered into an \$18,000 training contract directly with Triton. The contract was signed in June, 2001. Office of Contractual Review approval was not required due to the contract amount.

The grant application states the company would provide classroom training to 43 employees for 80 hours each. Total man hours of training to be provided was 3,440 at a cost of \$18,000.

A review of the training reportedly provided revealed the following discrepancies:

- All reported training was on-the-job training as opposed to the required classroom training.
- Only 11 employees, 26% of the proposed 43, were reportedly trained.
- Total man hours of training reported amounted to 2,254, 66% of the proposed 3,440.

- Two out of six training reports submitted by Federal Home Products contained false employee signatures. The reports, certified by John Law, indicate training occurred January, 2001 through September, 2002.

Triton issued an invoice dated March 20, 2001, totaling \$18,000. John Law approved the invoice on July 2, 2001, and submitted it to Tech for payment. The invoice was paid via check payable to Triton on July 12, 2001.

### Metabo Schleif-und (Germany)

Tech entered into an \$18,000 training contract directly with Metabo. The contract was signed in July, 2001. Office of Contractual Review approval was not required due to the contract amount.

The grant application states the company would provide classroom training to 43 employees for 96 hours each. Total man hours of training to be provided was 4,128 at a cost of \$18,000.

A review of the training reportedly provided revealed the following discrepancies:

- All training was on-the-job training as opposed to the required classroom training.
- The majority of training reports submitted by Federal Home Products contained false employee signatures. The reports, certified by John Law, indicate training occurred January, 2001, through June, 2002.

Metabo issued an invoice dated July 18, 2001, totaling \$18,000. John Law approved the invoice on July 18, 2001, and submitted it to Tech for payment. The invoice was paid via wire transfer to Metabo on Aug. 14, 2001.

### Certex Lifting Products and Services (U.S.A.)

Tech entered into a \$5,400 training contract directly with Certex. The contract was signed in December, 2001. Office of Contractual Review approval was not required due to the amount of the contract.

The grant application states the company would provide classroom training to 93 employees for 4 hours each. Total man hours of training to be provided was 372 at a cost of \$5,400.

A review of contract payments revealed that although all classroom training was not provided, the contractor was only paid for the actual amount that was.

### Federal Home Products Explanation

According to Monty Raley, Federal Home Products' senior vice president, it was made clear to Tech during the application process the equipment training would consist of on the job training. He stated the private training providers set up the new equipment, got it running, and trained Federal Home Products supervisors who then conducted on the job training for other employees. He stated the application was based on operations processes in place at the time, however, things changed and the number of employees to be trained on specific equipment was reduced. Mr. Raley acknowledged no amendment was made to the application.

Mr. Raley stated it did not appear Tech or Labor representatives were knowledgeable of the grant requirements throughout the period. He stated this caused problems because they did not know what was expected of them.

According to Mr. Law, he was assigned as the Federal Home Products training coordinator for this grant. He explained Mr. Raley, Mr. Perry, and he prepared the grant application with assistance from Labor and Tech. He stated it appeared no one really grasped the grant rules and they received different direction from various state people. He understood the application was to be used as a guide.

Mr. Law stated the training provided by the private training providers was on the job training since the size of the equipment prohibited classroom training. He stated he made it clear to Tech the training would be on the job training and received no objection. He recalled being told to be careful using the term "on the job training", but does not recall who told him.

Mr. Law stated the training hours for maintenance technicians and machinists reported to Tech were calculated using a percentage of the total number of hours

each employee worked at Federal Home Products or received training from Tech and the Community and Technical College.

Mr. Law explained that at the time the application was being prepared, Federal Home Products envisioned the operations would be set up one way but when the equipment was set up they realized the envisioned operations would not work. This resulted in a reduced number of employees to be trained.

### Tech Explanation

According to Dr. Nancy Alexander, during the application process, she and Kathy Elston, Labor Regional Specialists, met with Mr. Raley and Mel Perry, Federal Home Products vice president of plant operations. Dr. Alexander stated Ms. Elston made it clear on the job training was not allowed. She stated no one from Federal Home Products told her the training was on the job training. Dr. Alexander stated Tech did not approve a reduction in the training.

Dr. Alexander provided a copy of an e-mail she received from Mr. Perry on Aug. 8, 2002, advising her the approach to running the facility had changed resulting in a reduced number of personnel requiring training. The e-mail indicated reduced training would be provided by Franke and Triton. However, as of the date of the e-mail, Tech had already paid the Triton invoice and the first Franke invoice.

Dr. Alexander stated she approved payments to the private training providers based on John Law's approval of the invoice. She stated Mr. Law's approval certified the training had been provided in accordance with the grant application.

Dr. Alexander provided a copy of a message she faxed to Mr. Law on May 10, 2001, prior to any payments to private training providers. The message advises Mr. Law that "In order to process payment, we need you to sign the attached invoice from Triton to verify that the work was done and that you are satisfied with the work."

### Labor Explanation

According to Ms. Elston, she was involved in the application process for the grant and met at various times with Mr. Raley and Mr. Perry. She stated Mr. Law would attend the meetings minimally. Ms. Elston stated she made it clear that on the job training was not acceptable. She explained to Federal Home Products the training could be provided while employees were practicing on the equipment, however, the employees could not be producing a product for sale during the training. Ms. Elston stated Mr. Raley and Mr. Perry represented to her and Tech the training would be in accordance with the application. She stated the training was supposed to be provided by the contracted private training providers. Ms. Elston stated the training provided was not in accordance with the application.

### False Signatures

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Federal Home Products submitted training reports to Tech quarterly. The reports listed the names of employees trained and the number of hours trained by the private training provider. Employee signatures were required verifying they received the training.

The majority of training reports submitted contained false signatures. Tech accepted the reports believing the signatures were authentic.

According to Mr. Raley, he was not aware the reports contained false signatures. He stated Mr. Law was responsible for providing the reports to Tech.

According to Mr. Law, months into the grant, he was advised by Tech the training reports he previously submitted were not adequate because they did not contain employee signatures. He stated he was told he would have to obtain signatures for reports previously submitted. Mr. Law explained he prepared new reports and directed another employee to obtain the required signatures. He stated that based on the time frame he allowed for the task to be accomplished, he knew the employees' authentic signatures could not be obtained. Mr. Law stated that when

the employee returned the reports to him with signatures, he knew the signatures were false. He stated he signed off on the reports certifying their accuracy and submitted them to Tech.

### Conclusions:

1. Louisiana Tech University , contracted as the primary training provider, paid \$194,000 to private training providers for services that did not meet requirements of a grant from the Louisiana Department of Labor.
2. Tech failed to ensure that services received were in accordance with grant requirements. Tech said it relied on invoices approved by Federal Home Products, the employer, as certification the required training had been provided.
3. The Incumbent Worker Training Program grant application, submitted by Federal Home Products and Tech, required classroom training be provided to company employees. However, five of six private companies hired to provide the training provided no classroom training.
4. The majority of training reports submitted by Federal Home Products contained false employee signatures. Federal Home Products' training coordinator, John Law, prepared and signed off on the reports although he was aware of the false signatures.
5. Mr. Law approved invoices for payment for services that had not been provided.

### Recommendations:

1. Labor should disallow all costs, including administration costs, associated with training not in accordance with the grant application. This would include costs associated with Franke International, Lien Chieh Hydraulic

Industrial Co., Dieffenbacher GmbH & Co., Triton s.r.l., and Metabo Schlieff-und.

2. Labor should review all other services outlined in the grant application to ensure services were provided in accordance with the application.
3. Tech should institute procedures to monitor future grants to ensure services provided are in accordance with grant requirements.

Management Responses:

See Attached.

BL/DM/rp

File No. 1-03-0071



**LOUISIANA WORKS**  
DEPARTMENT OF LABOR

M.J. "Mike" Foster, Jr.  
Governor

Dawn Romero Watson  
Secretary

September 2, 2003

**OFFICE OF THE SECRETARY**

Mr. Bill Lynch  
State Inspector General  
Office of State Inspector General  
224 Florida Street, Ste. 303  
Baton Rouge, LA 70804-9095

**Re: Office of State Inspector General - File No. 1-03-0071**  
**IWTP – Federal Home Products-Louisiana Tech Contract**

Dear Mr. Lynch:

We have received your correspondence dated August 25, 2003, regarding the Louisiana Department of Labor (LDOL) Incumbent Worker Training Program (IWTP) Grant with Federal Home Products and Louisiana Tech University. After reviewing the information presented in your report we have the following comments.

In reference to the second paragraph of the section entitled "Grant Application and Contract", the second sentence should be clarified to state, "Upon completion of the training to the reasonable satisfaction of the employer, Tech was to be reimbursed for the training costs, using format and supporting documentation for each invoice in a manner acceptable to LDOL."

In reference to your Conclusions Number 1 through Number 5, we concur with all five conclusions cited in the report. At the time we originally referred this problem to your office, we had stopped payment of all invoices on this grant pending the outcome of your investigation. Please note that although your report states that LaTech paid an approximate amount of \$194,000 for training provided by the six vendors included in the contract, LaTech only billed LDOL for payments made to three of the vendors for a total amount of \$92,000.00 all of which we have disallowed.

In response to Recommendation Number 1, we agree to disallow costs, associated with training that did not meet the requirements of the grant. Any administrative costs that can be segregated that are directly associated with monitoring of those identified subcontractors will also be disallowed.

We initiated and completed a thorough review of all documentation associated with invoices previously submitted to us associated with this contract. Louisiana Tech officials have indicated to us that there are several invoices associated with this contract

that have not been submitted to LDOL. We will advise those officials to conduct a preliminary review of those invoices for consistency with the terms of their grant.

In response to Recommendation Number 2, we have initiated a review of all other services outlined in the grant application and will only approve payment of invoices that include documentation sufficient to verify that the training was provided in accordance with the grant application.

In response to Recommendation Number 3, LDOL is in the process of implementing changes to the IWTP boilerplate contract provisions that specify the necessity of subgrantees monitoring subcontractors. Grantees will be required to develop a monitoring plan on any subgrantees that indicates the frequency and substance of reporting and supporting documentation (see attached excerpts).

If you should have further questions regarding this contract, please contact the IWTP Program Manager, Ms. Janet Bevan at (225) 342-7659.

Cordially,

A handwritten signature in cursive script that reads "Dawn R. Watson".

Dawn Watson  
Secretary of Labor

DRW:jb

Attachment



# LOUISIANA TECH UNIVERSITY

OFFICE OF THE PRESIDENT

September 4, 2003

Mr. Bill Lynch  
State Inspector General  
State of Louisiana  
224 Florida Street, Suite 303  
Baton Rouge, LA 70804-9095

Dear Mr. Lynch:

The Federal Home Products application and contract only provided monitoring of the contract as shown on the attached pages. Louisiana Tech University complied fully with the monitoring as was required under the terms of the contract. We strongly disagree with the conclusion of this report. Please review the application and contract documents for their specific monitoring requirements.

Over 12,000 hours of training were projected in the FHP contract. Obviously, the University could not be present for each of the many training sessions. Many sessions included small groups being trained to operate the new equipment. Quarterly monitoring/planning meetings were conducted by the University, LTC-Ruston, and Federal Home Products; the Department of Labor did not attend these meetings.

The Federal Home Products contract clearly states that training will be done in a factory setting and will be "hands-on-training" allowing personnel to learn new manufacturing techniques and to be properly trained to operate over \$22 million in new equipment.

At the same time, respectfully, the University remains enormously proud of what was accomplished at this landmark Louisiana industrial site.

What this grant accomplished was to keep an \$8 million payroll, 160-worker- international-corporation (manufacturing household and industrial sinks) in Louisiana in general and Ruston in particular.

Semantics aside, the grant was an unqualified success. It was private industry, the University and the Department of Labor working together as partners to stem the historic out-migration of workers and businesses that has plagued Louisiana.

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A MEMBER OF THE UNIVERSITY OF LOUISIANA SYSTEM

P.O. BOX 3168 • RUSTON, LA 71272 • TELEPHONE (318) 257-3785 • FAX (318) 257-2928

AN EQUAL OPPORTUNITY UNIVERSITY

Mr. Bill Lynch  
September 4, 2003  
Page 2

This was a unique joint partnership that allowed FHP and its newly developed world class production process to remain in our state and provide important skilled jobs and tax revenues.

It is trifling pedagogical semantics, we say respectfully, to suggest that teaching new world class technology must be confined to a conventional college classroom – or even one of our laboratories. Such a superficial limitation would defeat the whole purpose of the state/ university/industrial cooperation in saving our businesses.

Imagine placing 15,000-ton presses in a college classroom. Imagine teaching such a literally heavyweight technology without “hands-on” training. Students obviously must engage in hands-on training with the new equipment in the factory production environment.

“Monitoring” and “documenting” such a task became difficult because of changing or suddenly retroactive Labor Department rules. Not until June 2002 (the second year of the grant) did Labor notify the University of the new documentation policies to be applied retroactively. These new requirements were not included in the original contract (for example the need for sign-ins). It is regrettable that errors or inaccurate information resulted. But this did not affect the overall success of the training project.

Again, we do not agree with the report’s allegations. Again, we remain proud of our work with FHP. However, it has been Louisiana Tech’s policy to avoid even the hint of impropriety. This was our motivation in discussions with FHP. Federal Home Products has agreed to reimburse the University \$194,000 to resolve the matter. Our additional hope is that we have clarified our position and that it will be considered in that spirit.

However, it is still our position that the training project met its stated goals in a most successful manner, overcoming many obstacles. The University feels that the Department of Labor should fully reimburse Louisiana Tech University all of its documented training costs, overhead, and the private vendor costs, including the \$194,000 noted above, as required by the agreement.

Please refer to the attachments for supporting documentation.

Sincerely,



Daniel D. Reneau  
President

Sc

Attachments



TECHNOLOGY THAT DOMINATES

600 Franke Drive, Ruston, LA 71270  
P. O. Box 1010, Ruston, LA 71273-1010  
318-255-5600

September 3, 2003

Mr. Bill Lynch  
State Inspector General  
State of Louisiana  
224 Florida Street, Suite 303  
Baton Rouge, Louisiana 70804-9095

RE: File No. 1-03-0071

Dear Mr. Lynch,

We are in receipt of the report draft and your cover letter dated August 25, 2003. Mr. Morales was kind enough to allow a short extension for our reply.

There are several points we would like to make with regard to this grant, the procedure, the purpose, and the administration. Our parent company, Franke AG, and Federal Home Products made the decision to leave the production facility in Ruston and to invest heavily in Louisiana rather than move the jobs and the economic impact to another state. Not once did we imply or state that the planned changes in technology and manufacturing processes would create new jobs; however, we did state that we would retain quality jobs in the future. There is language in the applicable contract referring to "hands on training" which was necessary under the conditions that existed. The facility and the new equipment were the classroom.

Company strategy and planning did change over the course of several months into the grant period which should have been so noted in a formal reference. The training hours reported by Federal Home Products are believed to be accurate; however, we indeed regret the situation involving the employee signatures. We also recognize and regret the changing positions regarding administration and expectations throughout the entire grant period by the Department of Labor.

We do not totally agree with the report allegations and positions. However, in the interest of bringing closure to this matter, Federal Home Products is agreeable to reimburse Louisiana Tech University in the amount of \$194,000.

Respectfully yours,

Monty J. Raley  
Senior Vice President  
Human Resource Manager

September 3, 2003

Bill Lynch  
State Inspector General  
Post Office Box 94095  
Baton Rouge, LA 70804-9095

Reference: File No. 1-03-0071

Subject: Response to draft report prepared by your office.

Dear Mr. Lynch,

The purpose of this letter is to provide responses for a number of statements included in the draft report generated by your office, specifically by Mr. Morales.

My responses are not provided as a representative of Federal Home Products, as I am no longer employed by that organization. My position with the company was eliminated on July 1, 2003 due to corporate downsizing. So, my responses are not made in defense of that organization, but rather to state the facts as a matter of principle.

I would also like to state that my comments are not intended to be critical of Mr. Morales, or the Office of the State Inspector General. Perhaps if I were in his shoes, I would reach the same conclusions and offer the same recommendations. However, I would be wrong in doing so.

In general, the training program was conducted at Federal Home Products in good faith and in a manner that we believed met all requirements. We had nothing to gain either personally or as an organization to do otherwise. We did everything that we were instructed to do by the training provider, Louisiana Tech University. It was in our best interest as an organization to take advantage of the training opportunities provided by the grant. The "only" issue with validity is the authenticity of employee signatures which I will explain in greater detail in this letter.

If criticism is due, it should be directed at the Department of Labor (DOL) and not at Louisiana Tech University or Federal Home Products. From the beginning, we received inconsistent direction from DOL representatives regarding the Incumbent Worker Training Program. This inconsistent direction was present during contract development, implementation and completion. I also cannot understand why DOL representatives waited until the contract was completed to conduct such thorough reviews and request subsequent investigations by your department. It seems to me that it would much more meaningful for them to be part of the process throughout the program in order to preclude outcomes such as this. Perhaps it is a matter of resources or other factors that I am not aware of, but without adequate direction, such outcomes should be expected. Especially, with the unique situation that our organization was in.

I wish to address several specific areas of concern and criticism with some detail in the following paragraphs. I am hopeful that they will be given just consideration in preparation of your final report for Governor Foster.

#### **Area One (On-the-Job Training)**

Much apparently has been made of the type of training provided in an attempt to imply that we did not comply with the contract. I have personally used the terminology "on-the-job" training for convenience and for lack of a better word/phrase. Perhaps it would be more accurate to state "at-the-equipment" training or "hands-on" training or a hundred other potential words or phrases. It is just words. It was essential that the vendor training occur at the location of the equipment and not in a classroom. It is impossible to train someone to safely operate a 250 ton hydraulic press in a classroom. This was clearly explained and discussed in great detail with DOL representatives and Louisiana Tech University representatives during the contract development phase of the training. I have no doubt that this was understood by everyone involved.

#### **Area Two (Classroom Training)**

It has also been implied that we did not comply with the contract because the vendor training did not occur in a classroom. The outline in the contract was from a "fill-in-the-blank" type program provided by the DOL during contract development. We never intended for the vendor training to occur in a classroom environment. Again, I have no doubt that this was understood by everyone involved.

#### **Area Three (Amount of Training)**

Development of the training plan which included the number of participants and the projected hours of training occurred before the actual processes existed. Many things changed after the processes were put in place. Changes were impacted by technology that was above the comprehension of certain employees, process flow and issues that had to be addressed with our labor union. Therefore, in most cases the number of participants and actual hours of training were reduced. Despite this, the training costs were fixed and were not impacted by the reduced number of employees trained.

#### **Area Four (Authenticity of Employee Signatures)**

During my meeting with Mr. Morales, I had the opportunity to compare employee signatures on a number of reports. It was obvious that some of the signatures were not authentic. This is the first time that I had undertaken this exercise. This was not an area (signature authenticity) that I verified when approving the reports. However, as I told Mr. Morales, I take full responsibility for this because it was my responsibility to generate the reports. I never instructed anyone directly to provide false signatures. However, due to the timeframe required to complete the reports, this obviously occurred and I take responsibility for it. "All" other information provided with the reports were accurate and true.

**Area Five (Certification/Authorization of Reports/Invoices)**

With the exception of the employee signature authenticity, all information provided on reports were very accurate. A comment was included with the draft report that stated that training hours were based on a percentage of the total hours an employee worked. This is only true for Maintenance Technician and Machinist positions. In these cases, the hours were listed conservatively. Approval of invoices was based on our satisfaction with the services provided by the vendor (training materials, employee training activities, train-the-trainer activities). Our organization had nothing to gain by approving invoices for services that not been provided.

In my personal opinion, we conducted the training program in good-faith and with the assumption that we were meeting all requirements. I regret that the issue with the authenticity of the signatures is obviously valid. I can assure you that this was the result of time constraints and no other reason. I am hopeful that some good can come from this experience for everyone involved.

I am hopeful that these details will provide clarification for the final report generated by your office. I appreciate your consideration.

Sincerely,

John C. Law

Note: Letter sent by email only to Mr. Lynch, [blynch@doa.state.la.us](mailto:blynch@doa.state.la.us).



*State of Louisiana*  
DIVISION OF ADMINISTRATION

OFFICE OF STATE INSPECTOR GENERAL  
(225) 342-4262  
FAX (225) 342-6761

M. J. "MIKE" FOSTER, JR.  
GOVERNOR

BILL LYNCH  
INSPECTOR GENERAL

MEMORANDUM

TO: Governor M.J. "Mike" Foster, Jr.

FROM: Bill Lynch   
State Inspector General

DATE: Sept. 5, 2003

Please find enclosed a report that Louisiana Tech failed to assure that contract provisions for a Department of Labor contract were carried out, costing \$194,000. One of the companies involved has agreed to reimburse Tech the \$194,000.

After you initial the second page and return it, we will make the report available to the agency and the public.

BL/DM/rp  
File No. 1-03-0071



*State of Louisiana*  
DIVISION OF ADMINISTRATION

OFFICE OF STATE INSPECTOR GENERAL  
(225) 342-4262  
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KATHLEEN BABINEAUX BLANCO  
GOVERNOR

BILL LYNCH  
INSPECTOR GENERAL

MEMORANDUM

TO: Terry Ryder  
Executive Counsel to the Governor

FROM: Carl V. Berthelot CVB  
State Audit Director

DATE: January 20, 2004

SUBJECT: Report on La. Tech Incumbent Worker Training Program

As we briefly discussed last week, please place our report on the La. Tech Incumbent Worker Training Program, Project number 1-03-0071, on hold.

We have recently received information which may require changes to the report.