

Appendix D

ETA Response to Draft Report


U.S. Department of Labor

JAN 13 2014

Assistant Secretary for  
Employment and Training  
Washington, D.C. 20210



MEMORANDUM FOR: ELLIOT P. LEWIS  
Assistant Inspector General for Audit

FROM: ERIC M. SELEZNOW   
Acting Assistant Secretary  
Employment and Training Administration

SUBJECT: Recovery Act Outcomes From On-The-Job Training National  
Emergency Grants Funded Under The Recovery Act, Report Number:  
(18-14-001-03-390)

Thank you for the opportunity to comment on the draft report about outcomes associated with the On-the-Job (OJT) National Emergency Grants (NEG). The Employment and Training Administration (ETA) appreciates the Office of the Inspector General's (OIG) audit to document the first major, successful effort of the public workforce system in many years to use OJT to encourage employers to hire workers, particularly the long-term unemployed, and give those workers the opportunity to learn new skills while earning a paycheck.

ETA appreciates the OIG's finding that overall, grantees had sufficient controls in place to ensure that eligible participants were served in the OJT program. While OJT is associated with positive employment and earnings outcomes, in the years leading up to these NEG grants, state and local workforce area use of OJT appeared to decrease. As a result, the system's capacity to develop and implement quality OJT programs diminished. ETA provided extensive guidance and technical assistance to OJT NEG grantees to help them successfully implement the OJT program, including *Training and Employment Guidance Letter 4-10* issued in August 2010. Thus, we are pleased to learn that based upon its sampled items, the OIG projected that nationwide, 76 percent of participants completed OJT and of those, nearly 83 percent entered employment; and of those who entered employment, almost 71 percent were retained.

ETA agrees with the OIG's two recommendations.

Recommendation 1: *Require that grantees follow ETA guidance and ensure OJT contracts are designed in compliance with the terms and conditions of the grant, including documentation requirements.*

ETA requires ETA grantees to follow federal rules and formal guidance in implementing OJT programs, including OJT contracts with employers. As we continue to encourage the use of OJT, we will consider this recommendation as we produce new or updated guidance and technical assistance for state and local workforce areas and monitor their activities.

Recommendation 2: *Recover \$362,267 in questioned costs, as appropriate. This includes making a final determination of unsupported costs and inaccurate payments or overpayments.*

ETA follows the standard audit resolution process at 20 CFR 667.500. If ETA finds any disallowed costs, ETA will work through this audit resolution process, issue a final determination, and seek recovery of the disallowed costs from appropriate OJT NEG grantees.