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Audit of Alleged Violations at a Maryland Job Service Office

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ACRONYMS

DBM	Department of Budget and Management
DLLR	Department of Labor, Licensing and Regulation
DOL	U.S. Department of Labor
DVOP	Disabled Veterans' Outreach Program
LESO	Local Employment Service Office
LVER	Local Veterans' Employment Representative
OEOPE	Office of Equal Opportunity and Program Equity
OES	Office of Employment Services
OIG	Office of Inspector General
TFARs	Tentative Findings and Recommendations
VETS	Veterans' Employment and Training Services

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EXECUTIVE SUMMARY

Congressman Terry Everett, Chairman of the Subcommittee on Oversight and Investigations, Committee on Veterans' Affairs, U.S. House of Representatives, requested the Office of Inspector General (OIG) to audit allegations made by a Disabled Veterans' Outreach Program (DVOP) specialist at a Maryland Job Service Office. The State Department of Labor, Licensing and Regulation (DLLR) administers the DVOP in Maryland. The DVOP specialist alleged that he was directed by the Job Service Office Manager to perform services for nonveterans in violation of Chapter 41 of Title 38, U.S. Code (Title 38), which restricts DVOP services to only eligible veterans. The DVOP specialist also alleged that he was subject to reprisal by the Job Service Office Manager as a result of reporting the Title 38 violations to DLLR and the U.S. Department of Labor's (DOL) Veterans' Employment and Training Service (VETS).

Our audit objectives were to determine whether (1) the allegations of Title 38 violations at the Job Service Office were supported by sufficient evidence; (2) the actions taken by DLLR to address the DVOP specialist's complaint were adequate; and (3) the controls used by VETS to identify and prevent Title 38 violations were effective.

The results of our audit found that the DVOP specialist provided services to nonveterans in violation of Title 38 at the Job Service Office. While the DVOP specialist alleged that he was directed by the Office Manager to perform services to nonveterans, the DVOP specialist acknowledged that he knew such actions were in violation of Title 38. Additionally, we concluded that although there was no evidence that the Office Manager and Job Service Supervisor directed the DVOP specialist to provide service to nonveterans, there was evidence to show they were aware that it was occurring.

Concerning the DVOP specialist's allegation that he was subject to reprisal by the Job Service Office Manager, we found that DLLR did not formally address the DVOP specialist's complaint. We discussed this issue with DLLR officials during our fieldwork. Subsequently, DLLR advised the DVOP specialist that he should file the reprisal complaint with the Department of Budget and Management (DBM) which is an entirely separate agency that has the jurisdiction to hear whistleblower complaints. DLLR officials said the DVOP specialist filed the complaint and the matter is pending before DBM. No subsequent information has come to our attention to indicate that the DVOP specialist's reprisal complaint will not be properly processed by the State of Maryland. Therefore, no further action is required.

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The results of our audit also found that:

- DLLR's response to the Title 38 violations was inadequate because no disciplinary action was taken against the employees involved and corrective action has not been implemented to ensure that the violations will not recur.
- DLLR's calculation of the amount to be reimbursed to VETS for the costs of providing services to nonveterans was unintentionally understated by \$24,000.
- The VETS Regional Office must be more aggressive in ensuring that Title 38 violations are adequately resolved.
- VETS must change the procedures for the Local Employment Service Office (LESO) evaluations to improve its effectiveness in identifying Title 38 violations.

We recommend that the Assistant Secretary for VETS:

- Instruct DLLR to implement its proposed corrective action plan so that reasonable assurance can be provided that the Title 38 violations are not occurring at any Job Service Offices in Maryland.
- Ensure that DLLR increases its reimbursement to VETS for services to nonveterans during the DVOP specialist's employment at the Job Service Office by \$24,000.
- Develop policies defining the Federal VETS Regional Administrators' and State Directors' responsibilities in negotiating remedies to State compliance issues. This should include ensuring that timelines for implementing corrective action plans are monitored and that appropriate and timely disciplinary action is taken, to the extent feasible as defined within State guidelines, against employees involved in program violations.
- Modify the VETS Regional Office LESO evaluation procedures to ensure that other employees in the local Job Service Office are interviewed about DVOP specialists providing services to nonveterans. Additionally, require the DVOP specialists to certify on the self-assessment checklist that no nonveteran services were performed.

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In his response to the draft audit report, the Assistant Secretary for Veteran's Employment and Training disagreed with our recommendation to require DLLR to define the appropriate disciplinary action to be taken against employees involved in Title 38 violations. The Assistant Secretary stated the DOL Office of the Solicitor advised that disciplinary action in this matter is a State function. The Assistant Secretary also responded that VETS has procedures to ensure that Title 38 violations are adequately resolved. Concerning our recommendations to modify the LESO evaluation procedures, the Assistant Secretary responded that the current procedures require interviews with Local Veterans' Employment Representatives (LVERs) about whether DVOP specialists are working with nonveterans. A redacted version of the entire response is included at the end of this report. Certain portions of the response were omitted because it contained information protected by the Privacy Act.

We agree with the Assistant Secretary that disciplinary action against State employees involved in Title 38 violations is a State function and have revised our draft report accordingly. However, this does not relieve VETS of its oversight responsibilities to ensure that Federal DVOP funds are spent according to law and that States are dealing effectively with Title 38 violations. We continue to believe that specific policies are needed to ensure that Federal VETS Regional Administrators and State Directors adequately resolve Title 38 violations. We disagree with the Assistant Secretary's response that the current LESO evaluation procedures are adequate. It is our conclusion that there are not specific procedures in the current LESO evaluation manual that requires the reviewer to interview other Job Service Office employees about whether a DVOP specialist is providing services to nonveterans. We found that prior LESO evaluations did not disclose the Title 38 violations, yet our interviews with other Job Service Office employees found they were aware that the DVOP was in fact providing services to nonveterans. Therefore, we believe that this type of interview is necessary to improve the effectiveness of the LESO evaluations.

BACKGROUND, OBJECTIVES, AND SCOPE

Background

DOL, VETS administers programs and other activities, including grants, designed to help veterans find jobs and obtain job training. Congress established VETS in 1980 to implement the national policy set forth in Title 38 that veterans receive employment and training opportunities. DVOP was established to provide disabled veterans with employment and training opportunities. VETS provides grants to States to administer and operate DVOP through the States' employment service systems established by the Wagner-Peyser Act. Title 38 provides that DVOP specialists are assigned only those duties directly related to meeting the employment needs of eligible veterans, with priority given to locating veterans with disabilities and other barriers to employment. Additionally, DVOP grant agreements with the States stipulate that State DVOP specialists only serve eligible veterans.

Regional Administrators for Veterans' Employment and Training are responsible for ensuring the promotion, operation, and implementation of all veterans' programs and services within their designated regions. A director is assigned to each State and is responsible for monitoring local State Employment Offices to ensure that the DVOP specialists are providing services to eligible veterans and making recommendations for corrective action as needed. In the State of Maryland, DLLR, the Office of Employment Services (OES) is responsible for administering DVOP through its Job Service Offices. The amount of the DVOP grant awarded to DLLR for Fiscal Year 1999 was \$1.5 million.

In September 1998, a DVOP specialist employed at the Job Service Office informed a Federal VETS official, during a VETS LESO evaluation, that he was directed by his Office Manager to serve nonveterans in violation of Title 38. The DVOP specialist's complaint alleged that, as directed, he provided an inordinate amount of services to nonveterans since he was assigned to the Job Service Office in August 1996. On January 28, 1999, the DVOP specialist filed a complaint against his Office Manager alleging acts of reprisal and coercion.

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The following is a synopsis of the significant events that transpired prior to our audit.

- Shortly after the DVOP specialist alleged he was directed to serve nonveterans, DLLR's OES started an investigation of the allegations. In March 1999, OES sent a report with recommendations to DLLR's Assistant Secretary for Employment and Training who was the designated appointing authority to approve disciplinary action. The OES report concluded that: (1) Title 38 violations occurred over an extended period of time (since the DVOP specialist began employment at the Job Service Office in August 1996); (2) the DVOP specialist was fully aware that his acts violated Title 38; (3) all staff, other than the Office Manager and Job Service Supervisor, said they were aware of the DVOP specialist's (nonveterans) work; and (4) since all staff seemed to be aware of the DVOP specialist's nonveterans work, it is likely that the Office Manager and Job Service Supervisor would have, or should have, known of the DVOP specialist's nonveterans work because they were responsible for ensuring that the DVOP specialist followed the veterans' programs guidelines.
- On April 5, 1999, DLLR's Assistant Secretary for Employment and Training decided not to take any disciplinary actions against any of the parties. No reference was made by the Assistant Secretary regarding any of the proposed administrative remedies.
- In June 1999, the DVOP specialist was offered a position at another Job Service Office, and he accepted the position.
- On December 14, 1999, DLLR advised the Federal VETS State Director that, as a result of the DVOP specialist's nonveterans work, a reimbursement of \$15,500 would be made to the DVOP grant by transferring Wagner-Peyser funds to the DVOP grant.

Also, during the time the above events occurred, the Federal VETS Regional Administrator and State Director worked with DLLR to resolve the issue.

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Objectives and Scope

The audit objectives were to determine whether (1) the allegations of Title 38 violations at the Job Service Office were supported by sufficient evidence; (2) the actions taken by DLLR to address the DVOP specialist's complaint were adequate; and (3) the controls used by VETS to identify and prevent Title 38 violations were effective.

To accomplish those objectives, we reviewed Title 38 legislation, regulations, program operating procedures, and management reports. We met with VETS officials responsible for DLLR's DVOP grant. We conducted interviews with DLLR management representatives, current and former staff members of the Job Service Office, the complainant, and former State DVOP specialists. We also reviewed the U.S. General Accounting Office's October 1997 Report entitled *Veterans' Employment and Training, Services Provided by Labor Department Programs* for background information on VETS and DVOP. Our audit work was performed from December 1999 through March 2000, and was conducted in accordance with the *Government Auditing Standards* issued by the Comptroller General of the United States.

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FINDINGS AND RECOMMENDATIONS

1. DLLR's Response to the Title 38 Violations Was Inadequate

Although DLLR investigated the Title 38 violations timely, its response to the March 30, 1999, investigation report was inadequate. We found no disciplinary action was taken or pursued against the Job Service Office Manager, Job Service Supervisor, or the DVOP specialist and the report's proposed corrective action plan has not been implemented to ensure that these violations do not occur at other Job Service Offices. As a result, the seriousness of the violations of Federal law and the grant provisions are undermined and sends a signal to others that similar violations may be treated with impunity.

While the DVOP specialist alleged that he was directed by the Office Manager to perform services to nonveterans, the DVOP specialist acknowledged that he knew such actions violated Title 38. The DVOP specialist received formal DVOP training at the National Veterans' Employment and Training Institute where he learned that services to nonveterans violated Title 38. Additionally, all OES employees are required to sign an "Employee Affirmation of Ethical Responsibility" that states the employee understands Federal laws afford veterans priority and preference in services offered by the Job Service. The document further states that employees who violate the policy will be subject to a formal investigation and disciplinary action as appropriate. The DVOP specialist also acknowledged that no one coerced him to perform services to nonveterans.

Both the Office Manager and the Job Service Supervisor denied either directing or knowing about the DVOP specialist's service to nonveterans. While we found no evidence that the Office Manager or Job Service Supervisor directed the DVOP specialist to service nonveterans, we found there was evidence for us to conclude that both the Office Manager as well as the Job Service Supervisor knew, or should have known, of the DVOP specialist's Title 38 violations. The following details form the basis for our conclusion.

- There was a letter from the DVOP specialist dated November 5, 1997, to the Job Service Supervisor which included the following statement: "The disproportionate amount of services provided by me to nonveteran clients. . . ."
- We interviewed three employees who worked with the DVOP specialist and they all told us that they knew he was providing services to nonveterans during the time he was employed until he reported it to DLLR's State Coordinator.

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- DLLR estimated that the DVOP specialist spent 35 percent of his time serving nonveterans during the period from August 1996 through October 1998. It is our opinion that 35 percent is a significant amount of the DVOP specialist's time which should have been noticed by the Office Manager and Job Service Supervisor.
- Management information system reports for May, July, and September 1998, referred to as the IDAHO reports, revealed a high level of services to nonveterans by the DVOP specialist. These reports are typically used by office managers and supervisors to monitor DVOP specialists' activities. Any monitoring of these reports by the Office Manager and Job Service Supervisor would have identified the DVOP specialist's nonveteran activities.

It was DLLR's Assistant Secretary for Employment and Training's decision, as the designated appointing authority, not to impose disciplinary action on any of the employees involved in the Title 38 violations.

In a June 25, 1999, memorandum to Federal VETS State Director for Maryland, DLLR's Assistant Secretary for Employment and Training recommended the following corrective actions.

- Provide training on the DVOP specialists' Title 38 roles and responsibilities to all staff in the Job Service Office.
- Include the sampling of "R" screens from the management information system as part of the monitoring process required by all supervisors.
- Relative to the DVOP specialist's method for reporting his servicing of nonveterans in the management information system, it was recommended that all Job Service Offices should
 - (1) establish policies and procedures for entering data into the management information system by defining the circumstances when it is allowed and which circumstances require supervisory approval, and
 - (2) ensure a data entry trail to so that the author of any future changes to data can be identified.
- Require all Job Service Offices to review the "OES/OUI Employee Affirmation of Ethical Responsibility Statement" with all staff at least twice a year.

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At the time we started our audit in January 2000, OES officials informed us that the only corrective action taken was a change in monitoring procedures at the Job Service Office in which a sampling of the "R" screens from the management information system would be performed.

In responding to our concerns about the lack of disciplinary action against the Office Manager, Job Service Supervisor, and DVOP specialist, DLLR officials stated that the matter was investigated according to procedures and they believe the action taken was appropriate under the circumstances. DLLR officials told us that because it was the DVOP specialist who initiated the complaint about the Title 38 violations, the decision was made not to impose disciplinary action against him because they did not want to appear retaliatory and possibly dissuade other employees from reporting violations of Federal law. DLLR officials informed us that they are prohibited by Maryland State law from imposing any other formal disciplinary action because more than 30 days have passed since the appointing authority (DLLR's Assistant Secretary for Employment and Training) first acquired knowledge of the incident. DLLR officials told us they intend to implement all the recommendations in the corrective action plan.

We provided DLLR officials a report of our tentative findings and recommendations (TFARs) for their comments. DLLR officials responded that they were concerned with the tone of the TFARs because it did not adequately convey the DVOP's culpability and duplicity with regard to the Title 38 violations and it did not mention DLLR's clear policy that DVOP specialists serve only veterans. We believe the TFARs sufficiently stated the DVOP specialist's involvement in the Title 38 violations. In the draft audit report to VETS we added details describing DLLR's policy that DVOP specialists serve only veterans.

In conclusion, it is our position that lack of disciplinary action against the employees who were involved in the Title 38 violations and the lack of complete implementation of the corrective action plan undermines the seriousness of the violations and sends a signal to others that similar violations may be treated with impunity.

Recommendation

We recommend that the Assistant Secretary for VETS instruct DLLR to implement its proposed corrective action as soon as possible so that reasonable assurance can be provided that the Title 38 violations are not occurring at any Job Service Offices in Maryland.

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Agency Response

The Assistant Secretary for VETS responded that DOL's Office of the Solicitor advised VETS that disciplinary actions against State employees involved in Title 38 violations is a State function.

OIG Conclusion

We agree with the Assistant Secretary that disciplinary action against State employees involved in Title 38 violations is a State function and have revised our draft report accordingly. However, this does not relieve VETS of its oversight responsibilities to ensure that Federal DVOP funds are spent according to law and that States are dealing effectively with Title 38 violations. Therefore, our recommendation to instruct DLLR to implement its proposed corrective action plan remains unresolved.

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2. DLLR's Calculation of the Amount to Be Reimbursed to the DVOP Grant Was Unintentionally Understated by \$24,000

DLLR initially determined that the DVOP grant should be reimbursed \$15,500 for the amount of the estimated cost for the time the DVOP specialist spent working with nonveterans. However, we determined the amount was understated by \$24,000. This occurred because DLLR considered the DVOP specialist's time for only one program year rather than for the entire period in which the violations occurred.

In December 1999, DLLR notified the Federal VETS State Director for Maryland that the DVOP grant would be reimbursed \$15,500 by transferring funds from Wagner-Peyser. The cost of the DVOP specialist's time was calculated using salary, fringe benefits, and overhead costs. The amount was based on estimates of the time the DVOP specialist worked with nonveterans. However, we determined that the estimates of the time were understated because it represented the time of the DVOP specialist's services to nonveterans for only one program year rather than for the entire period in which the violations occurred. There was evidence that the DVOP specialist performed nonveteran work from the beginning of his employment at the Job Service Office in August 1996.

We told both DLLR and the Federal VETS State Director for Maryland that the amount of the reimbursement must be recalculated based on the entire period of the DVOP specialist's employment at the Job Service Office. As a result, DLLR, in consultation with the Federal VETS State Director for Maryland, agreed to increase the refund to the DVOP grant from \$15,500 to \$39,500. We found no evidence that the DLLR intentionally underestimated the amount of the time the DVOP specialist spent performing nonveteran work.

Recommendation

We recommend that the Assistant Secretary for VETS ensure that DLLR reimburses VETS a total of \$39,500 for the entire period that the DVOP specialist provided services to nonveterans.

Agency Response

The Assistant Secretary for VETS responded that they have recovered \$39,500 from DLLR.

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OIG Conclusion

The recommendation is resolved and can be closed when VETS provides documentation that the funds were reprogrammed and/or returned to the U.S. Treasury.

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3. The VETS Regional Office Must Be More Aggressive in Ensuring That Title 38 Violations Are Adequately Resolved

Although we found that the VETS Regional Office was actively involved with DLLR in investigating the Title 38 violations at the Job Service Office, we concluded it should have taken a more aggressive approach in negotiating with DLLR the appropriate remedial action needed to resolve compliance issues. This may have ensured that DLLR implemented its corrective action timely.

VETS is responsible for oversight of the DVOP program to ensure that states are complying with Title 38 requirements. These oversight responsibilities are carried out by the Federal VETS Regional Administrators and the State Directors. The Federal VETS State Directors are the link between VETS and the States' employment service system. Although DVOP regulations limit the VETS ability to impose monetary sanctions other than recovering the misuse of DVOP funds, the DVOP grant agreement does provide the Federal VETS State Director authorization to negotiate remedial/corrective action on potential compliance issues.

In responding to our concerns about the VETS actions against DLLR, the VETS Regional Administrator informed us that they began working with DLLR from the day they became aware of the Title 38 violation. The VETS Regional Administrator responded that the corrective action plan presented to DLLR on June 25, 1999, was negotiated by the Federal VETS State Director with input from him. The VETS Regional Administrator stated that the Federal VETS State Director informed DLLR officials that it is his opinion that disciplinary action should be taken against the DVOP specialist and the Job Service Office Manager. The VETS Regional Administrator stated that it is not their policy to interfere with the disciplinary actions against employees by State personnel. The VETS Regional Administrator added that a training program was authorized for all managers throughout the State and negotiations were under way to ensure that costs associated with the Title 38 violations were recovered.

While the Federal VETS State Director did notify DLLR that the Title 38 violations were serious and needed to be addressed at the highest levels within DLLR, and he was involved in negotiating the corrective action plan dated June 25, 1999, the Federal VETS State Director did not ensure that the corrective action plan was implemented on a timely basis. We believe that the Federal VETS Regional Administrators and State Directors must be aggressive in pursuing the timely implementation of appropriate corrective actions when Title 38 violations occur.

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Recommendation

We recommend that the Assistant Secretary for VETS develop policies defining the Federal VETS Regional Administrators' and State Directors' responsibilities in negotiating remedies to State compliance issues. This should include ensuring that timelines for implementing corrective action plans are monitored and that appropriate and timely disciplinary action is taken, to the extent feasible as defined within State guidelines, against employees involved in program violations.

Agency Response

The Assistant Secretary for VETS responded that VETS has procedures that require a time frame for corrective actions be established.

OIG Conclusion

The procedure cited in the Assistant Secretary's response is related to the VETS local office evaluation reporting process and does provide sufficient guidance for the Federal VETS Regional Administrators' and State Directors' in addressing program violations. We believe that specific policies are needed to emphasize to Federal VETS Regional Administrators and State Directors the importance of working with their State partners to ensure that appropriate and timely corrective action is taken to resolve program violations. The situation that occurred in Maryland, untimely corrective action and the lack of disciplinary action against employees involved in program violations, sends a signal that similar violations may be treated with impunity.

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4. VETS Must Change the Procedures for the Local Employment Service Office Evaluations to Improve its Effectiveness in Identifying Title 38 Violations

VETS Local Employment Service Office (LESO) evaluations are onsite reviews of local Job Service Offices conducted by a Federal VETS reviewer. Although the procedures for the VETS LESO evaluations include review steps for determining DVOP Title 38 compliance, we found that additional procedures can be added to increase assurances that incidents of serving nonveterans are identified.

The VETS LESO evaluation manual contains several review steps that address the DVOP specialist's work with nonveterans. These review steps are completed by the VETS reviewer and include interviewing the DVOP specialist about program activities. The VETS reviewer who performed the Job Service Office VETS LESO evaluation told us that he also uses documents generated by the Job Service Office's management information system to determine the types of activities the DVOP specialist worked on. The review steps also require the DVOP specialist to complete a self-assessment checklist questionnaire that covers the level and quality of services provided to veterans.

There were two VETS LESO evaluations of the Job Service Office while the DVOP specialist was employed there. Our review of these VETS LESO evaluations found they did not identify the DVOP specialist's Title 38 violations. The evaluation performed on November 19, 1996, concluded that the DVOP specialist was complying with the roles and responsibilities outlined in the grant agreement. The evaluation performed on September 2, 1998, did not identify the Title 38 violations until the DVOP specialist voluntarily admitted to them after the VETS reviewer completed his evaluation. In his VETS LESO evaluation report, the VETS reviewer wrote that after his exit interview, the DVOP specialist met with him and stated that the Job Service Office Manager required him to work with nonveterans.

To determine why the VETS LESO evaluations did not identify the Title 38 violations, we reviewed the evaluation procedures and interviewed the VETS reviewer. We found that the procedures did not require the VETS reviewer to interview other Job Service Office employees to determine if they were aware of the DVOP specialist serving nonveterans. We also found that the self-assessment checklist did not ask the DVOP specialist directly whether he or she served nonveterans. Additionally, the VETS reviewer told us that during the September 1998 review, he did not interview the DVOP specialist when he performed the VETS LESO evaluation review steps. Instead, the VETS reviewer said he relied on management information reports. Relying solely on management information system documents is not sufficient because DVOP specialists can hide their services to nonveterans by using

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another employee's station and desk numbers to record their activity. For example, at the Job Service Office, the nonveteran work performed by the DVOP specialist was recorded on the activity reports of other employees, none of which were DVOP specialists.

In his response to our concerns about the VETS LESO evaluation procedures, the VETS Regional Administrator stated that the review process does provide a safeguard that Title 38 violations are not occurring in the Job Service Offices. The VETS Regional Administrator went on to state that our conclusion that the VETS LESO evaluations did not identify the Title 38 violations, was not correct because the VETS reviewer did discover that the DVOP specialist was serving nonveterans during the September 1998 evaluation. The VETS Regional Administrator also responded that it is their policy to interview other Job Service Office employees about DVOP specialists providing services to nonveterans.

The VETS Regional Administrator's response that it was during a VETS LESO evaluation that the Title 38 violations were discovered is partially valid. However, as stated earlier in this finding, it was at the end of the evaluation, when the review steps were completed, that the DVOP specialist voluntarily informed the VETS reviewer that he was serving nonveterans at the Office Manager's direction. Thus, being onsite at the Job Service Office provided the DVOP specialist the opportunity to notify the VETS reviewer that Title 38 violations occurred. However, we found no evidence to support that the VETS reviewer would have identified the Title 38 violations if the DVOP specialist did not voluntarily inform the VETS reviewer that they occurred. We did consider this when the audit finding was developed and this is the reason the finding concludes that VETS LESO evaluation procedures must be improved. Concerning the VETS Regional Administrator's comment that it is their policy to interview other Job Service Office employees, we could not find any written documentation supporting that this policy is in the LESO manual or that the VETS reviewer conducted such interviews during the 1996 and 1998 LESO evaluations.

We believe that the VETS LESO evaluation procedures can be improved by having the VETS reviewer interview the other Job Service Office employees to ascertain whether the DVOP served nonveterans, and by modifying the DVOP's self-assessment checklist to include a question asking the DVOP specialist if he or she served nonveterans. VETS should also require the DVOP specialist to certify that his or her answers on the self-assessment checklist are true and correct. Finally, the VETS LESO evaluation procedures should require the VETS reviewer to document that the DVOP specialist was interviewed in completing the review steps.

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Recommendations

We recommend that the Assistant Secretary for VETS direct VETS regional offices to modify the LESO evaluation procedures to ensure that:

- other Job Service Office employees are interviewed about whether DVOP specialists were providing services to nonveterans;
- the self-assessment checklist includes a question asking the DVOP specialist whether he or she served nonveterans and requires the DVOP specialist to certify that the answer is true and correct; and
- interviews with the DVOP specialist are documented.

Agency Response

The Assistant Secretary for VETS responded that he believes that VETS already has in place the tools necessary to identify Title 38 violations. The LESO manual contains numerous references to the reviewer interviewing office staff about the services provided to veterans. In Chapter II, On-Site Review of the Local Employment Service Office, questions are listed which are to be asked of every Local Veterans' Employment Representative (LVER). Specifically, Question No. 3 asks "Is the LVER providing services only to veterans?" All questions and responses are discussed with the LVERs, and responses are included in the written evaluation (see page III-23). Similarly, the DVOP Specialist Evaluation requires documenting the DVOP services for veterans. Specifically, page III-26 contains a question that asks "Is the DVOP Specialist working 100% of the time for veterans?" Additionally, the appendix of the LESO manual includes a worksheet summary to be completed by reviewers which asks if the DVOP is providing services to veterans only.

The Assistant Secretary also responded that VETS is in the process of updating the current LESO manual and will include a space in the DVOP specialist and LVER Evaluation Worksheet Self-Assessment Checklists for asserting that they have provided services to veterans only. The checklists will also include a block for the DVOP specialist's and LVER's signature certifying that the information they are providing is correct.

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OIG Conclusion

The LESO evaluation manual questions cited in the Assistant Secretary's response do not include questions addressed to other Job Service Office employees, including LVERs, concerning whether or not the DVOP specialist is providing services to nonveterans. The questions currently in the LESO manual only concern the LVER's and DVOP's responses to their own work with veterans. It is our conclusion that LESO reviewer should ask other Job Service Office employees directly whether they are aware that the DVOP specialist is providing services to nonveterans. This procedure does not exist in the current LESO manual. As stated in the above finding, the prior LESO evaluations did not disclose the Title 38 violations, yet our interviews with other Job Service Office employees found they were aware that the DVOP was providing services to nonveterans. It should also be noted that it was the DVOP specialist who voluntarily informed the LESO reviewer that he served nonveterans at the direction of the Job Service Office Manager. Therefore, we believe that these types of interviews are necessary to improve the effectiveness of the LESO evaluations. Accordingly, our recommendation to modify LESO evaluation procedures to ensure that other Job Service Office employees are interviewed about whether DVOP specialists were providing services to nonveterans is unresolved.

The recommendation to revise the DVOP specialist self-assessment checklist is resolved.

The Assistant Secretary's response did not address our recommendation to ensure that the LESO manual requires reviewers to document their interviews with the DVOP specialist. We believe that this recommendation is important because the LESO reviewer told us he did not interview the DVOP specialist when he performed LESO evaluation review steps. The LESO manual requires that such interviews be conducted. By requiring that interviews be documented, the second level review of the LESO evaluation will have the evidence needed to determine if the interviews were performed.

Attachment