

BRIEFLY...

Highlights of Report Number: 05-03-001-03-386, a report to the Assistant Secretary, Employment and Training Administration. February 26, 2003.

WHY READ THE REPORT

The Welfare-to-Work (WtW) program trains hard-to-employ welfare recipients and places them into unsubsidized jobs. During 1998 and 1999, the Department of Labor (DOL) awarded approximately \$700 million in WtW grants through a competitive grant process. The Office of the Inspector General (OIG) continues to find problems with the program, which expires September 30, 2003.

WHY OIG CONDUCTED THE AUDIT

The Private Industry Council SDA-V and the Training Plus Foundation (TPF) of Pittsburg, Kansas, received a \$3.7 million, 30-month, WtW grant from the DOL, Employment and Training Administration (ETA) in October 1999. The grantee proposed serving 302 participants and placing 40 percent of them into jobs for at least 6 months.

SDA-V and TPF voluntarily ended the grant agreement as of March 15, 2002. Our audit examined income, expenditures and participants served from October 1, 1999, through March 31, 2002.

The objective was to ensure that the grantee properly spent \$2.6 million it reported for serving 171 WtW participants during the audit period

READ THE FULL REPORT

<http://www.oig.dol.gov/public/reports/oa/2003/05-03-001-03-386.pdf>

To read the full report, including the scope, methodology, and full agency response, click on the link above.

FEBRUARY 2003

AUDIT QUESTIONS OVER \$2.6 MILLION SPENT BY KANSAS WELFARE-TO-WORK GRANT

WHAT OIG FOUND

As a result of interviews and review of documentation, we found:

- unallowable costs totaling \$521,152 due to undocumented expenditures and unsupported salary costs;
- questionable costs of \$2.1 million due to inaccurate expenditure allocations;
- unreported program income;
- inadequate reporting of the number of participants served; and
- two misclassified participants.

WHAT OIG RECOMMENDED

Our recommendations included that ETA:

- Recover \$521,152 resulting from unallowable costs and \$2.13 million resulting from inaccurate Quarterly Financial Status Report (QFSR) expenditure allocations.
- Require that SDA-V & TPF transfer funds of \$11,041 to the Kansas Department of Human Resources (KDHR), the grant's fiscal agent, and record a receivable from ETA due to KDHR of \$35,053.
- Require that SDA-V-TPF submit a revised QFSR to accurately reflect the number of participants served.