

# BRIEFLY...

Highlights of Report Number: 05-03-002-03-386, a report to the Assistant Secretary, Employment and Training Administration. March 5, 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 to 1999, the Department of Labor (DOL) awarded approximately \$700 million in WtW grants through a competitive grant process. The OIG continues to find problems with the program, which expires September 30, 2003.

## WHY OIG CONDUCTED THE AUDIT

The Office of Inspector General (OIG) conducted a performance audit of the WtW Competitive Grant awarded to the Abraham Lincoln Centre (ALC) in Chicago, Illinois.

The objectives of the audit were to determine: (1) the validity of an allegation that ALC shifted staff costs from other funding sources to its WtW Competitive Grant program by falsifying or altering time records; and (2) whether ALC was in compliance with the WtW grant agreement and applicable laws and regulations.

OIG looked at approximately \$2.7 million in costs that ALC reported for services to 800 participants for the period October 1, 1999, through December 31, 2001.

## READ THE FULL REPORT

<http://www.oig.dol.gov/public/reports/oa/2003/05-03-002-03-386.pdf>

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

MARCH 2003

## AUDIT QUESTIONS \$1.3 IN COSTS CHARGED TO ABRAHAM LINCOLN CENTRE WELFARE-TO- WORK GRANT

### WHAT THE OIG FOUND

We did not find evidence that the ALC staff time records were falsified or altered. However, we found payroll costs charged to the WtW grant included more employees than authorized, were not properly supported by source documentation in accordance with Office of Management and Budget Circular A-122, and in certain cases, were initially accumulated in other programs and then reallocated to the grant. We also found:

- Questioned costs of nearly \$1.3 million.
- Excessive cash drawdowns.
- Weak internal controls within ALC's accounting, payroll, and reporting systems.

### WHAT OIG RECOMMENDED

Our recommendations included that the Employment and Training Administration:

- Recover questioned costs of nearly \$1.3 million.
- Review \$1.5 million (costs not tested) to ensure these costs have been incurred properly.
- Instruct the ALC to strengthen internal controls over its financial and participant data.
- Restrict further cash drawdowns until the ALC properly accounts for the WtW grant expenditures.
- Direct ALC to implement procedures to ensure evidence of public assistance and/or insufficient income prior to servicing clients.