

U.S. Department of Labor

Deputy Under Secretary for
International Affairs
Washington, D.C. 20210

JAN 22 2003



Memorandum for: Elliot P. Lewis
Assistant Inspector General for Audit

From: Thomas Moorhead
Deputy Under Secretary

Subject: DRAFT IG REPORT- FOLLOW UP OF PRIOR AUDIT AND
EVALUATION OF BUREAU OF INTERNATIONAL LABOR
AFFAIRS

Thank you for forwarding the draft IG follow up of a prior audit and evaluation of the Bureau of International Labor Affairs. The objective of the audit was to determine whether ILAB satisfactorily implemented recommendations made in prior OIG audit and evaluation reports. We are pleased that the OIG has determined that with two exceptions all recommendations from prior audit and evaluation reports are closed. The audit recognizes the steps ILAB has taken to ensure necessary management controls and procedures are in place to obtain fiscal and performance accountability. The audit leaves open recommendations that ILAB's mission statement and strategic performance plans be revised. These have been left open because of the possibility that the FY 2003 budget may redefine ILAB's current mission. We concur with that determination.

The OIG has also identified three additional areas which need attention. These include: establishing a system of internal controls over the ILAB Activity Tracking System; developing an improved system for controls and communication between OASAM and ILAB over budget monitoring and reporting; and two year funding authority for the Child Labor and Office of Foreign Relations Programs. We fully intend to address all of these areas in the coming year.

We have initiated discussions with the contractor who helped develop the Activity Tracking system and have been assured that the internal controls can easily be put into place in the coming year. Also, we have held initial discussions with OASAM aimed at establishing a regular meeting schedule and putting in place procedures that will provide ILAB with the detailed information it needs in order to track budgetary and other financial information throughout the year. We intend to train ILAB employees responsible for budget execution in controls and procedures for financial tracking which result from discussions between ILAB and OASAM. With respect to the two-year funding authority issue, we believe the report would be strengthened if it referred to seeking two-year authority for all of ILAB's technical assistance programs instead of seeking two-year authority, "where appropriate." The "where appropriate" language is not specific enough in our judgment.

Finally, we appreciate the candor with which the audit follow up was conducted and look forward to working closely with the OIG in the coming year to continue efforts to upgrade our systems of management controls to assure accountability for all ILAB programs.

A handwritten signature in black ink, appearing to be "Thomas Moorhead", written over a horizontal line.