

BRIEFLY...

Highlights of Report Number: 05-04-007-03-386, a report to the Assistant Secretary, Employment and Training Administration. March 26, 2004.

WHY READ THE REPORT

Moving people from welfare to work is one of the primary goals of Federal welfare policy. To help achieve that goal, the Department of Labor has awarded Welfare-to-Work (WtW) grants to states and local communities. The grants are intended to create additional job opportunities for the hardest-to-employ welfare and other eligible individuals. They provide recipients with job placement services, transitional jobs, and other support services to help them achieve long-term unsubsidized employment.

In 1999, Chicago State University (CSU) received a 30-month WtW competitive grant for \$4,792,500. The grant served welfare recipients who were victims of domestic violence and individuals who have traditionally been the hardest to employ. Grant activities included job readiness, job retention skills and services, as well as educational and vocational training.

WHY OIG DID THE AUDIT

A prior OIG postaward survey of third-round WtW grantees raised concerns about CSU's financial and eligibility management of their grant. To follow up on these concerns, OIG audited CSU's WtW grant for the period between October 1, 1999 and March 31, 2002. Our audit objective was to determine whether CSU complied with applicable laws and regulations related to grant costs and participant eligibility.

READ THE FULL REPORT

To view the report, including the scope, methodology, and full agency response, go to:

<http://www.oig.dol.gov/public/reports/oa/2004/05-04-007-03-386.pdf>

MARCH 2004

AUDIT QUESTIONS \$909,656 CHARGED TO CHICAGO STATE UNIVERSITY WELFARE- TO-WORK GRANT

WHAT OIG FOUND

The CSU reported expenditures of \$3,493,152 in support of 249 WtW participants for the period covered by the audit. Our audit found that CSU:

- Reported administrative costs as program costs resulting in \$909,656 of excessive administrative costs, and
- Did not properly report expenditures for participants served under the *General Eligibility* and *Other Eligibility* criteria. As a result, ETA could not determine if the grantee was properly spending funds for participants in two separate eligibility categories.

WHAT OIG RECOMMENDED

We recommended that the Assistant Secretary for Employment and Training:

- Recover questioned costs of \$909,656.
- Inform CSU that it has billed the maximum allowable administrative costs under the grant.
- Direct CSU in the future to report the actual breakdown of *general eligibility* expenditures and *other eligibility* expenditures based on actual costs.

The grantee agreed with our recommendations.