

# BRIEFLY...

Highlights of Report Number: 03-05-002-03-315, a report to the Assistant Secretary, Employment and Training Administration. June 24, 2005.

## WHY READ THE REPORT

The Georgia Department of Labor (GDOL) has five main areas of responsibility, specifically: (1) to administer the State's unemployment insurance program; (2) to administer the Federal Workforce Investment Act in Georgia; (3) to assist employers in their search for qualified workers and to assist individuals who are seeking jobs through a network of 53 offices throughout the State; (4) to administer State laws relating to working conditions, employee safety, and child labor; and, (5) to gather, maintain, and report labor market information. For the State fiscal year (SFY) ending June 30, 2001, GDOL reported total expenditures of \$189,847,242 and employed about 2,000 people. The USDOL grants, primarily awarded by the ETA, accounted for \$135.9 million of the reported expenditures, or about 72 percent.

## WHY OIG DID THE AUDIT

Our objective was to determine whether costs claimed by GDOL for State Fiscal Years (SFYs) 1999 through 2001 were reasonable, allowable, and properly allocable under the Federal cost principles set forth in OMB Circular A-87.

## READ THE FULL REPORT

The full report is available at:  
<http://www.oig.dol.gov/public/reports/oa/2005/03-05-002-03-315.pdf>

AUGUST 2005

# COSTS WERE PROPERLY CHARGED TO GEORGIA DOL GRANTS

## WHAT OIG FOUND

Our review of the indirect cost proposal between GDOL and the Office of Cost Determination (OCD) found certain labor costs in the GDOL Office of the Commissioner were negotiated out of the indirect cost agreement for State Fiscal Years (SFYs) 1999 through 2001. We found that GDOL failed to exclude these labor costs from the actual Administrative Services and Technical cost pools that it allocated each month to its various USDOL grant awards. However, the OCD Atlanta Regional representative, in a memorandum to OIG, stated that the GDOL Office of the Commissioner provides benefit to USDOL programs and that a portion of the labor costs are allowable. OMB Circular A-87 allows OCD to revise the negotiated indirect cost agreement. Specifically, Attachment E of the Circular provides that agreements can be subject to re-opening if the agreement is subsequently found to violate a statute, or the information upon which the plan was negotiated is later to be found materially incomplete or inaccurate.

Based on our audit, we have no findings associated with the indirect costs for SFYs 1999 through 2001; therefore, the final report was issued to the Assistant Secretary for information purposes only, and required no response.

## WHAT OIG RECOMMENDED

Our report did not contain any conditions that warranted corrective action. Therefore, we did not make any recommendations.