

**U.S. Department of Labor  
Office of Inspector General  
Office of Audit**

# BRIEFLY...

Highlights of Report Number 04-05-004-03-386, a report to the Assistant Secretary for Employment and Training Administration. September 30, 2005.

## WHY READ THE REPORT

Welfare-to-Work (WtW) legislation passed in August 1997 authorized the Secretary of Labor to provide \$3 billion in WtW grants to states and local communities. These grants were designed to target welfare recipients with the least skills, education, employment experience and those who live in high poverty areas. The report discusses whether the City of Savannah adequately managed WtW grants and complied with participant reporting requirements.

## WHY OIG DID THE AUDIT

The OIG selected the City of Savannah, Georgia for audit because its WtW formula grant expenditures exceeded the grant amount. This was determined after a review and analysis of its financial and participant reporting data as of March 31, 2002. We audited a total of \$7,467,958 WtW formula and competitive grant funds provided to the City of Savannah, in Program Years 1998 and 1999. Our overall objective was to determine if the City of Savannah complied with regulatory requirements for WtW grants in the areas of managing WtW grants and participant reporting.

## 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/2005/04-05-004-03-386.pdf>

September 2005

## Performance Audit of City of Savannah, Georgia Welfare-to-Work Grants

### WHAT OIG FOUND

OIG found that Savannah did not adequately manage WtW grants; and the State of Georgia and Savannah did not submit accurate and reliable Quarterly Financial Status Reports (QFSR) related to participant data. We questioned costs of \$2,856,430. We also found that the State of Georgia and City of Savannah did not follow existing controls for the proper preparation of QFSRs and the validation of participant data.

### WHAT OIG RECOMMENDED

OIG recommended that the Assistant Secretary for Employment and Training Administration (ETA) recover total questioned costs of \$2,856,430 as follows:

- \$2,530,934 for the six WtW competitive contracts the City of Savannah did not competitively bid; and, at the same time, \$729,935 for other issues related to three of the six contracts. To avoid duplication of recovery, questioned costs should not exceed \$2,530,934.
- \$322,549 for unauthorized and duplicate childcare payments related to a follow-on contract that was competitive awarded.
- \$2,947 in unsupported costs.

We also recommended the Assistant Secretary for ETA ensure that the State of Georgia and Savannah follow existing controls for proper preparation of QFSRs and the validation of participant data for DOL programs.

The City of Savannah requested that OIG change all but one finding involving questioned costs to administrative findings. The State of Georgia and Savannah did not dispute the inaccuracy of participants' performance data.