

BRIEFLY...

Highlights of Report Number: 06-05-005-03-390, to the Assistant Secretary for Employment and Training regarding the Workforce Investment Act (WIA) funds granted to the State of New Mexico.

WHY READ THE REPORT

The Office of Inspector General (OIG) reports on audit conclusions regarding New Mexico Department of Labor (NMDOL) Unemployment Insurance (UI) Program Costs charged to its WIA Rapid Response Program.

WHY OIG DID THE AUDIT

The Employment and Training Administration requested OIG's assistance in reviewing the allowability of UI automation project costs charged to grant funds reserved for WIA Rapid Response activities. In response we conducted a performance audit of the issue.

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/2004/06-05-005-03-390.pdf>

September 2005

Review of New Mexico UI Program Costs Charged to Its WIA Rapid Response Program

WHAT OIG FOUND

The OIG concluded that the NMDOL improperly charged approximately \$1.65 million of its UI automation project costs, UI personnel compensation costs, and other UI program costs to grant funds reserved for WIA Rapid Response activities.

WHAT OIG RECOMMENDED

We recommended that the Assistant Secretary for Employment and Training: (1) disallow and recover from the NMDOL, from non-Federal funds, the \$1,648,018 of WIA Rapid Response funds that were improperly used to help fund deficits in the NMDOL's UI automation project and to pay for UI staff compensation and other UI expenses; and (2) require the NMDOL to establish controls and procedures to ensure that costs incurred for one program are not shifted to other programs either through journal voucher adjustments or direct charges. Journal vouchers should be documented and properly approved.

The State of New Mexico's response stated that on January 22, 2004, the New Mexico Office of Workforce Training and Development was designated as the State agency responsible for administration of WIA funds and became responsible for repayment of any disallowed WIA costs. Also, the State disagreed with our audit conclusions on the basis that a WIA Rapid Response event is a jointly conducted activity with "Access to unemployment insurance" being a shared cost objective that may properly be allocated to WIA Rapid Response funds.

We considered the State's response. However, we reject the State's arguments and recommend that ETA disallow the amount of WIA costs that we questioned.