

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

BRIEFLY...

Highlights of Report Number 04-07-001-03-386, to the Assistant Secretary for Employment and Training

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. Formula grants were provided to States and competitive grants were awarded directly to local and community-based organizations. These grants were designed to aid welfare recipients with the least skills, education, employment experience and who lived in high poverty areas. This report discusses whether KentuckianaWorks adequately managed WtW grant funds and complied with participant reporting requirements.

WHY OIG DID THE AUDIT

We conducted a performance audit of the \$7,240,468 of WtW competitive and formula grant funds awarded to KentuckianaWorks during the period October 1, 1998, through June 30, 2002. The purpose of our audit was to determine if KentuckianaWorks complied with regulatory requirements for the WtW grants in the areas of financial management 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/2007/04-07-001-03-386>

March 2007

Performance Audit of KentuckianaWorks' Competitive and Formula Welfare-to-Work Grants

WHAT OIG FOUND

Our audit found that KentuckianaWorks did not adequately manage its WtW competitive grant funds and did not submit accurate and reliable participant data in its Quarterly Financial Status Reports (QFSR). We questioned \$3,166,933 of costs related to contracts awarded by KentuckianaWorks without the required full and open competition in the bid process. We questioned \$2,376,432 of these same costs because KentuckianaWorks did not ensure costs claimed by four of its grant partners were necessary and reasonable. We also found that ETA did not provide effective oversight of KentuckianaWorks' management of grant funds. Finally, we found that KentuckianaWorks over-reported the number of participants served, the number of participants retained in unsubsidized employment for 6 months, and total participants' wage gains.

WHAT OIG RECOMMENDED

We recommended that the Assistant Secretary for Employment and Training:

- Recover questioned costs of \$3,166,933.
- Provide effective monitoring oversight to ensure that KentuckianaWorks reports accurate and reliable participant performance data for any current or future ETA grants.

In its response to the draft report, KentuckianaWorks strongly disagreed with our findings and recommendations.