

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

BRIEFLY . . .

Highlights of Report Number 02-08-203-03-390, *Consortium for Worker Education Earmark Grant*, to the Assistant Secretary for Employment and Training

WHY READ THE REPORT

The Employment and Training Administration (ETA) awarded a \$32.5 million earmark grant to the Consortium for Worker Education (CWE) to establish the Emergency Employment Clearinghouse (EEC) and provide employment services to participants and employers impacted by the events of September 11, 2001. Services to be provided included individual assessments, training, job placement, and a wage subsidy incentive program to help employers hire, retain, and/or rehire workers.

For the period April 1, 2002, through December 31, 2004, CWE reported expenditures of \$32.4 million and participant enrollments of 24,195.

WHY OIG CONDUCTED THE AUDIT

The audit objectives were to determine:

1. Were reported costs allowable, allocable, and reasonable in accordance with Federal requirements?
2. Did CWE establish the EEC and provide employment services to participants and employers impacted by the events of September 11, 2001?
3. What were the outcomes for participants?

READ THE FULL REPORT

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

<http://www.oig.dol.gov/public/reports/oa/2008/02-08-203-03-390.pdf>

FEBRUARY 2008

CONSORTIUM FOR WORKER EDUCATION EARMARK GRANT

WHAT OIG FOUND

CWE established the EEC program and provided services to workers and employers impacted by the events of September 11, 2001. However:

- CWE charged costs to the grant that were not allowable and allocable, and did not maintain adequate documentation to demonstrate participant eligibility and services provided. As a result, we question costs of \$11.3 million.
- CWE did not demonstrate that a statistical sample of non-wage subsidy participants received employment services. The value of services claimed for non-wage subsidy participants that may be subject to recovery was \$13.3 million.
- CWE was not able to provide documentation to support reported participant outcomes for 4 of 5 performance outcome measures.
- ETA grant monitors identified financial and performance issues similar to those noted in our report. While ETA monitors performed some follow-up, the issues were not adequately corrected by CWE.

WHAT OIG RECOMMENDED

The OIG recommended the Assistant Secretary for Employment and Training: recover questioned costs of \$11.3 million; require CWE to document eligibility and services for non-wage subsidy participants; and review and improve ETA's monitoring process.

In its response to the draft report, CWE disagreed with the report's findings. CWE cited difficulties in locating files from closed centers and disagreements about accounting methodologies.

ETA officials stated that they would provide comments after receiving the final report.