

September 2008

NAPCA NEEDS TO IMPROVE OVERSIGHT OF SENIOR COMMUNITY SERVICE EMPLOYMENT PROGRAM

BRIEFLY...

Highlights of Report Number 09-08-001-03-360 to the Deputy Assistant Secretary for Employment and Training.

WHY READ THE REPORT

NAPCA is a national non-profit organization that receives Senior Community Service Employment Program (SCSEP) grants to provide services to participants in seven states. SCSEP grant recipients, like NAPCA, provide subsidized community service work-based training for unemployed low-income participants age 55 or older who have poor employment prospects. Participants are placed in host agencies providing community services, such as the Royal Cultural Foundation (RCF). This report discusses program abuse by the RCF Executive Director, a conflict of interest between NAPCA and the Executive Director, and NAPCA non-compliance with SCSEP requirements and Federal regulations.

WHY OIG CONDUCTED THE AUDIT

The OIG conducted this audit in response to a hotline complaint alleging abuse of SCSEP at NAPCA's Los Angeles sub-office. The audit objectives were to answer the following questions:

- (1) Did the RCF Executive Director abuse SCSEP by enrolling ineligible participants and not providing actual job training?
- (2) Did NAPCA officials allow the alleged abuse to occur in exchange for monetary payments?
- (3) Did NAPCA's oversight of SCSEP provide reasonable assurance that enrollment and training requirements were met?

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/2008/09-08-001-03-360>.

WHAT OIG FOUND

We found that the RCF Executive Director was engaged in program abuse by enrolling ineligible participants whose actual job training was questionable. In addition, we found a landlord-tenant relationship between the RCF Executive Director (landlord) and NAPCA (tenant) created a financial conflict of interest that may have impaired NAPCA's ability to perform its oversight functions without bias. Lastly, we estimate that NAPCA sub-offices did not obtain required documentation to support appropriate training for 382 (27 percent) of the 1,418 participants enrolled nation-wide during January 1, 2005, through March 31, 2007. We also estimate that the sub-offices did not ensure enrollment eligibility for 64 (5 percent) of the 1,418 participants

WHAT OIG RECOMMENDED

We recommended that the Deputy Assistant Secretary for Employment and Training require NAPCA to: (1) reimburse ETA \$182,178 in questioned costs for improper payments to the four RCF participants; (2) develop policies and procedures to prohibit conflicts of interest between NAPCA and SCSEP host agencies; and (3) develop controls to effectively identify and correct non-compliance with SCSEP enrollment, training, and program management requirements.

HOW AUDITEE RESPONDED

NAPCA stated that it disagreed with our findings and recommendations. However, NAPCA is planning training and controls that will improve its ability to effectively identify and correct non-compliance with SCSEP requirements.