

BRIEFLY...

Highlights of Report Number 03-09-001-03-390, to the Deputy Assistant Secretary for Employment and Training.

WHY READ THE REPORT

The Office of Inspector General (OIG) audited three earmarked grants awarded by DOL's Employment and Training Administration (ETA), under the authority of the Workforce Investment Act (WIA), to the West Virginia High Technology Consortium Foundation (WVHTCF), a 501(c)(3) non-profit organization located in Fairmont, West Virginia. The three grants totaled \$1,891,450 and were secured through earmarked funds in the DOL spending bills for fiscal years (FYs) 2002, 2003, and 2005. WVHTCF is a regionally-based high tech, non-profit organization that received the DOL grants to develop the Network Learning Alliance in order to develop training curricula to meet specific employer needs and industry-recognized skills and knowledge. The training would provide workers "portable" credentials tied to either national skill standards or industry certifications. High-tech employers, meanwhile, would have access to customized training for their immediate and long-term needs, promoting the growth of their companies and the local economy.

WHY OIG CONDUCTED THE AUDIT

OIG conducted the audit to answer the following questions

1. Did WVHTCF accomplish the grants' objectives?
2. Did WVHTCF only charge costs to the grants that were reasonable, allowable, and allocable?

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/2009/03-09-001-03-390>

MARCH 2009

AUDIT OF THE DOL EARMARKED GRANTS AWARDED TO THE WEST VIRGINIA HIGH TECHNOLOGY CONSORTIUM FOUNDATION

WHAT OIG FOUND

WVHTCF could not demonstrate that it accomplished the grants' objectives. While WVHTCF developed and implemented the Network Learning Alliance web-based training system, it reported inaccurate and unreliable company enrollment and participant training data, and did not have a plan on how to report performance outcomes for employment retention and wage gains.

Additionally, WVHTCF charged \$829,890 in costs to the grant that were not reasonable and allowable. This primarily included \$748,549 in non-competitive awards that were not adequately justified. Other costs charged by WVHTCF that were not allowable were excessive administrative costs totaling \$41,498 and significant increases to two budget line items not approved by ETA totaling \$39,843.

WHAT OIG RECOMMENDED

We made six recommendations to the Assistant Secretary for Employment and Training. Foremost among our recommendations was to require WVHTCF to develop and implement policies and procedures for a reporting system that will provide accurate and reliable performance and outcome data. We also recommended that the Assistant Secretary for Employment and Training recover questioned costs of \$829,890.

WVHTCF officials responded that there is no basis for the finding that they did not report accurate and reliable performance data because they were able to obtain testimonials supporting participation. WVHTCF officials responded that they collected pricing data that validates that the subcontractor price was the most reasonable. Finally, WVHTCF officials stated that they followed DOL guidance for calculating administrative costs and that the expenditures for the budget line items questioned should have been classified differently and resulted in no changes requiring ETA approval.

WVHTCF's response did not change the audit's Findings and Recommendations.