

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

BRIEFLY...

Highlights of Report Number: 05-09-004-01-070 to the Acting Deputy Under Secretary for International Labor Affairs

WHY READ THE REPORT

The Bureau of International Labor Affairs (ILAB) carries out the international responsibilities of the Department of Labor (DOL) under the direction of the Deputy Under Secretary for International Labor Affairs. Since 1995, Congress has appropriated more than \$660 million to ILAB's Office of Child Labor, Forced Labor, and Human Trafficking (OCFT) to support international child labor research, raising awareness, and technical assistance efforts. Currently, OCFT funds more than 120 child labor technical assistance projects around the world through 1) the International Labor Organization's International Program on the Elimination of Child Labor, 2) DOL's Child Labor Education Initiative (EI), and 3) other cooperative agreements and technical assistance contracts.

Each year the Office of Inspector General (OIG) reports on major management challenges facing DOL. In these annual reports, the OIG has repeatedly raised concerns about the adequacy of single audits to meet the audit coverage and financial management requirements of DOL grantor agencies.

To address these concerns, ILAB has entered into a Blanket Purchase Agreement (BPA) with an Independent Public Accountant (IPA) to conduct attestation engagements of selected EI projects. These engagements determine whether the grantees are complying with applicable financial regulations and accurately measuring program performance.

WHY OIG CONDUCTED THE AUDIT

Since establishing the BPA, ILAB has obligated \$3 million for the IPA to perform attestation engagements. We reviewed ILAB's process of monitoring and assuring the quality of the IPA's work.

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/2009/05-09-004-01-070.pdf>

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ILAB Could Further Improve Oversight of Attestation Engagements

WHAT OIG FOUND

The OIG found that ILAB did not (a) incorporate requirements needed to meet its quality assurance policies and procedures in the IPA's contract; (b) systematically conduct and document reviews of IPA attest documentation; or (c) require the IPA to submit external peer review reports. These weaknesses were partially offset by compensating controls which included (a) a segregation of duties between monitoring staff and program staff, and (b) ILAB's involvement in the planning and report writing stages of each engagement.

In reviewing a sample of attest documentation prepared by the IPA in support of selected attestation engagements, we found (a) one report finding that was not supported by information contained in the attest documentation, and (b) multiple attest documents that had no evidence of review by an IPA supervisor.

Improved monitoring by ILAB would reduce the risk that these deficiencies could occur without being timely detected and corrected.

WHAT OIG RECOMMENDED

The OIG recommended that ILAB:

- (1) Incorporate requirements needed to meet the policies and procedures related to its monitoring of the IPA's work in the BPA.
- (2) Require OCFT to complete and document an appropriate review of IPA attest documentation.
- (3) Develop and implement a policy requiring the use of external peer review reports in the selection and ongoing monitoring of an IPA.

ILAB concurred with our recommendations and stated it has initiated or planned several corrective actions.