

U.S. Department of Labor

Office of Inspector General—Office of Audit

VETERANS' EMPLOYMENT AND TRAINING SERVICE



THE HOMELESS VETERANS REINTEGRATION PROGRAM NEEDS TO MAKE IMPROVEMENTS TO ENSURE HOMELESS VETERANS' EMPLOYMENT NEEDS ARE MET

Date: September 30, 2010
Report Number: 06-10-003-02-001

BRIEFLY...

Highlights of Report Number: 06-10-003-02-001 to the Assistant Secretary for Veterans Employment and Training.

WHY READ THE REPORT

This report discusses the Veterans' Employment and Training Service (VETS) monitoring of the Homeless Veterans Reintegration Program (HVRP). The HVRP was first authorized under Section 738 of the Stewart B. McKinney Homeless Assistance Act of July 1987, and amended by Section 5 of the Homeless Veterans Comprehensive Assistance Act of 2001.

For program year 2008 — July 1, 2008, through June 30, 2009 — \$22.0 million was appropriated to the HVRP to fund 89 competitive grants in 34 states to address the training and employment needs of homeless veterans. The grants' emphasis was on veterans finding and retaining employment as a critical factor in eliminating homelessness or the threat of homelessness among them. To this end, planned goals were to assist 14,081 homeless veterans find and retain employment for at least three quarters.

WHY OIG CONDUCTED THE AUDIT

The Department of Veteran Affairs estimated that in 2009, 107,000 adults who served in the armed forces stayed in a shelter on one or more nights. We conducted an audit of VETS' HVRP to answer the question: Did the VETS' HVRP effectively meet the employment needs of homeless veterans?

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/2010/06-10-003-02-001.pdf>

September 2010

THE HOMELESS VETERANS REINTEGRATION PROGRAM NEEDS TO MAKE IMPROVEMENTS TO ENSURE HOMELESS VETERANS' EMPLOYMENT NEEDS ARE MET

WHAT OIG FOUND

VETS lacked adequate controls to ensure HVRP effectively met the employment needs of homeless veterans. Our measurement of overall program results revealed that of the 13,777 program enrollments, only 4,302 (31 percent) obtained and retained employment for three quarters. Review of national, regional, and state/local grant operations revealed significant breakdowns in VETS' oversight and monitoring of grantees operations and performance.

In 49 of 60 (82 percent) underperforming grants, VETS' controls did not ensure the grantees were placed on Corrective Action Plans as required to improve their performance. In the four grants we reviewed in detail, the Grant Officer Technical Representatives' monitoring and regional offices' review controls failed to detect and/or respond to performance and financial compliance deficiencies. VETS' primary grant reporting and management system was found to be unavailable, which hampered reporting and weakened oversight functions.

As a result, performance results fell short of the planned goal of placing 9,093 veterans into employment by 2,461 veterans, or 27 percent. Had VETS provided effective oversight of underperforming grants, we estimate that \$5.9 million of program funds may have been put to better use.

WHAT OIG RECOMMENDED

We recommended the Assistant Secretary of Veterans' Employment and Training take steps to develop and implement policies and procedures requiring greater oversight of grantees. Additionally, we recommend VETS develop a standardized methodology to review grantee operations and performance, and implement a reliable program reporting system.

The Assistant Secretary agreed and committed to developing and implementing corrective actions.

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U.S. Department of Labor

Office of Inspector General
Washington, D.C. 20210



September 30, 2010

Assistant Inspector General's Report

Raymond M. Jefferson
Assistant Secretary for Veterans'
Employment and Training
U.S. Department of Labor
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The Office of Inspector General (OIG), Office of Audit, conducted a performance audit of the Homeless Veterans Reintegration Program (HVRP) that is under the purview of the Veterans' Employment and Training Service (VETS). The primary purpose of the HVRP is to assist homeless veterans to enter and retain employment.

The Department of Veteran Affairs estimated that in 2009, 107,000 adults who served in the armed forces stayed in a shelter on one or more nights. For program year (PY) 2008 — July 1, 2008, through June 30, 2009 — \$22.0 million was appropriated to the HVRP to fund 89 competitive grants in 34 states to address the training and employment needs of homeless veterans. PY 2008 is the most recent program year available for assessing the program performance results.

The audit objective was to answer the following question:

Did the VETS' HVRP effectively meet the employment needs of homeless veterans?

The audit covered HVRP funds issued to grantees for PY 2008. We obtained from VETS the most current criteria and processes used for conducting program oversight. In addition, we reviewed the grantee oversight process in all six regions through interviews and review of grants and quarterly reports that were submitted to the Grant Officer Technical Representatives (GOTR). We selected four grants for detailed review — two from each region visited. We tested quarterly and annual on-site monitoring performed by the GOTRs and regional staff encompassing financial transactions, performance results, and participant case file documentation.

We conducted this audit in accordance with generally accepted government auditing standards for performance audits. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on the audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on the

audit objective. Our objective, scope, methodology, and criteria are detailed in Appendix B.

RESULTS IN BRIEF

VETS lacked adequate controls to ensure that HVRP effectively met the employment needs of homeless veterans. Measurement of overall program results revealed that of the 13,777 program enrollments, only 4,302 (31 percent) homeless veterans obtained and retained employment for three quarters. Our review of national, regional, and state/local grant operations revealed a significant breakdown in VETS' oversight and monitoring of grantee operations and performance.

VETS' policies require grants that do not meet 85 percent of one or more of their performance goals to be placed on a Corrective Action Plan (CAP) and receive a greater level of technical assistance and scrutiny necessary to improve their performance. Overall, 60 of 89 awarded grants (67 percent), did not achieve 85 percent of one or more performance goals. In 49 of the 60 grants (82 percent), VETS' controls did not ensure that the underperforming grants were placed on a CAP to address their underperformance. VETS' officials stated they preferred to provide technical assistance as the first response to a deficiency and follow up with a CAP if additional reinforcement was needed.

We determined VETS' oversight did not provide sufficient review of grant operations at both the GOTR and the regional office levels. In our review of four grants, the GOTRs' monitoring and regional staffs' controls failed to detect and/or respond to performance and financial compliance deficiencies. In addition, the unavailability of the VETS Outcomes and Performance Accountability Reporting (VOPAR) system and the lack of a standardized monitoring methodology further weakened VETS' oversight. VETS officials told us they recognize shortcomings in their efforts to provide the requisite oversight necessary for grantees to meet HVRP program objectives. VETS informed us of fragmentary and inconsistent guidance for grant operations at all levels resulted in grant monitoring that lacked the desired degree of consistency and rigor.

As a result, due to the significant breakdowns in VETS' oversight of its underperforming grants, HVRP performance results fell short of their planned goal of placing 9,093 veterans into employment by 2,461 veterans, or 27 percent. Had VETS provided effective oversight of underperforming grants, we estimate that an additional 2,461 veterans at an average cost of \$2,423 each may have entered employment and put \$5.9 million of program funds to best use.

We made four recommendations to the Assistant Secretary of Veterans' Employment and Training Service. In summary, we recommend VETS take steps to develop and implement policies and procedures at all levels requiring greater oversight of grantees which includes placing underperforming grantees on a CAP. Additionally, we recommend VETS develop and implement a standardized methodology to review

grantee operations and performance, and implement a reliable program reporting system.

In response to our draft report, the Assistant Secretary for Veterans' Employment and Training agreed that program goals were not met and improvements are needed in oversight and management at all levels. He stated performance can and needs to be improved for HVRP. However, the Assistant Secretary did not agree that significant breakdowns in VETS oversight were the cause for not meeting program goals.

The Assistant Secretary's entire response is contained in Appendix D.

RESULTS AND FINDING

Objective — Did the VETS' HVRP effectively meet the employment needs of homeless veterans?

Significant breakdowns in VETS' oversight of underperforming grants resulted in the program not meeting the employment needs of homeless veterans and did not ensure \$5.9 million of program funds were put to best use.

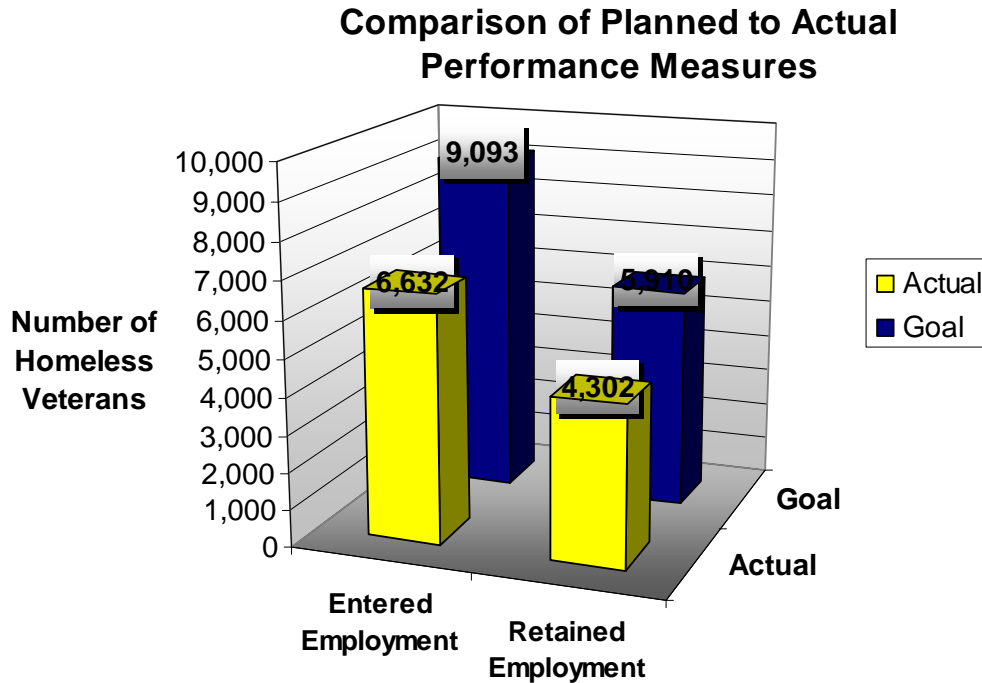
Finding — Breakdowns in program oversight resulted in HVRP not meeting program outcome goals.

The VETS' HVRP did not effectively meet the employment needs of homeless veterans. In PY 2008, VETS awarded 89 grants to provide employment assistance to homeless veterans with grant goals that supported the program's outcome goals. The aggregate planned enrollment for the 89 grants totaled 14,081 while actual enrollment totaled 13,777. Our measurement of overall program results revealed that of the 13,777 enrollments, only 4,302 homeless veterans (31 percent) obtained and retained employment.

For VETS' key program goals of Entered Employment Rate (EER) and Employment Retention Rate (ERR), VETS' annual results indicated an actual 48 percent EER against a performance goal of 66 percent. Specifically, our calculation of 66 percent of VETS' 13,777 program enrollments indicates VETS' goal was to assist 9,093 homeless veterans in gaining employment. However, while the program efforts did result in a positive outcomes for 6,632 homeless veterans who entered employment, the achievement fell short of the program's goal by 2,461 veterans, or 27 percent.

VETS' ERR performance goal of 65 percent measured veterans who gained and retained employment for up to three quarters. We found VETS did achieve the 65 percent ERR goal in that 4,302 of the 6,632, or 65 percent, veterans who had entered employment, remained employed three quarters later. However, while the achievement of 4,302 homeless veterans retaining employment is noteworthy, had the 65 percent measurement been applied to VETS' planned entered employment goal of 9,093, it

would have resulted in an ERR of 47 percent, instead of being based on the significantly lower actual entered employment figure of 6,632. See chart below for HVRP program results for comparison of planned to actual performance measures.

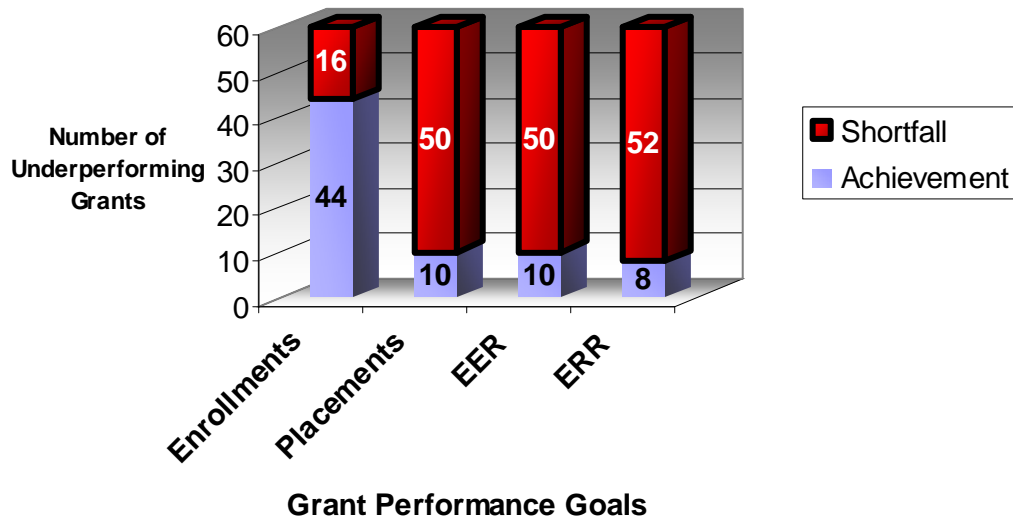


VETS recognized shortcomings in its efforts to provide the requisite oversight necessary for grantees to meet their performance goals and for HVRP to meet its program objectives.

Our review of national, regional, and state/local grant levels of operations revealed a lack of agency oversight and monitoring of grantee operations and performance. Overall, 60 of 89 grants awarded, or 67 percent, did not achieve 85 percent of one or more of their performance goals. Moreover, 49, or 82 percent, of those 60 underperforming grantees were not placed on a CAP.¹ See chart below for HVRP program results for these 60 underperforming program grants.

¹ Please see Exhibit for a summary of performance data provided by VETS' national office.

Measure of Grant Performance



The grant agreements state that grantees who do not meet 85 percent of their intended goals are to develop a CAP to address performance and or operational deficiencies sufficient to remedy their underperformance. VETS’ HVRP 2008 Special Provisions, Section IV, Subsection B.7 “Corrective Actions,” states:

A CAP will be required if, on a quarterly basis, actual grant accomplishments vary by a margin of +/-15% or more from the planned goals. ... All +/-15% deviations from the planned goals, that have a negative impact on the grantee’s ability to accomplish planned goals, must be fully explained in the grantee’s quarterly technical report and a CAP is to be initiated, developed, and submitted by the grantee to the [GOTR] for approval.

According to the VETS’ Guide, Section 7.5, page 102, VETS’ role in monitoring the CAP should be as follows:

On the basis of the schedule contained in the CAP, the GOTR contacts the grantee to ensure that the proposed actions have been taken. The GOTR also determines whether or not the grantee believes the actions taken are effective. Grantee quarterly summary reports submitted after a CAP has been filed must indicate the grantee’s performance in fulfilling the CAP. The GOTR must consult both the original Grant Agreement and the CAP when performing desk reviews to ensure that the grantee is in compliance with both. If necessary, the GOTR should schedule a follow-up on-site visit.

We determined that 49, or 82 percent, of the 60 underperforming grantees were not placed on a CAP as required. Of the 49 underperformers, 42, or 86 percent, received renewed funding for PY 2009. By not placing underperforming grantees on a CAP, VETS' management overrode established internal controls, thus allowing ongoing and future performance deficiencies resulting in under-serving homeless veterans.

VETS stated they did not implement CAP requirements as they preferred to provide technical assistance as the first response to a deficiency, followed by a CAP if additional reinforcement was needed. However, VETS recognized shortcomings in providing requisite oversight to better meet program objectives. Of the four grants we reviewed, two grants in separate regions were reported as being placed on a CAP. The supporting documentation for the GOTRs' monthly review demonstrated VETS did not adequately or consistently monitor the grantee's progress in addressing performance issues identified in the CAP. For example, one grantee was placed on a CAP but no subsequent review was conducted by the GOTR or regional office.

In reviewing regional and GOTR oversight of grantees' performance reporting and financial compliance, we selected and reviewed four grants in two regions. We analyzed VETS' specific monitoring actions when evaluating grantee performance of services provided to veterans, which included review of summary performance and financial reports, 111 participant employment service case files, and processing of reimbursement transactions. Our audit work revealed that the GOTRs' monitoring and regional staffs' reviews failed to detect and/or adequately respond to performance and financial compliance deficiencies in the management of grant funds.

Specifically, we found that 76 of 111, or 68 percent, participants reviewed did not obtain employment from their participation in the program. In addition, we identified deficiencies in grantee performance reporting and service quality such as:

- 32 participants were enrolled in the program without sufficient documentation to support that they were a veteran and/or homeless;
- 31 participant case files lacked documentation that the veterans received employment service assistance; and
- One grantee listed four employees as program participants.

We also found financial deficiencies that regional and GOTR oversight had not detected, including:

- Overspending of stand-down grant funds without requesting and obtaining approval, and not including an explanation within the quarterly report narrative;
- Withdrawing of grant funds, both in excess of and less than the grant budget with no request to do so, nor an explanation within the quarterly report narrative;
- Unallowable reimbursement to grantee employees for alcoholic beverages;
- Multiple grant funds accounted for in one general ledger account;
- Misclassification of grant expenses that included charging equipment as professional fees, charging a combination of equipment and training as professional fees, and charging equipment as office supplies; and
- Insufficient controls and policies for travel expenses that resulted in an overpayment to a grantee employee by allowing reimbursement of both actual expense and cash advance.

As prescribed in the VETS' Guide to Competitive and Discretionary grants (April 2003), Section 7.2, the GOTR is responsible for monitoring the grant, providing technical assistance as necessary, identifying any instances of non-compliance, and recommending corrective action.

According to the VETS' Guide (Section 3.4.1, page 38-39), which incorporates OMB Circular A-122, the basic principles for appropriately evaluating financial transactions are that costs need to be allowable, reasonable, and allocable.

We attribute the breakdown in grantee oversight to the lack of well-defined and communicated policies and procedures and standardized methodology for monitoring grantee performance to ensure a desired degree of consistency and rigor. In addition, we determined a significant program oversight weakness resulted from the unavailability of VOPAR, which contributed to misunderstanding and misapplication of performance requirements; and untimely, and incorrect reporting of performance results as confirmed through interviews with grantees, GOTRs, and regional staff members. The VOPAR is VETS' primary tool for managing and reporting its program activities. It is an online fully automated system that provides reporting and contains operational oversight functionality. We were told that the VOPAR was not functioning at various times during the year and was not reliable. As a result, due to VOPAR's unavailability, VETS created an excel spreadsheet to utilize in lieu of VOPAR. VETS' management concurred that there have been shortcomings in the agency's implementation of monitoring due to fragmentary and inconsistent guidance, leading to poor communication among the national, regional, and state/local levels of operation.

As a result, due to the significant breakdowns in VETS' oversight of its awarded grants, HVRP did not meet its program outcome goals for entering veterans into employment. Had VETS provided effective oversight of underperforming grants, we estimate that an additional 2,461 veterans at an average cost of \$2,423 may have entered employment and put \$5.9 million² of program funds to best use.

² Approved grant funding for PY2008 of \$22,036,872 divided by planned entered enrollments of 9,093 equals \$2,423 spent per veteran entering employment. VETS intended to assist 9,093 homeless veterans in gaining employment.

RECOMMENDATIONS

We recommend the Assistant Secretary for Veterans' Employment and Training take steps to:

1. Develop and implement policies and procedures at the national and regional levels requiring greater oversight of grantees.
2. Ensure underperforming grantees are properly placed on a CAP and adequately monitored.
3. Develop and implement a standardized methodology for GOTRs to use in performing grant-level monitoring of operations and performance.
4. Develop and implement a reliable primary reporting system to ensure the accuracy and integrity of performance reporting.

We appreciate the cooperation and courtesies that VETS' personnel extended to the Office of Inspector General during this audit. OIG personnel who made major contributions to this report are listed in Appendix E.



Elliot P. Lewis
Assistant Inspector General
for Audit

For PY 2008, this resulted in a shortfall of 2,461 veterans. \$2,423 multiplied by 2,461 results in \$5.9 million in funds put to best use.

Exhibit

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Exhibit

PY 2008 HVRP Data Analysis

ANALYSIS OF DATA PROVIDED TO OIG FROM VETS' NATIONAL OFFICE FOR PY 2008 HVRP							
Region	GRANTS NOT MEETING 85% OF TARGETED GOALS				Grants that Should Have Been on a CAP	Grants Actually on a Cap	Grants Not Meeting Metrics & Renewed for PY 2009
	Number of Grants Not Meeting Actual Enrollments	Number of Grants Not Meeting Actual Placements	Number of Grants Not Meeting Actual Entered Employments	Number of Grants Not Meeting Actual Employment Retention			
Boston	2	6	6	7	7	5	3
Philadelphia	3	3	3	2	4	0	3
Atlanta	2	5	5	7	8	3	3
Chicago	4	12	12	13	13	2	9
Dallas	1	5	4	7	7	2	6
San Francisco	4	19	20	16	21	0	18
Totals	16	50	50	52	60	12	42

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Appendices

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Background

The HVRP was first authorized under Section 738 of the Stewart B. McKinney Homeless Assistance Act of July 1987, and amended by Section 5 of the Homeless Veterans Comprehensive Assistance Act of 2001. The Department of Veteran Affairs estimated that in 2009, 107,000 adults who served in the armed forces stayed in a shelter on one or more nights. For PY 2008 — July 1, 2008, through June 30, 2009, the most recent program year available to assess the program's performance, \$22.0 million was awarded to the HVRP to fund 89 competitive grants in 34 states to address the training and employment needs of homeless veterans. The grants' emphasis was on veterans finding and retaining employment as a critical factor in eliminating homelessness or the threat of homelessness among them. To this end, planned goals were to assist 14,081 homeless veterans find and retain employment for at least three quarters.

Per the HVRP PY2008 Solicitation for Grant Application (Section 4, Performance Measures, page 13), the HVRP has two key outcome measures with established performance targets for the HVRP grants. The first — EER — measures the percentage of those veterans who exited the program in relation to those veterans placed in employment. The second — ERR — measures veterans that achieved sustainable employment as a percentage of those veterans who entered employment in relation to those veterans who sustained employment for a period of at least three quarters. The PY 2008 performance targets called for grantees to meet a minimum EER and ERR of 66 and 65 percent, respectively. The 89 grants awarded in PY 2008 provided grantee goals for Enrollments, Placements, EER, and ERR to support the program's outcome measures.

VETS performs grantee monitoring, which includes technical assistance to determine if grantees are meeting their program outcome goals and corresponding grant requirements. Specific monitoring actions include evaluating grantee performance of services provided to veterans, review of summary performance and financial reports, and processing of reimbursement transactions. If VETS determines that a grantee is underperforming by not meeting at least 85 percent of their grant outcome goals, the grantee is required to develop and submit a CAP designed to address their underperformance. Once approved by the regional office and implemented, the plan subjects the grantee to a greater level of scrutiny which is intended to help the grantee reach the prescribed goals.

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Appendix B

Objective, Scope, Methodology, and Criteria

Objective

The audit objective was to answer the following question:

Did the VETS' HVRP effectively meet the employment needs of homeless veterans?

Scope

The audit covered HVRP funds of approximately \$22 million issued to grantees for PY 2008 — July 1, 2008, through June 30, 2009 — the most recent program year available to assess the program performance results for homeless veterans who first gained and then retained employment three quarters after placement.

We conducted this audit in accordance with generally accepted government auditing standards for performance audits. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on the audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on the audit objective.

Methodology

We obtained from VETS' National Office, located in Washington, D.C., the most current criteria and processes used for monitoring and conducting program oversight. This included how VETS obtained and evaluated program performance and financial data for the universe of 89 HVRP grants. Additionally, we reviewed all six regional offices' (located in Dallas, Texas; Boston, Mass.; Philadelphia, Pa.; Chicago, Ill.; Atlanta, Ga.; and San Francisco, Calif.) processes for grantee oversight, and reviewed all final regional quarterly performance reports. We conducted onsite field work at two regional offices, including interviewing officials at the national and regional offices, and reviewing grants and quarterly reports that were submitted to the GOTR and subsequently reviewed by the region. We selected four grants for detailed review — two from each region visited (Dallas and Boston). We reviewed two grants located in Hammond, La., including one urban grant in the amount of \$300,000 and one non-urban grant in the amount of \$200,000. We also reviewed one non-urban grant for \$200,000 in Nashua, N.H., and one non-urban grant for \$182,693 in Rochester, N.Y.

We tested quarterly and annual on-site monitoring performed by the GOTRs and regional staff, incorporating financial transactions, performance results, and case file documentation. Specifically, we reviewed monitoring narratives produced by grantees, GOTRs, and regional offices for descriptions of performance of grantees and compared this to the quarterly technical reports provided by the grantees to the GOTRs. We then reviewed case file documentation located at the grantees to confirm the validity of

reported metrics by the grantee to include: enrollments, placements, entered employments, employment retentions, and grant funds expended. These numbers were then compared to summary reports provided to us from the national office for verification. Grant funds expended were compared back to supporting documentation provided by the individual grantees.

We evaluated the internal controls pertaining to the VETS National Office, selected Regional Offices and selected grantees related to performance and financial program objectives. Our recommendations require improvements to the control environment, control activities, information and communication, and monitoring.

To identify and assess internal controls relevant to our audit objectives, we interviewed relevant personnel, performed walk-throughs of relevant processes, and reviewed available policies and procedures. We performed the work at VETS Headquarters, two regional offices and four grantees. In planning and performing our audit, we considered internal controls of VETS' HVRP by obtaining an understanding of the program's internal controls, determined whether internal controls had been placed in operation, assessed control risk, and performed tests of internal controls in order to determine our auditing procedures for the purpose of achieving our objectives. Our consideration of the program's internal controls would not necessarily disclose all matters that might be significant deficiencies. Because of inherent limitations in internal controls, misstatements, losses, or noncompliance may nevertheless occur and not be detected.

We obtained from VETS' national office, located in Washington, D.C., the most current criteria and processes used for monitoring and conducting program oversight. This included how VETS obtains and evaluates program performance and financial data for the universe of 89 HVRP grants. Additionally, we reviewed all six regional offices' processes for grantee oversight and validation of performance reported data, and reviewed all final regional quarterly performance reports.

Based on our assessment of data completeness, data authenticity, data consistency and the accuracy of computer processing, our test results did not detect errors or suggest an error rate that was unacceptable for the data's planned usage. Therefore, the risk is low and the data should be considered sufficiently reliable for meeting the audit objective.

Criteria

- Title 38, United States Code, Section 2021, as added by Section 5 of Public Law 107-95
- Solicitation for Grant Applications # 08-06, Period of Performance PY 2008 - July 1, 2008 through June 30, 2009
- PY 2008 General Provisions

- HVRP PY 2008 Special Grant Provisions
- VETS' Guide to Competitive and Discretionary Grants, April 2003
- OMB Circular A-122 – Attachment A, Cost Principles for Non-Profit Organizations
- OMB Circular A-123 – Management's Responsibility for Internal Control

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Acronyms and Abbreviations

CAP	Corrective Action Plan
DOL	Department of Labor
EER	Entered Employment Rate
ERR	Employment Retention Rate
GOTR	Grant Officer Technical Representative
HVRP	Homeless Veterans Reintegration Program
OIG	Office of Inspector General
OMB	Office of Management and Budget
PY	Program Year
VETS	Veterans' Employment and Training Service
VOPAR	VETS Outcomes and Performance Accountability Reporting

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VETS Response to Draft Report

U.S. Department of Labor

Assistant Secretary for
Veterans' Employment and Training
Washington, D.C. 20210



September 30, 2010

MEMORANDUM FOR: ELLIOT P. LEWIS
Assistant Inspector General for Audit

FROM:

Raymond M. Jefferson

SUBJECT: Veterans' Employment and Training Service (VETS)
Written Response to Audit of Homeless Veterans
Reintegration Program (HVRP) Draft Report No.
06-10-003-02-001

This memorandum is the Veterans' Employment and Training Service (VETS) response to the draft report on the audit of the VETS Homeless Veterans' Reintegration Program (HVRP) Draft Report No. 06-10-003-02-001

Finding - The breakdown in program oversight resulted in HVRP not meeting program goals.

VETS has reviewed the Draft OIG Report titled, "The Homeless Veterans' Reintegration Program Needs to Make Improvements to Ensure Homeless Veterans' Employment Needs are Met."

The VA reports an estimated 107,000 homeless Veterans on any given night. That figure has come down over the past few years from over 250,000 to about 103,000 to date. Most stakeholders will agree the HVRP has contributed significantly to the decline of homelessness among our Nation's Veterans.

VETS agrees that improved controls are needed for HVRP. To address this need, VETS will need to use measures that clearly depict performance such as number of participants that are placed into employment versus the entered employment measure which was created as criteria for measuring One Stop performance.

The report indicates that VETS policies require grantees to meet 85 percent of one or more of their performance goals. VETS agrees that this was not accomplished. Over the years, the HVRP program has rendered good performance results. It scored in the top 10 percent of programs in the Department in the Program Assessment Rating Tool (PART) created by OMB. Because of past performance, VETS has instituted stretch goals commensurate with past performance and not realistic under recent conditions.

The report states that VETS' oversight did not provide sufficient review of grant operations at both the GOTR and the regional office levels. VETS concurs that more needs to be done to improve oversight of grant operations. VETS has drafted new criteria to be used by Grant Officer Technical Representatives (GOTRs). This new criteria will be implemented in the coming FY 2011. The VETS Outcomes and Performance Accountability Reporting (VOPAR) system is now back online and should assist with management of the program.

VETS takes no official position that the downturn in the economy impacted the opportunities for more homeless Veterans to achieve employment. VETS also does not agree that significant breakdowns in VETS oversight was the cause for not meeting the goals. VETS does agree that the goals were not met and that oversight needs to be improved.

All in all, VETS does agree that improvements are needed in oversight and management at all levels and that performance can and needs to improve. VETS will address more realistic methods for goal-setting and measurement along with establishing a more rigorous and standardized tool for evaluating grantees. The effort has already begun and VETS intends to improve in these areas in the coming year.

Appendix E

Acknowledgements

Key contributors to the report were Michael K. Yarbrough, Barry Winnicki, Gerard Howe, Fernando Paredes, and Enrique Lozano.

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