

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

BRIEFLY...

Highlights of Report Number 02-11-203-03-390, to the Assistant Secretary for Employment and Training.

WHY READ THE REPORT

The Office of Inspector General (OIG) audited a grant awarded by DOL's Employment and Training Administration (ETA) under the authority of the High Growth Job Training Initiative (HGJTI) to the International Association of Nanotechnology (IANANO), a 501(c)(3) non-profit organization located in California. HGJTI was a strategic effort to prepare workers to take advantage of new and increasing job opportunities in high growth, high demand, and economically vital sectors of the American economy. The grant was for \$1.5 million for the period November 1, 2006, through October 31, 2009. IANANO was to implement an innovative solution to address industry-identified challenges by developing nanotechnology coursework to meet the needs of multiple populations for potential career ladder growth. The courses were to target the following four key segments of the nanotechnology market: (1) Executive and Mid-Level Manager Business Re-engineering Training; 2) Training the Trainers from the industry; 3) Thirteen-week Nanotechnology Technician Certificate Program; and 4) One-Year Nanotechnology Technician Pre-Apprenticeship.

WHY OIG CONDUCTED THE AUDIT

In response to a request from ETA, OIG conducted the audit to answer the following questions:

1. Were financial transactions and program activities in accordance with the grant agreement and Federal cost principles?
2. Was information the grantee reported to ETA accurate?
3. Were grant terms for expenditures and deliverables clearly defined?

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/2011/02-11-203-03-390.pdf>

September 2011

GRANT TO THE INTERNATIONAL ASSOCIATION OF NANOTECHNOLOGY

WHAT OIG FOUND

IANANO reported \$1.5 million in grant expenses and that it trained 328 participants. However, financial transactions and program activities did not comply with the grant agreement and Federal cost principles, and were not accurately reported to ETA. Moreover, the grant lacked clarity regarding the relationship between the grantee and training provider, and the association between cost categories and deliverables, that led to difficulties in monitoring grant performance.

IANANO charged personnel costs totaling \$896,066 that were unsupported, reported outcome measures that were misleading, and required grant deliverables were not developed or provided, were incomplete, or were otherwise inadequate. Moreover, program income of \$938,685 was not reported, the approved apprenticeship program was not established, and it was not clear if \$2.6 million of leveraged resources was obtained.

WHAT OIG RECOMMENDED

We recommend the Assistant Secretary for Employment and Training recover questioned costs of \$1.5 million; ensure that first time grantees have systems in place to provide grant products and services; and ensure grants are clear in regard to entities providing services and cost category associated with deliverables.

IANANO disagreed with our audit findings. However, IANANO's responses were not sufficiently supported to change the Findings and Recommendations.

ETA responded that it will follow its standard audit resolution procedures for disallowing and recovering questioned costs and indicated that it will review its procedures regarding new grantees and its grant award and budget process, and will make changes where appropriate and feasible.