


BLS Response to Draft Report

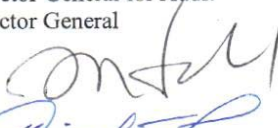
U.S. Department of Labor

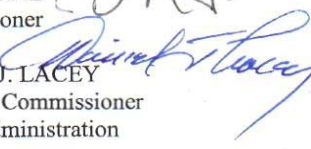
Commissioner
Bureau of Labor Statistics
Washington, D.C. 20212



MAR 31 2011

MEMORANDUM FOR: ELLIOTT P. LEWIS
Assistant Inspector General for Audit
Office of Inspector General

FROM : KEITH HALL 
Commissioner

DANIEL J. LACEY 
Associate Commissioner
for Administration

SUBJECT : BLS Response to the Office of Inspector General BLS Oversight
of Labor Force Statistics Program Funds Report Number 17-11-
001-11-001

Thank you for providing the Office of Inspector General draft report on the Audit of BLS Labor Market Information Cooperative Agreements.

To address the draft recommendations related to report number 17-11-001-11-001, the BLS is providing the following responses:

Recommendation 1: Improve monitoring of State LMI financial transactions to ensure records are maintained that fully support LMI program expenditures.

BLS Response: The BLS does extensive financial monitoring of its grantees. The BLS financial monitoring responsibilities involve monitoring charges against planned spending. The BLS uses the financial reports submitted by the grantees to monitor how they are using their Federal funds. When the situation warrants, the BLS will request details of expenditures from the grantees in order to justify the costs. In these cases, the grantees would provide supporting information based on the accounting records in their systems. In general, the BLS would not review the detailed financial records and transactions unless there is a significant concern that would necessitate it, as the BLS considers this type of monitoring to be auditing.

Current audit requirements for LMI State grantees stem from the Single Audit Act (SAA) Amendments of 1996 and Office of Management and Budget (OMB) Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations*. The LMI cooperative agreement includes an assurance that grantees will comply with required financial and compliance audits in accordance with the SAA and Circular A-133. The grantees are required to submit their Single Audit paperwork to the Federal Audit Clearinghouse (FAC) website. The BLS uses the FAC to determine if the grantees have properly included BLS programs in the annual audits. Any omissions are reported to the appropriate regional office, who will then follow-up with the State in question. The BLS relies on the Single

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Audits to fulfill its audit obligations and, therefore, believes that additional audits are not required and would be duplicative.

Although the BLS reserves the right to conduct on-site monitoring of its grantees when warranted, this in no way should be considered an ongoing audit program of the grantees. The BLS does not have an audit function or the resources to supplement the mandated SAA requirements.

Recommendation 2: Enforce policies and procedures currently in place to ensure the States' timely submission of monthly financial reports.

BLS Response: The BLS reporting requirements comply with 29 CFR § 97, *Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*, which requires the submission of quarterly OMB-required financial reports. The grantees are submitting the quarterly reports in a timely fashion. The monthly reports requested by the BLS go above and beyond the OMB Federal requirements. BLS financial reporting requirements were developed in the early 1980s. At that time, State systems were capable of producing the requested reports. Since then, OMB standardized financial reporting and State financial systems have changed. In some cases, when new systems were developed, the ability to produce data at the detailed level BLS requested was not programmed. In addition, as new systems are implemented the States often are delayed in reporting due to problems with implementation. The BLS will continue to work with its regional staff to ensure they are following up with the grantees on delinquent reports. In addition, the BLS will reiterate the reporting requirements to the grantees in the transmittal memorandum for the FY 2012 cooperative agreement application package.

Recommendation 3: Recover questioned costs totaling \$39,273 for non-personnel service transactions that the States could not support.

BLS Response: The BLS requested details on the questioned non-personnel service costs from the OIG. Once this information is received, the BLS will work with the regional office and the States to review the materials. The BLS Grant Officer will then make a determination as to whether or not the costs are allowable under the cooperative agreement.

If you have any questions, please contact Tod Sirois in the Division of Management Systems on (202) 691-6757.

Attachment