

OCFO Response to Draft Report

U.S. Department of Labor

Office of the Chief Financial Officer
Washington, D.C. 20210

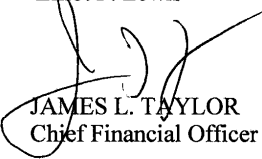


MAR 15 2012

MEMORANDUM FOR ASSISTANT INSPECTOR GENERAL FOR AUDIT

Elknot P. Lewis

FROM


JAMES L. TAYLOR
Chief Financial Officer

SUBJECT

Draft OIG IPERA Compliance Report

This is our response to your revised draft report issued earlier.

Scope of OIG Review

According to OMB Cir A-123, Appendix C, the purpose of this report is that:

“Each agency Inspector General should review agency improper payment reporting in the agency’s annual PAR or AFR, and accompanying materials, to determine if the agency is in compliance with IPIA. Agency Inspectors General should begin reviewing these materials for FY 2011 annual reporting and in subsequent years.”

Responses to Report

WIA Grants

The discussion of the WIA Grant Programs in the report contains several misstatements of fact. It states that the Department chose to rely on Single Audit information, based on its determination that questioned costs could be used as a proxy for improper payments. This is not accurate. The use of single audit data was based on OMB’s recommendation as noted in OMB Cir A-123, Appendix C where OMB suggests that agencies use A-133 (Single Audit) data to estimate improper payment rates and amounts. The methodology that DOL uses to compute the improper payment rate and amount has been approved by OMB, as required by IPIA/IPERA.

The report also states that DOL did not consider portions of the WIA program that were not selected for compliance testing [in single audits]. With OMB’s approval, DOL has continually searched for ways to augment the Single Audit data to compensate for any gaps in the data due to some of the WIA expenditures not being audited as major programs. As a result, our methodology has expanded from what was originally approved by OMB to include questioned costs from other sources, specifically; ETA Monitoring reports, and DOL OIG and GAO audit reports.

FECA

The report includes an extensive discussion of historical information dating back to 2005 with no linkage to anything that occurred during FY 2011, or that was reported in the FY 2011 AFR. As noted above, this report is supposed to be about DOL's FY 2011 IPIA compliance, as detailed in the AFR, and we therefore question the relevance of this historical discussion.

The report's reference to the OMB waiver memo is not accurate. The waiver is indefinite; and while the earliest reporting that might be required for FECA is the FY 2012 AFR, this is subject to the results of the most recently performed IPIA risk assessment. As stated in the AFR, an IPIA risk assessment was performed on FECA by OWCP during FY 2011. The results of this analysis indicate that FECA has not become more risk-susceptible.

UI

In the UI Strategies section, the status provided on the State Information Data Exchange System (SIDES) implementation is not accurate. The AFR states that SIDES had been implemented in 5 states and one Third Party Administrator (TPA), and is scheduled to be implemented in 7 additional states and one additional TPA by December 31, 2011. The AFR reflected the then-current status of the UI strategic plan.

As of December 31, 2011, a total of 12 states and 2 Third Party Administrators (Automated Data Processing, Inc. and TALX) implemented SIDES. Therefore, the goals for SIDES reflected in the AFR were in fact met by the specified date.

Other Observations

Footnote number 5 makes reference to the original language of the legislation which appears to contradict the language in the report itself. The language in the report is correct as written, as it reflects the understanding contained in the OMB guidance in Appendix C.

cc: Gay Gilbert, ETA
Bill Thompson, ETA
Cecily Rayburn, OWCP