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

BRIEFLY…

Highlights of Report Number 02-13-202-03-355, issued to the Acting Assistant Secretary for Employment and Training.

WHY READ THE REPORT

Section 166 of the Workforce Investment Act (WIA) of 1998 (PL 105-220) authorizes Congress to provide funds for the Indian and Native American Program (INAP). INAP-funded grants serve the workforce development needs of Indian and Native American youth and adults. Eligible recipients are Indian tribes, tribal organizations, Alaska Native entities, and Indian-controlled organizations serving Indians or Native Hawaiians.

In Program Years (PYs) 2010 and 2011, the Navajo Nation, the largest reservation in the United States, received $24.3 million from the Department of Labor's Employment and Training Administration (ETA). These funds included $17.5 million INAP grants and $6.8 million in WIA state formula funds from Arizona, New Mexico, and Utah. Navajo Nation proposed using the funds to provide education, training, and employment services to 3,700 adults and 2,250 youth. The Navajo Department of Workforce Development (NDWD) administers INAP funds on behalf of the Navajo Nation.

WHY OIG CONDUCTED THE AUDIT

Our audit objective was to answer the following question:

Did NDWD properly expend grant funds and achieve program targets in accordance with federal and grant requirements?

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/2013/02-13-202-03-355.pdf.

September 2013

NAVAJO NATION DID NOT ADEQUATELY MANAGE WORKFORCE INVESTMENT ACT GRANTS AND COULD SERVE MORE PARTICIPANTS WITH AVAILABLE FUNDS

WHAT OIG FOUND

NDWD did not properly manage $16.5 million, and did not always accurately report participant activities or meet targets. NDWD did not properly allocate and expend $8 million of grant funds. Furthermore, unspent grant funds totaled $13.4 million, of which $8.5 million exceeded the maximum allowable amount to be carried over. Despite these excess funds, NDWD only served 62 percent of its planned number of adults, had waiting lists of prospective participants, and had policies that limited re-enrollment for participants that may have needed additional services.

ETA's Division of Indian and Native American Programs (DINAP) issued a monitoring report on NDWD grants. In the monitoring report, DINAP cited issues similar to those in this report. However, DINAP did not follow up on its recommendations and its own policy to review and address corrective action items.

Finally, we observed that the large amount of carryover funds was not unique to NDWD. Approximately one-third of all INAP grantees carried over a total of $2.7 million more than WIA regulations allowed. ETA was aware of the large amount of unspent funds remaining at the end of each program year; however, it had yet to develop a policy to recapture and reallocate excess carryover funds.

WHAT OIG RECOMMENDED

The OIG recommended the Acting Assistant Secretary for Employment and Training require NDWD to implement accounting policies and procedures for allocating costs and train staff on accurate data reporting and participant follow-up. We also recommended ETA recover questioned costs of $8 million or obtain appropriate support; develop a policy for recapture and reallocation of excess carryover funds; and ensure appropriate follow-up is performed after on-site monitoring reviews.

ETA concurred with all recommendations except for the recommendation that ETA ensure NDWD train staff on data reporting and participant follow up. ETA stated that NDWD's performance reports were accurate and contended that tracking participants after exit presents a challenge to grantees. NDWD stated that it will coordinate with Navajo Nation's Office of the Controller (NNOOC) the recommendations on accounting policies and procedures, and the allocation of personnel costs and issues related to the majority of the report's questioned non-personnel costs.