

## **BRIEFLY...**

Highlights of Report Number 03-13-001-03-315, issued to the Assistant Secretary for Employment and Training.

### **WHY READ THE REPORT**

The District of Columbia (DC) Department of Employment Services (DC DOES) is responsible for administering and providing workforce services, including Unemployment Insurance, to DC residents. For the past three fiscal years, DC DOES received an average of approximately \$25 million annually in grant funds from the Department of Labor's (DOL) Employment and Training Administration (ETA) for various workforce investment programs.

### **WHY OIG CONDUCTED THE AUDIT**

The Assistant Secretary for Employment and Training requested that we audit DC DOES' financial administration of workforce grants awarded by ETA. ETA identified significant problems during its fiscal monitoring review of DC DOES.

Our audit objective was to answer the following question:

Did DC DOES have sufficient controls and processes in place to ensure costs claimed for ETA grants were supported by the general ledger and were reasonable, allocable, and allowable as set forth in federal cost principles?

Our audit encompassed 49 grants totaling \$89 million for the period October 1, 2008, through December 31, 2011. We tested a statistical sample of 460 expenditures totaling \$23 million, and a judgmental sample of an additional 72 expenditures totaling \$2 million to determine if they were reasonable, allocable, and allowable; and reconciled DC DOES' \$64 million in reported expenditures with its general ledger.

### **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/2013/03-13-001-03-315.pdf>.

**March 2013**

## **DISTRICT OF COLUMBIA DEPARTMENT OF EMPLOYMENT SERVICES DID NOT HAVE ADEQUATE CONTROLS FOR THE FINANCIAL MANAGEMENT OF FUNDS FOR GRANTS AWARDED BY ETA**

### **WHAT OIG FOUND**

DC DOES did not have sufficient controls and processes in place to ensure costs claimed for ETA grants were adequately supported by the general ledger and were reasonable, allocable, and allowable as set forth in federal cost principles. Specifically, we found that DC DOES: (1) improperly charged more than \$5 million in indirect non-personnel services fixed costs to ETA grants that represented estimated budgets rather than actual amounts; (2) could not provide adequate support for journal vouchers that had a net effect of increasing charges to ETA grants by more than \$2.8 million; (3) did not ensure that employees who worked on multiple grants reported the actual time worked on each ETA grant; (4) did not ensure that time charged for administrative, support, and technical services activities was related to DC DOES; and (5) could not support the basis it used to split non-personnel services cost among multiple grants for 4 invoices, totaling \$169,240, of which \$6,729 was charged to ETA grants.

These problems occurred because DC DOES either did not follow established DC Office of the Chief Financial Officer policies and procedures, or the policies and procedures in place were not adequate to ensure costs claimed were properly supported and in compliance with ETA and federal requirements. As a result, we questioned approximately \$8.8 million in expenditures charged to ETA grants.

We also identified two issues related to DC DOES' Federal Financial Reports for which the agency took corrective action before we completed our field work.

### **WHAT OIG RECOMMENDED**

We made seven recommendations that ETA require DC DOES to either comply with established policies and procedures related to its financial administration of ETA grants; or where inadequate or lacking, to improve, develop, and implement applicable policies and procedures. We also recommended that ETA recover the \$8.8 million in costs questioned in our audit.

Both ETA and DC DOES agreed with the recommendations and stated that they have either initiated or completed corrective actions to address all eight recommendations.