

BRIEFLY...

Highlights of Report Number 02-15-204-03-390, issued to the Assistant Secretary for Employment and Training.

WHY READ THE REPORT

Superstorm Sandy struck the Northeast United States in late October 2012. It ranked among the most destructive storms to hit the Northeast in nearly a century. In response to the devastation, ETA awarded National Emergency Grants (NEGs) totaling \$72.9 million, to 5 states affected by Superstorm Sandy: New York (\$51.1 million), New Jersey (\$19.2 million), Rhode Island (\$1.5 million), Connecticut (\$.6 million), and West Virginia (\$.5 million). States used these funds to provide temporary employment on projects to assist with clean-up and restoration, as well as to deliver humanitarian assistance.

This report provides information about ETA's administration of Superstorm Sandy grants, and the grantees' stewardship of federal funds.

WHY OIG CONDUCTED THE AUDIT

Our audit objective was to answer the following question:

Did ETA properly administer NEGs for Superstorm Sandy?

READ THE FULL REPORT

To view the report, including the scope, methodologies, and full agency response, go to:

<http://www.oig.dol.gov/public/reports/oa/2015/02-15-204-03-390.pdf>.

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SUPERSTORM SANDY NATIONAL EMERGENCY GRANTS: ETA AWARDED FUNDS PROMPTLY, BUT COULD IMPROVE GRANT MODIFICATION AND ELIGIBILITY VERIFICATION PROCESSES

WHAT OIG FOUND

Our audit found ETA properly administered the initial grant award process for Superstorm Sandy NEGs. ETA officials acted swiftly to review and approve Sandy disaster NEG requests. This allowed affected communities to hire participants to start clean-up and to provide humanitarian assistance. However, a 7-month delay in ETA's approving a modification request related to New Jersey's \$19.2 million NEG caused uncertainty about the grant's future among local project operators, which affected clean-up efforts. ETA officials acknowledged concerns regarding the modification process for NEGs and has revised its procedures to streamline the process.

ETA's policy to verify participant eligibility did not ensure participants were qualified for the program and were most in need of jobs. Sampled sub-grantees could not provide evidence to support program eligibility for more than one-third of the participants. We estimated \$7.8 million was paid to participants without evidence they were eligible for the program. The 3 sampled sub-grantees we visited were awarded a total of \$45.9 million and did not always expend or account for funds in accordance with federal and grant guidelines. We questioned costs of \$3.2 million due to inadequate financial reporting and problematic payroll records.

WHAT OIG RECOMMENDED

The OIG recommended the Assistant Secretary for Employment and Training track modification requests to determine if revised procedures address systemic problems that delay timely decisions on modification requests, and ensure the disaster NEG program serves its intended population. We also recommended the Assistant Secretary require grantees recover questioned costs of \$3,234,897, and ensure sub-grantees have controls in place to adequately account for costs.

ETA concurred with all the recommendations. In its response, ETA stated it undertook a review of its NEG modification process and identified areas to streamline. ETA is developing guidance on participant eligibility, and will follow up on the recovery of questioned costs. Also, ETA worked with other agencies to strengthen the Uniform Guidance including internal control and accounting practices, to ensure terms and conditions in the grantee's award must flow down to sub-grantees.