
VETS' RESPONSE TO DRAFT REPORT

U.S. Department of Labor

Assistant Secretary for
Veterans' Employment and Training
Washington, D.C. 20210



MAR 24 2016

MEMORANDUM FOR: ELLIOT P. LEWIS
Assistant Inspector General for Audit

FROM: MICHAEL H. MICHAUD

SUBJECT: Response to the Office of Inspector General (OIG) Audit Report
titled, *VETS Jobs for Veterans State Grant (JVSG) Financial
Reporting*.

Thank you for the opportunity to comment on the draft report *VETS Jobs for Veterans State Grant (JVSG) Financial Reporting*. The report contained the following recommendations:

1. *Develop new monitoring guidance that requires states submit and DVETs review a detailed listing of JVSG expenditures and using a risk-based approach, review supporting documentation for a sample of JVSG expenditures to ensure states are charging allowable costs to the program.*
2. *Review a sample of Louisiana JVSG employee payroll transactions to ensure Louisiana is correctly recording and charging staff salary costs to the grant and require Louisiana to return to VETS the \$594 in unallowable salary costs.*
3. *Review a sample of Oklahoma non-payroll transactions to ensure Oklahoma charged allowable costs to the grant and require Oklahoma to: a) return to VETS the \$20,796 in question JVSG costs; b) provide support showing how the JVSG grant benefitted from the \$38,985 in unsupported costs and; if they cannot, return unsupported costs to VETS; and c) adjust the quarterly and final JVSG totals, based on the costs disallowed, and prepare amended financial reports.*

With regard to Recommendation One, VETS agrees that updated monitoring guidance reflecting a risk-based approach to JVSG expenditures would benefit the program.

With regard to Recommendations Two and Three, VETS utilizes the ETA Office of Grants Management (OGM) for the processing of all grants, including managing the audit resolution process. Upon release of this audit, VETS will work with OGM to review payroll and non-payroll records in connection to the questioned costs with the states of Louisiana and Oklahoma. The audit resolution process, outlined in 2 CFR 2900.20, ordinarily takes 180 days to complete.

VETS/OGM will make final determinations regarding further actions upon completion of that process and will forward that information to your office.

Thank you for providing us an opportunity to respond. Should you have additional questions, please feel free to contact Gordon Burke in the Veterans' Employment and Training Service at (202) 693-4700.

Respectfully,



Michael H. Michaud
Assistant Secretary