

BRIEFLY...

ETA VIOLATED THE BONA FIDE NEEDS RULE AND ANTIDEFICIENCY ACT

WHY OIG CONDUCTED THE AUDIT

In 2015, GAO concluded a congressionally requested audit on the measures ETA had implemented to address Job Corps' financial challenges in program years (PY) 2011 and 2012. During that audit, GAO raised concerns that ETA may have violated the bona fide needs rule by improperly using unexpended funds for PYs 2011, 2012, and 2013 for the needs of PYs 2012, 2013, and 2014, respectively. The bona fide needs rule prohibits agencies from obligating funds for the purchase of services delivered outside the time period for which the funds were originally designated.

GAO referred this matter to the U.S. Department of Labor Office of Inspector General (OIG) because these concerns were outside the scope of its work.

WHAT OIG DID

We conducted a performance audit to determine the following:

Did ETA's use of Job Corps' operations funds for PYs 2011, 2012, and 2013 comply with the bona fide needs rule?

READ THE FULL REPORT

To view the report, including the scope, methodology, and full agency response, go to: <https://www.oig.dol.gov/public/reports/oa/2017/26-17-002-03-370.pdf>

WHAT OIG FOUND

ETA's use of Job Corps' operations funds for PYs 2012 and 2013 violated the bona fide needs rule. ETA used \$22.1 million in PYs 2012 and 2013 funds for services actually provided in PYs 2013 and 2014 respectively. We did not find any bona fide needs rule violations for PY 2011.

These actions also violated the Antideficiency Act by improperly obligating the government to pay for services provided in PYs 2013 and 2014 before those years' funds were actually made available for obligation by Congress.

Furthermore, ETA could not demonstrate it complied with the bona fide needs rule and Antideficiency Act in executing nine specific contract modifications totaling \$24.6 million because these modifications lacked documentation of the time periods for the services being purchased. The start and end dates were necessary to be able to determine whether ETA complied with the bona fide needs rule and the Antideficiency Act.

In addition to the bona fide needs rule and Antideficiency Act violations, ETA allowed \$11.2 million in Job Corps' operations funds for PYs 2012 and 2013 to expire without being used. These funds could have been used to provide training services to improve the employability of economically disadvantaged youth. We had previously recommended in a December 2012 OIG audit report that ETA correct fiscal management deficiencies that had allowed millions in Job Corps funds to expire in earlier program years.

These deficiencies occurred because of insufficient management emphasis in these areas and inadequate documentation.

WHAT OIG RECOMMENDED

We recommended the Deputy Assistant Secretary for Employment and Training require Job Corps to correct any violations, improve internal controls, and use Job Corps funds more efficiently.

ETA did not agree with our conclusions. However, ETA did not provide any new information that changed our conclusions. ETA said it took corrective actions to address 3 recommendations and will take actions to address another.