

APPENDIX B: AGENCY'S RESPONSE TO THE REPORT

U.S. Department of Labor

Deputy Undersecretary
for International Affairs
Washington, D.C. 20210



MEMORANDUM FOR ELLIOT P. LEWIS
Assistant Inspector General for Audit

FROM: MARK MITTELHAUSER *Mark Mittelhauser*
Associate Deputy Undersecretary for
International Affairs

DATE: September 8, 2020

SUBJECT: ILAB Comments on OIG Draft Audit Report No.
17-20-003-01-070: ILAB Met Its Reporting Mandates But Could
Improve Its Oversight of Child Labor and Forced Labor Grants

ILAB appreciates the opportunity to provide comments on the Office of the Inspector General's (OIG) draft audit report concerning the Bureau of International Labor Affairs' (ILAB's) implementation of its reporting mandates and oversight of child labor and forced labor grants. ILAB recognizes the value of the OIG's recommendations and appreciates the audit team's thoughtful review of ILAB's work over the course of the several years involved in this audit process. ILAB's response is intended to (1) provide further context and clarity on the report's findings and recommendations, and (2) describe corrective actions that ILAB has taken or plans to take with respect to each of the report's recommendations.

ILAB would first like to take this opportunity to thank the OIG for its review of ILAB's implementation of its international child labor and forced labor reporting requirements. ILAB is pleased that the OIG did not identify any concerns with ILAB's implementation of its Congressional and regulatory research and reporting mandates.

Secondly, ILAB would like to thank the OIG for its review of ILAB's technical assistance oversight mechanisms, including its review of documentation related to oversight required by federal regulations and additional oversight measures employed by ILAB, which exceed federal requirements. ILAB would like to note that the OIG's report did not identify any concerns with regard to ILAB's federally required oversight of grant recipient's Technical Progress Reports or Federal Financial Reports.

Regarding ILAB's administration of its project-level audits program, an oversight mechanism employed by ILAB, which exceeds federal requirements and has been noted by the U. S. Government Accountability Office (GAO) and others as a good practice—ILAB appreciates the OIG's review and recommendations on ways to enhance this program. ILAB acknowledges there are areas for improvements identified by the OIG in its report. As part of ILAB's ongoing commitment to effective oversight of its grants program, ILAB is pleased to outline below a number of the steps that ILAB has either already taken or is in the process of taking to address shortcomings identified in the report.

With respect to ILAB's audit program, ILAB notes with appreciation the OIG's emphasis on the importance of timely corrective action notices. ILAB agrees that it is important to provide timely formal feedback to grant recipients following the issuance of an audit report. While ILAB uses informal communications to follow up with grant recipients immediately after the issuance of an audit report, ILAB appreciates the importance of the timely distribution of formal resolution documents to grant recipients. For this reason, ILAB has taken steps to improve its policies and procedures regarding audit corrective action letters.

With respect to ILAB's evaluation program, ILAB appreciates the OIG's review and recommendations related to the need for further documentation of follow-up actions taken by grantees to address evaluation recommendations. ILAB acknowledges that it lacked a formal process in place to document which recommendations required follow-up actions and which recommendations did not require follow-up actions. ILAB recognizes the importance of this documentation, including in order to differentiate between relevant and actionable recommendations and those recommendations that are neither feasible nor actionable. Written documentation also serves to memorialize expectations for grant recipients. In addition, ILAB notes that while informal communications took place with grantees on evaluation recommendations, there was no standard, formal process to document which follow-up actions ILAB considered necessary to address specific evaluation recommendations.

ILAB's specific comments and corrective actions with respect to each of the recommendations follow:

Recommendation 1: Develop and implement a process – to include the establishment of expectations regarding timelines with the grant officer – to ensure that corrective action notices and other audit resolution documents are issued to grantees in a timely manner.

ILAB agrees with this recommendation and is committed to ensuring corrective action notices and other audit resolution documents are issued to grant recipients in a timely manner. In fact, as of September 2017, ILAB had eliminated its backlog of corrective action notice issuances. Since that time, ILAB has worked successfully with the Employment and Training Administration's Office of Grants Management (ETA/OGM) to issue all final corrective action notices within the timelines set by the 2015 Operating Manual. In response to this recommendation, ILAB is in the process of streamlining its Operating Manual Chapter for Audits and Attestation Engagements to outline roles and responsibilities for the audit and attestation engagement process. In addition, while ILAB has successfully worked with ETA/OGM to issue all corrective action notices in a timely manner since September 2017, ILAB recognizes the need to have a formal, mutually agreed upon process in place that clearly defines roles, responsibilities, and timelines for the audit resolution process. For this reason, ILAB is in the process of establishing Standard Operating Procedures (SOPs) with ETA/OGM outlining roles and responsibilities to ensure corrective action notices and other audit resolution documents continue to be delivered in a timely manner.

Recommendation 2: Develop and implement a process – to include documentation of plans and timetables for follow-up actions – to document and track the status of recommendations from interim and final evaluations.

ILAB agrees with this recommendation and is pleased to share that in 2019, ILAB began implementing a process to document the plans and timetables for follow-up actions from interim and final recommendations. Specifically, ILAB has developed the Disposition of Evaluation Recommendation Tracker (DERT), which is a tool that ILAB staff and grant recipients use after the finalization of interim and final evaluations. ILAB staff work with grant recipients to complete the tool, including information on (1) whether a recommendation is accepted, partially accepted/modified, or rejected, (2) what the agreed-upon follow-up actions will be for those recommendations requiring action, and (3) a timeline for when the actions are anticipated to be completed. Once the DERT tool has been completed, grant recipients report on the status of their follow-up activities in their regular Technical Progress Reports. Through its monitoring of Technical Progress Reports, ILAB is able to review grantees' progress toward implementing agreed-upon follow-up actions. Additionally, ILAB has developed an internal process for determining the status of evaluators' recommendations that are directed to DOL. With these processes in place, ILAB will be able to better document the status of interim and final evaluation recommendations and ensure that appropriate follow-up actions are taken. ILAB is also pleased that it can use the DERT process for learning purposes as well, since the compiled information from across ILAB's project portfolio will provide valuable data to analyze and synthesize information on common recommendations.

We hope that these comments are useful in providing further context for the work that ILAB has done or is in the process of undertaking in response to the OIG audit report. ILAB is committed to using the OIG's report to enhance its effective oversight of its grant portfolio and taxpayers' resources. ILAB will continue its efforts to promote a fair playing field for the American worker by supporting efforts to guard against the use of child labor or forced labor and to promote better opportunities for vulnerable children and their families in the countries where ILAB works.

Please do not hesitate to contact us if you have any questions or need additional information.