

**APPENDIX B: ILAB'S RESPONSE TO THE REPORT**

U.S. Department of Labor

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



September 9, 2021

MEMORANDUM FOR CAROLYN R. HANTZ  
Assistant Inspector General for Audit

FROM: Thea Mei Lee *Thea Mei Lee*

SUBJECT: ILAB Management Response on OIG Draft Report No. 17-21-003-01-070: ILAB Properly Performed Oversight in Compliance with the USAID Memorandum of Agreement and Ensured that Catholic Relief Services was in Compliance with the Cooperative Agreement Requirements

ILAB appreciates the opportunity to respond to the Office of the Inspector General's (OIG) draft audit report concerning the Bureau of International Labor Affairs' (ILAB's) oversight of the Youth Pathways Central America project implemented by Catholic Relief Services (CRS). ILAB is pleased with the findings that ILAB properly performed oversight of CRS in compliance with the Memorandum of Agreement and the cooperative agreement requirements. ILAB also enjoyed working with the OIG's audit subcontractor, Castro & Company, LLC, and thanks them for the professional and congenial nature in which they conducted the audit.

ILAB's specific comments and corrective actions with respect to the draft report's recommendations pertaining to the monitoring of equipment procured by grantees for ILAB grant awards follow:

**Recommendation 1: Update its Management Procedures and Guidelines (MPG) to require grantees to submit the inventory listing at least annually to allow for a more timely review of inventory items purchased by grantees.**

ILAB believes the recommendation as written goes beyond the requirements in 2 CFR 200 Subpart D – Post Federal Award Requirements and that requiring annual submission of the inventory list is not the most effective means for ensuring proper monitoring of inventory. We note that the latest version of our Management Procedures and Guidelines (MPG) (please refer to [ILAB's Grantee Resources page](#) for a copy of the December 2021 MPG), which is applicable to all active projects, contains the following language on page 15: "The recipient must maintain an inventory list of all equipment and real property consistent with the regulations applicable to "Property Standards" at 2 CFR 200, Subpart D – Post Federal Award Requirements. The recipient must provide a copy of their inventory list to USDOL upon request." This language is consistent with 2 CFR 200 in requiring the maintenance of an inventory list by the grantee. ILAB reserves the right to request a copy of the inventory list at any time.

**Recommendation 2: Update its MPG to require grantees to notify ILAB via written notification when purchased inventory items deviate from the approved budget justification.**

ILAB agrees with this recommendation and will work with the Grant Officer to add language in the upcoming MPG revision that requires the grantee to provide written notification when the purchase of equipment with a per-unit cost of \$5,000 or more and a useful life of more than one year deviates from the approved budget justification.

We hope that these comments and actions are useful in providing further context for the work that ILAB has taken or is in the process of undertaking in response to the OIG draft report.

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