

BRIEFLY...

Highlights of Report Number: 06-04-002-03-325, a report to the Assistant Secretary for Employment and Training. September 30, 2004.

WHY READ THE REPORT

Recent events have focused attention on the importance of real property management. The Government Accountability Office designated Federal real property as a high-risk area in January 2003. On February 4, 2004, the President issued Executive Order 13327, "Federal Real Property Asset Management." The Department of Labor (DOL) has a significant investment in real properties owned by State Workforce Agencies (SWA) that is not being properly accounted for at the Federal level.

WHY OIG DID THE AUDIT

Two prior Office of Inspector General (OIG) audit reports in 1990 and 1997 identified insufficient Employment and Training Administration (ETA) oversight of the DOL's equity interest in state-owned real property.

The ETA's response to the 1997 audit report accepted the OIG's finding that \$381 million of DOL funds had been used as of September 30, 1996, to pay a portion of the \$711 million acquisition costs of 453 state-owned properties. ETA indicated the report's information would be used to establish a new baseline for the DOL inventory. However, a new baseline was not established, and the inventory is again outdated.

READ THE FULL REPORT

The full report is available at:
<http://www.oig.dol.gov/public/reports/oa/2004/06-04-002-03-325>

SEPTEMBER 2004

DOL HAS NOT MAINTAINED ACCOUNTABILITY OVER EQUITY IN REAL PROPERTY HELD BY STATES

WHAT OIG FOUND

We found that the ETA had not established adequate management controls over accounting for the DOL's equity interest in SWAs' real properties. Specifically:

- ETA's inventory of SWA property was neither accurate nor complete. California, Georgia, Texas, and Utah, as of September 30, 2001, had identified 61 properties where ETA's real property inventory understated DOL's equity by a net \$30.2 million.
- ETA did not ensure the states properly handled the proceeds from disposing of SWA properties with DOL equity. Three of the states collectively still had \$1.9 million of DOL equity cash on hand and another state used \$3.6 million to speed up amortization of existing properties and pay prior period costs not previously charged because of budget limitations.

WHAT OIG RECOMMENDED

We recommended ETA implement controls that establish verifiable values for its real property inventory and provide monitoring and follow up on all significant differences between ETA's established inventory of equity values and the states reported values.

We also recommended ETA ensure equity cash from SWA real property dispositions are submitted for deposit to the U.S. Treasury, as required, unless ETA has documented approval of specific state plans for using the proceeds for bona fide replacement property.

ETA generally agreed with our recommendations.