

BRIEFLY...

Highlights of Report Number: 04-03-015-03-340, a report to the Assistant Secretary, Employment and Training Administration. May 5, 2003.

WHY READ THE REPORT

On July 1, 2000, Title I of the Workforce Investment Act (WIA) replaced the Job Training Partnership Act (JTPA) as the main Federal law to provide skills training and job search assistance to eligible disadvantaged youth and adults. To facilitate the transition to WIA, the Department of Labor's Employment and Training Administration (ETA) issued guidance to states on how to properly close out their JTPA grants. By evaluating the closeout process, OIG has helped ETA to identify ways that states can improve how they monitor federally funded employment training programs.

WHY OIG CONDUCTED THE EVALUATION

The OIG evaluated the closeout of JTPA in a sample of states, including Kentucky. Our objective was to determine if Kentucky: (1) closed its JTPA grants on a timely basis, according to ETA instructions; (2) reported amounts in the closeout packages and/or the final costs reports that were reasonable and supported by accounting records; and (3) whether there were any unresolved audit findings related to JTPA awards.

OIG contracted with independent auditors to use agreed-upon procedures in examining JTPA funds awarded to Kentucky from July 1, 1997, through June 30, 2000. They looked at grant activities on the final closeout reports submitted by Kentucky, and two subrecipients, Eastern Kentucky Concentrated Employment Program (EKCEP), Inc., and Buffalo Trace Area Development District (BTADD).

READ THE FULL REPORT

The full report, including the scope, methodology, and agency response, is available on the Internet at:

<http://www.oig.dol.gov/public/reports/oa/2003/04-03-015-03-340.pdf>

MAY 2003

OIG EVALUATES CLOSEOUT PRACTICES APPLIED TO JTPA GRANTS AWARDED TO COMMONWEALTH OF KENTUCKY

WHAT OIG FOUND

Kentucky's Cabinet for Workforce Development (CWD) submitted its JTPA closeout package to ETA on October 18, 2001, after requesting an extension through October 15, 2001. We found that the expenditures reported reconciled to the CWD's accounting records. In addition, the final expenditures reported were reasonable, based on amounts previously reported to ETA.

The JTPA program was audited as a major program in the Commonwealth's single audits for (SFY) 1999 and SFY 2000. Auditors reported two unresolved findings. In the first finding, auditors reported that Kentucky's state workforce agency inappropriately transferred JTPA expenditures among the various subgrantees. In the second finding, auditors noted that the agency did not sufficiently track required subrecipient audits.

We visited the two subrecipients and found that final expenditures reported to the Commonwealth did not fully reconcile to the subrecipients' accounting records.

EKCEP issued an Awardee's release for \$18,711,893; however, the supporting documentation was for \$19,314,324, resulting in a difference of \$602,431. However, Kentucky did include the \$602,431 in its reports to ETA.

BTADD had a \$213,172 difference between the Awardee's release and actual expenditures. The subrecipient submitted a revised Awardee's release to CWD showing the corrected amount.

Kentucky did not have any written comments on the OIG draft report.