

BRIEFLY...

Highlights of Report Number: 02-07-201-03-390, to the Assistant Secretary for Employment and Training

WHY READ THE REPORT

Kingston-Newburgh Enterprise Corporation (KNEC) was established with the mission to address revitalization of Enterprise Community zone neighborhoods in Kingston, New York, and Newburgh, New York.

KNEC received three earmark grants awarded in 2001, 2002 and 2003 for a total award of \$1.9 million. The purpose of the grants was to provide training and employment services to 840 residents of the Enterprise Community zones in Kingston and Newburgh.

WHY OIG DID THE AUDIT

The audit objectives were to determine the following:

1. Were KNEC's participants eligible?
2. Were participants' training and employment outcomes achieved?
3. Were reported costs allowable, allocable, and reasonable for the grants?

READ THE FULL REPORT

To view the report, including the scope, methodology and full auditee response, go to:

<http://www.oig.dol.gov/public/reports/oa/2007/02-07-201-03-390.pdf>

MARCH 2007

KINGSTON-NEWBURGH ENTERPRISE CORPORATION EARMARK GRANTS

WHAT OIG FOUND

KNEC reported serving 1,210 participants and grant costs of \$1.7 million, of which \$1.5 million related to 27 training and employment contracts.

Our audit found that:

1. KNEC could only identify 916 participants served and could not provide documentation to support eligibility for 685 participants. We questioned \$1.2 million of contract costs used for ineligible or undocumented participants.
2. KNEC could not provide verifiable outcome data for any of the 428 participants it claimed to have placed into employment.
3. KNEC did not have adequate policies and procedures for procurement and contract administration.

WHAT OIG RECOMMENDED

The OIG recommended the Assistant Secretary for Employment and Training recover questioned costs of \$1,201,110.

In its response to the draft report, KNEC stated that it strongly disagreed with the report's findings and determinations.