

BRIEFLY...

Highlights of Report Number: 09-07-001-03-390 to the Assistant Secretary for Employment and Training.

WHY READ THE REPORT

The report discusses the audit results for the performance audit of the San Diego Workforce Partnership, Inc. (SDWP).

WHY OIG DID THE AUDIT

The Office of Inspector General (OIG) conducted a performance audit of SDWP, an Employment and Training Administration (ETA) grantee in San Diego, California. SDWP was and continues to be the administrative agency for the Workforce Investment Board (WIB) of the City and County of San Diego, California. This audit was initiated both as a part of the OIG's audit workplan and at the specific request of the ETA Regional Administrator in San Francisco, California.

Our audit objectives were to answer the following specific questions:

1. Were SDWP grant costs accurate, allowable, and allocable?
2. Did SDWP comply with applicable laws and regulations?
3. Was SDWP's reporting of program data adequate?

READ THE FULL REPORT

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

<http://www.oig.dol.gov/public/reports/oa/2007/09-07-001-03-390.pdf>

FEBRUARY 2007

AUDIT OF THE SAN DIEGO WORKFORCE PARTNERSHIP, INC.

WHAT OIG FOUND

We found that SDWP grant costs were not accurate allowable and allocable. Specifically, we questioned \$1.3 million in building costs and \$1.3 million related to an equipment purchase-sale-leaseback transaction. We also identified \$1 million in program income that SDWP considered discretionary and we requested verification of \$11.6 million in direct labor and associated costs. Further, SDWP did not comply with applicable laws and regulations regarding procurement and equipment. Lastly, nothing came to our attention to indicate SDWP's controls over program data were not adequate.

WHAT AUDITEE STATED

SDWP generally did not agree that the \$1.3 million of building costs were unallowable or that corrective actions were necessary on this issue. SDWP agreed that a portion of the equipment purchase-sale-leaseback transaction may be unallowable. SDWP did not agree that verifications were needed of direct labor and associated costs. SDWP did not agree the \$1 million was program income but stated it had used the income for allowable program purposes. SDWP did agree to improve its procurement process and equipment records and to conduct equipment inventories every 2 years, as required.

WHAT OIG RECOMMENDED

We recommended that the Assistant Secretary for Employment and Training:

Recover \$1.3 million of grant costs that were unallowable and determine the allowable cost amount related to the \$1.3 million equipment purchase-sale-leaseback transaction.

Ensure that SDWP use \$1 million of program income only for allowable program purposes.

Analyze \$11.6 million in direct labor costs and associated charges on a grant-by-grant basis.

Direct SDWP to improve its procurement process and equipment records, and conduct equipment inventories.