

BRIEFLY...

**Highlights of Report Number:
21-07-002-03-360, to the Assistant
Secretary for Employment and Training**

WHY READ THE REPORT

The Employment and Training Administration (ETA) Division of Older Worker Programs designs, develops, and administers the Senior Community Service Employment Program (SCSEP). Grants are awarded under this program to promote the development of useful part-time employment opportunities in community service activities and foster individual economic self-sufficiency to increase placement into unsubsidized employment. The National Caucus and Center on Black Aged, Inc. (NCBA) is a direct recipient of the SCSEP grant funds. For Program Year July 1, 2004 – June 30, 2005, NCBA received \$15,309,169.

WHY OIG DID THE AUDIT

The Office of Inspector General (OIG) conducted an audit of NCBA to determine if the specific allegations contained in a complaint could be substantiated:

- Did NCBA inappropriately use government funds on car rentals for vacation/pleasure and to obtain extravagant hotel accommodations while in Tucson, Arizona and other cities, while traveling on behalf of NCBA?
- Did the NCBA part-time Title V Director use NCBA operational funds (\$30,000) to finance a computer program designed and implemented by his company? Is this a conflict of interest?
- Were salaried NCBA employees paid while working for another company at the same time? Did at least two of these employees work on a business venture in Africa while on the NCBA payroll? Did the part-time Title V Director, who owns a computer company, use his employees as NCBA consultants and NCBA staff?

READ THE FULL REPORT

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

<http://www.oig.dol.gov/public/reports/oa/2007/21-07-002-03-360>

March 2007

ALLEGED MISUSE OF FINANCIAL AND ADMINISTRATIVE TITLE V FUNDS BY NCBA

WHAT OIG FOUND

- \$5,221 in government funds used for unauthorized travel expense claims;
- \$125,193 in government funds used to award sole source contracts without proper justification.
- No evidence to substantiate that NCBA paid salaried employees while they worked for another company or while on a business venture in Africa.
- No onsite monitoring conducted by ETA to facilitate compliance with grant agreements and related grant requirements.

GRANTEE RESPONSE

In response to the draft report, NCBA generally disagreed with the report recommendations, stating that the actions taken that resulted in unallowable costs were justified. However, NCBA officials acknowledged that they did not follow applicable regulations in that they did not properly document justification for, or obtain written approvals prior to, incurring these costs. NCBA provided internal memorandums it has issued to strengthen internal controls and operating procedures related to travel and procurement policies.

WHAT OIG RECOMMENDED

We recommend that the Assistant Secretary for Employment and Training:

- Recover questioned travel costs of \$5,221;
- Ensure that NCBA adheres to established criteria/regulations in the Code of Federal Regulations (CFR), NCBA Grant Agreement, and its own standard operating procedures (SOPs) with respect to travel policy and procedures;
- Recover questioned procurement costs of \$125,193;
- Recover amounts paid for computer program maintenance that occurred after the audit period ending June 30, 2005;
- Ensure that NCBA adheres to established criteria/regulations in the CFR, NCBA Grant Agreement, and SOPs with respect to procuring products and services, thereby avoiding conflicts of interest; and
- Ensure that ETA conducts onsite monitoring.