

U.S. Department of Labor

Office of Inspector General—Office of Audit

**EMPLOYMENT AND TRAINING
ADMINISTRATION**



AUDIT OF THE MISSISSIPPI NATIONAL EMERGENCY GRANT

Date Issued: September 28, 2007
Report Number: 04-07-006-03-390

**U.S. Department of Labor
Office of Inspector General
Office of Audit**

BRIEFLY...

Highlights of Report Number 04-07-006-03-390, a report to the Assistant Secretary for Employment and Training.

WHY READ THE REPORT

On August 29, 2005, Hurricane Katrina came ashore along the Louisiana, Mississippi, and Alabama coasts, causing estimated losses of more than \$100 billion. In response, President Bush declared a major disaster for each of these States under the authority of Robert T. Stafford Disaster Relief and Emergency Assistance Act. To assist in the recovery efforts, the Employment and Training Administration (ETA) awarded the Mississippi Department of Economic Security (MDES) a \$50 million National Emergency Grant (NEG). The purpose of the NEG was to create temporary jobs to assist in disaster cleanup and restoration efforts, and to provide training opportunities that might lead to permanent employment.

WHY OIG DID THE AUDIT

The OIG conducted a performance audit to ensure that MDES spent NEG funds in accordance with Federal requirements, and reported NEG activities and outcomes accurately. The audit covered grant expenditures and performance data from September 1, 2005, through March 31, 2006.

READ THE FULL REPORT

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

<http://www.oig.dol.gov/public/reports/oa/2007/04-07-006-03-390.pdf>

**September 2007
Audit of Mississippi National
Emergency Grant**

WHAT OIG FOUND

Despite the extreme conditions in which the MDES was operating and the overwhelming need to provide immediate assistance to victims of the hurricane, we found that, with the exception of issues previously reported in an OIG Management Letter, tested NEG expenditures were allowable and reasonable, and program activities and outcomes were accurately reported, with few exceptions.

During fieldwork, we issued a management letter (Management Letter 04-06-008-03-390, dated September 28, 2006) to notify the Employment and Training Administration (ETA) of an issue that warranted immediate corrective actions. We found that five Workforce Investment Network (WIN) Job Centers had entered into Individual Training Agreements (ITAs) totaling \$1.8 million to cover the educational expenses of 533 students who were already attending college at the time that they were enrolled under the NEG. This amount accounted for about 60 percent of the total \$3.1 million in ITAs awarded by these WIN Job Centers.

MDES has taken corrective actions to address the issues identified in the management letter.

WHAT OIG RECOMMENDED

The OIG made no recommendations.

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Executive Summary

The Office of Inspector General (OIG) conducted a performance audit of the \$50 million National Emergency Grant (NEG) awarded to the Mississippi Department of Employment Security (MDES) to assist individuals affected by Hurricane Katrina. The period of performance under the grant was September 1, 2005, through June 30, 2007. The audit covered grant expenditures and performance results from September 1, 2005 through March 31, 2006.

The initial purpose of the NEG awarded to MDES was to create temporary jobs to assist in disaster cleanup and restoration. The grant was later modified to authorize Mississippi to provide the training opportunities necessary to lead to permanent employment.

The objectives of our audit were to answer the following questions:

- Were the NEG expenditures allowable, reasonable, allocable, and reported accurately?
- Were the NEG activities and outcomes reported accurately?

Results

On August 29, 2005, Hurricane Katrina made landfall along the Gulf Coast of the United States. Hurricane Katrina was one of the deadliest and costliest natural disasters in U. S. history. Despite the extreme conditions in which the MDES was operating and the overwhelming need to provide immediate assistance to victims of the hurricane, we found that, with the exception of the issues previously reported in an OIG Management Letter, tested NEG expenditures were allowable and reasonable, and program activities and outcomes were accurately reported, with few exceptions.

Overall, tested grant expenditures were allowable, reasonable, properly allocated and reported accurately, with one exception of misclassification of cost.

MDES reported NEG activities and outcomes accurately; except that MDES understated the total number of enrollments by 111 on its quarterly report dated March 31, 2006.

During fieldwork, we issued a management letter (Management Letter 04-06-008-03-390, dated September 28, 2006) to notify the Employment and Training Administration (ETA) of an issue that warranted immediate corrective actions. We found that 39 of a sample of 125 NEG participants, or 31 percent, from one Mississippi Local Workforce Investment Area were already attending college when they entered into Individual

Training Accounts (ITAs) funded by the NEG. Further review at five Workforce Investment Network (WIN) Job Centers showed that the centers had entered into ITAs totaling \$1.8 million to cover the educational expenses of 533 students who were already attending college at the time that they were enrolled under the NEG. This amount accounted for about 60 percent of the total \$3.1 million in ITAs awarded by these WIN Job Centers.

Since the issuance of the management letter, MDES has taken corrective actions. These corrective actions included discontinuing the practice of providing ITAs to students already enrolled in college, instituting a policy of 100 percent State level review of NEG participant files, hiring additional staff to assist with the reviews, and terminating services to participants determined ineligible.

Given ETA's guidance regarding NEG grantees' initial determinations of eligibility to participate in NEG programs, and its assurance that costs would not be disallowed for individuals subsequently determined to be ineligible (Training and Employment Guidance Letter No. 16-03, Change 3), we have not questioned the costs incurred by Mississippi to provide ITAs for students already enrolled in college.

Auditee's Response

MDES officials stated that adjustments have been posted to the participant tracking system to correct the underreporting of enrollment. Also, MDES officials stated that a corrective action plan has been submitted to ETA outlining steps to be taken to address eligibility concerns cited in the Management Letter.

OIG's Conclusion

We considered the understatement of participant enrollments to be insignificant; therefore, we did not recommend any corrective action, nor have we verified MDES' reported adjustments. The resolution of issues raised in OIG's previously issued management letter will be addressed through DOL's formal audit resolution process.

U.S. Department of Labor

Office of Inspector General
Washington, DC 20210



Assistant Inspector General's Report

Ms. Emily Stover DeRocco
Assistant Secretary for Employment
and Training
U. S. Department of Labor
200 Constitution Avenue, N.W.
Washington, D.C. 20210

We conducted a performance audit of a National Emergency Grant (NEG) awarded to the Mississippi Department of Employment Security (grant number EM-15066-05-60). The Employment and Training Administration (ETA) awarded the \$50 million grant to provide assistance to individuals affected by hurricanes Katrina and Rita during the period September 1, 2005, through June 30, 2007. The funds provided short-term disaster relief employment; adjustment assistance that included core, intensive and training services; and supportive services as determined necessary.

Our audit covered the period September 1, 2005, through March 31, 2006. The objectives of our audit were to answer the following questions:

- Were NEG expenditures allowable, reasonable, allocable, and reported accurately?
- Were NEG activities and outcomes reported accurately?

We conducted our audit in accordance with Government Auditing Standards for performance audits. Our audit objectives, scope, methodology and criteria are detailed in Appendix B.

With the exception of the issues previously reported in OIG's Management Letter No. 04-06-008-03-390 and summarized in this document, tested NEG expenditures were allowable and reasonable, and program activities and outcomes were reported accurately, with few exceptions.

Objective 1: Were NEG Expenditures Allowable, Reasonable, Allocable, and Reported Accurately?

Results

Overall, tested grant expenditures were allowable, reasonable, properly allocated and reported accurately. However, we found one exception involving misclassification of expenditures. In addition, due to the devastation caused by Hurricane Katrina, the State was slow to implement its NEG program. This delay in implementation contributed to limited spending during the first quarter of the program.

Between September 2005 and March 31, 2006, MDES reported total NEG expenditures of \$14,834,937. These expenditures were incurred by MDES and the four Local Workforce Investment Areas (LWIA) in the State of Mississippi. To test NEG expenditures, we reviewed selected transactions at the MDES administrative office, Twin Districts Workforce Area (TDWA) and the South Central LWIA. The total expenditures reported for the MDES administrative office and the two LWIAs were \$11,737,525. We tested 62 transactions with a value of \$4,257,304, or 28 percent of the total reported NEG expenditures.

Overall, tested expenditures were allowable, reasonable, properly allocated and accurately reported. Transactions tested at TDWA involving \$5,195 for postage were misclassified as “support service cost” rather than “administrative cost.” MDES officials agreed that the postage expenses were misclassified and reportedly made adjustments to reflect these expenses as administrative cost.

Objective 2: Were NEG Activities and Outcomes Reported Accurately?

Results

MDES reported NEG activities and outcomes accurately, with minor exceptions. MDES underreported the number of participants enrolled for the period ending March 31, 2006 by two percent. According to MDES officials, MDES' quarterly report to ETA reflected participants enrolled through March 28, 2006, while its computerized data system contained participants enrolled through March 31, 2006. Also, MDES reported that 191 of the 241 participants in our sample (79 percent) received training. We found that two participants were incorrectly reported as having received training, and one individual had not been reported as having participated in the public service employment program. MDES' officials stated that they posted adjustments to correct these errors in the participant tracking system.

Auditee's Response

MDES officials stated that adjustments have been posted to the participant tracking system to correct the underreporting of enrolled participants

OIG's Conclusion

We considered the understatement of participant enrollments to be insignificant; therefore, we did not recommend any corrective action, nor have we verified MDES' reported adjustments.

Previously Reported Mississippi NEG Issues

During our audit, we issued a Management Letter (Report Number 04-06-008-03-390, dated September 28, 2006) that identified an issue required immediate corrective action by ETA. This issue involved LWIAs' mass enrollment of college students in the NEG training program, and MDES' lack of plans to review NEG eligibility determinations.

On November 8, 2006, MDES officials provided their corrective action plan to ETA. The ETA Grant Officer reviewed the plan and determined the audit report recommendations to be resolved. Below is a brief summary of the Management Letter and related resolution activity.

Finding 1: Mass Enrollment of College Students in the NEG Training Program

We found that 39 of a sample of 125 NEG participants, or 31 percent, from the TDWA were already attending college when they entered into ITAs funded by the NEG. Further review at five Workforce Investment Network (WIN) Job Centers showed that the centers had entered into ITAs totaling \$1.8 million to cover the educational

expenses of 533 students who were already attending college at the time that they were enrolled under the NEG. This amount accounted for about 60 percent of the total \$3.1 million in ITAs awarded by these WIN Job Centers. Also, the State accepted eligibility self-certifications performed by the students, even though college transcripts/schedules in the participant files included college enrollment dates that were both prior to and after Hurricane Katrina.

In response to our draft management letter, the Assistant Secretary for Employment and Training stated that she did not agree that just because someone is a college student, he/she is "de facto" ineligible. The Assistant Secretary stated:

. . . the Flexibility for Displaced Workers Act (P.L. 109-72, as amended) expanded the eligibility criteria contained in WIA section 173(d)(2). The Flexibility Act provided that those who were eligible to participate included those who were unemployed at the time of the disaster or were without an employment history. Training and Employment Guidance Letter (TEGL) 16-03, Change 3, entitled "National Emergency Grant (NEG) Policy Guidance - Use of NEG Funds to Support Disaster Relief Employment and Training Assistance for Individuals Impacted by Hurricane Katrina," issued October 14, 2005, included guidance regarding the expanded eligibility of individuals to participate in NEG projects in response to Katrina. . . . Therefore, based upon the information available at this time and pending further review, students who were without an employment history or unemployed at the time of the disaster may have been properly determined eligible by the grantee (or designee) to participate in the NEG disaster project.

TEGL No. 16-03, Change 3, Paragraph 5.b, "Expanded Eligibility for Disaster Relief Employment," states the following:

Documentation of Participant Eligibility. In view of the catastrophic nature of Hurricane Katrina, many individuals will not have the documentation necessary for a determination of eligibility to participate in the program. Other ways should be used to document eligibility such as self-certification or unemployment insurance (UI) or disaster unemployment assistance (DUA) information provided by partner programs. . . . The grantee must have systems in place to review eligibility determinations once the project has begun to operate more routinely and needed documentation becomes more readily available. If such systems are in place and the grantee subsequently identifies individuals who were not eligible to participate as a result of the review, costs incurred prior to the determination will not be disallowed.

We agree with ETA's statement that college students may be eligible for disaster assistance. However, like all other participants, college students should not be enrolled

in the program without first determining that the students were unable to obtain or retain employment, and without assessing the students' needs for training services.

Given ETA's guidance regarding NEG grantees' initial determinations of eligibility to participate in NEG programs, and its assurance that costs would not be disallowed for individuals subsequently determined to be ineligible, we have not questioned the costs incurred by Mississippi to provide ITAs for students already enrolled in college.

The management letter recommended that the Assistant Secretary of Employment and Training work with Mississippi to ensure that NEG participants, including college students, met the eligibility criteria for training and funding be discontinued for ineligible participants.

ETA agreed to follow-up on the eligibility requirements for college students to participate in the NEG disaster project. Recommendations have been resolved based on corrective actions taken by the agencies as follows:

- TDWA discontinued the practice of providing ITAs to students already enrolled in college.
- MDES ceased providing services to participants determined ineligible.
- MDES convened a work group to review current local area ITA policies and practices and to make recommendations.

After reviewing the actions taken by TDWA and MDES, the ETA Grant Officer will make a determination as to whether these actions are adequate to correct the problems identified.

Finding 2: No Plans to Review Eligibility Determinations

Mississippi had no system in place to determine whether information provided by participants was factual, or to terminate assistance in the event that participants were found to be ineligible. In addition, WIA requires that participants receive core and intensive services before accessing training. If unable to obtain and retain employment through such services, then they are eligible for training services. We found that core and intensive services, and training placement, for college students were all performed on the same day. This would not have afforded the students sufficient time to seek employment prior to enrolling in NEG training.

We recommended that the Assistant Secretary of Employment and Training issue policy guidance that would require adequate documentation of eligibility for college students enrolled under the NEG grants based on self-certification; and require Mississippi to review all NEG participant files.

ETA agreed to follow up in writing with the grantee to ensure that MDES had a system in place to review eligibility determinations. Recently, MDES implemented several procedures to ensure compliance with NEG eligibility criteria: 100 percent State level

review of NEG participant files; hiring of additional staff to assist with the review; limiting NEG activities to six coastal counties; and issuing additional criteria for NEG file maintenance.

After reviewing the actions taken by MDES, the ETA Grant Officer will make a determination as to whether these actions are adequate to correct the problems identified.

Auditee's Response

MDES stated that a corrective action plan has been submitted to ETA outlining steps to be taken to address eligibility concerns cited in the Management Letter.

OIG's Conclusion

The resolution of issues raised in OIG's previously issued management letter will be addressed through DOL's formal audit resolution process.



Elliot P. Lewis
May 31, 2007

Appendices

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BACKGROUND

NEG Program

National Emergency Grants (NEG) were established under Title I, Subtitle D, Section 173 of the Workforce Investment Act (WIA). The NEGs are discretionary grants awarded by the Secretary of Labor to provide time-limited funding assistance in response to significant dislocation events. One of the eligible dislocation events is a natural disaster as defined by the Robert T. Stafford Disaster Relief and Emergency Assistance Act. Eligible entities may apply for natural disaster assistance once the Federal Emergency Management Agency (FEMA) has declared an area eligible for disaster-related public assistance.

Disaster relief grant recipients may provide some or all of the following services to eligible individuals:

- adjustment assistance that includes core, intensive and training services as authorized at WIA sections 134(d) and 173;
- supportive services as determined necessary to help workers who require such assistance to participate in program activities; and
- short-term disaster relief employment.

Hurricanes Katrina and Rita

On August 29, 2005, Hurricane Katrina came ashore along the Louisiana, Mississippi and Alabama coasts, causing estimated losses of more than 100 billion dollars. President Bush declared a major disaster for each of these states under the authority of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C., Sections 5121-5206.

The Mississippi Department of Employment Security (MDES) submitted an application for Federal Assistance related to Hurricane Katrina on August 31, 2005, requesting 50 million dollars in Federal assistance. In their application, MDES officials estimated 10,000 participants would be trained, retrained and placed in the workforce at an average cost of \$3,000 per participant.

Congress passed the Flexibility for Displaced Workers Act, Public Law 109-72, on September 23, 2005. This Act established special rules for the NEG related to Hurricane Katrina. Some of these rules are:

- Grant funds provided to States that have submitted applications may be used for disaster relief employment or other assistance outside the disaster area.

- Expanded eligibility for disaster relief employment and other assistance to affected individuals. The expanded eligibility includes individuals who were affected by Hurricane Katrina, including those who have relocated from States in which a major disaster was declared and were:
 - unemployed at the time of the disaster; or
 - were without employment history.
- Temporary employment of eligible individuals in general public sector employment.
- Disaster relief employment may be extended beyond the usual 6-month maximum duration to an additional 6 months due to the extraordinary circumstances.

On September 23, 2005, Hurricane Rita came ashore along the border of Texas and Louisiana, causing estimated losses of more than \$10 billion. President Bush declared a major disaster for each of these two states.

The Flexibility for Displaced Workers Act was amended by Public Law 109-148, Section 5012, dated December 30, 2005. The Act was amended by striking “Hurricane Katrina” in each place it appears and inserting “hurricanes in the Gulf of Mexico in calendar year 2005”. This includes individuals affected by Hurricane Rita.

OBJECTIVES, SCOPE, METHODOLOGY AND CRITERIA

Objectives

The objectives of our audit were to answer the following questions:

1. Were the NEG expenditures allowable, reasonable, allocable, and reported accurately?
2. Were the NEG activities and outcomes reported accurately?

Scope

We audited the \$50 million NEG awarded to Mississippi Department of Employment Security (MDES), Jackson, Mississippi to serve individuals affected by Hurricanes Katrina and Rita. We selected and tested expenditure and performance data cumulatively reported through March 31, 2006.

Our audit was conducted in accordance with Government Auditing Standards for performance audits issued by the Comptroller General of the United States and included such tests as we considered necessary to satisfy the audit objectives. A performance audit requires obtaining an understanding of internal controls considered significant to the audit objectives and testing compliance with significant laws, regulations, and other compliance requirements. In order to plan our audit, we considered whether internal controls significant to the audit were properly designed and placed in operation. Fieldwork was conducted from March 20, 2006, through May 31, 2007.

Methodology

To achieve our objectives we obtained an understanding of relevant internal controls through inquiries with appropriate personnel and inspection of relevant documents, policies and procedures at the State and local level. We performed work at three locations:

- - MDES administrative office in Jackson, Mississippi;
 - Twin Districts Local Workforce Investment Area in Hattiesburg, Mississippi;
 - South Central Mississippi Works in Jackson, Mississippi

MDES provided us with three ETA 9104 Quarterly Reports (September 2005, December 2005, and March 31, 2006). The Quarterly Reports included financial and

performance data from the inception of the grant up to and including March 31, 2006. We reconciled the ETA 9104 reports with financial data provided by MDES and LWIAs.

As of March 31, 2006, MDES reported total NEG expenditures of \$14,834,937 from the \$50 million grant. Our sampling plan involved transaction testing at the Grantee (or MDES) and at the Twin District LWIA and South Central LWIA. We tested 62 transactions totaling \$4,257,304. At the Grantee level, we tested transactions from three Fund Accounts (Nos. 7074, 7075, and 7076). The OIG Statistician randomly selected two months out of five for transaction sampling, and directed testing of all transactions greater than \$500 for the selected LWIAs.

The Twin District Monthly Statement of Revenue and Expense contained 52 cost categories in its universe of transactions and \$8,770,801 of reported expenditures. We combined five cost categories (participant wages, fringe benefits, support services, core and intensive service, and Temp Staff Fee) under the Temp Job cost category. The OIG Statistician randomly selected the months of December 2005 and February 2006 for transaction sampling.

The South Central Monthly Report Worksheets and General Ledger contained 110 transactions posted to 11 accounts. These transactions accounted for the \$2,925,880 of expenditures reported to MDES. For our sampling plan, the OIG Statistician randomly selected the months of November 2005 and February 2006 for transaction sampling.

We reviewed invoices related to ITA and OJT transactions. We also performed testing at both LWIAs to determine if NEG participants were eligible and if services and outcomes were accurately reported. Our universe for Twin District LWIA (consisting of 12 WIN Centers) totaled 3,753 participants and the universe for South Central LWIA (consisting of 11 WIN Centers) totaled 840 participants. Five WIN Centers were randomly selected from each LWIA. Our sample contained 25 participant files from each selected WIN Center with the exception of one Center which enrolled only 16 participants. In total, we reviewed 241 participant files.

Criteria

The principal criteria that governed the work performed were as follows:

- WIA Section 173, National Emergency Grants (NEG)
- WIA Section 195, General Program Requirements
- Public Law 109-72, Flexibility for Displaced Workers Act (provided special rules for NEG grants for Gulf of Mexico hurricanes in calendar year 2005)

- 20 Code of Federal Regulations (CFR), Part 671, Federal Regulations pertaining to NEG
- 29 CFR Part 97, Uniform Administrative Requirements for State/Local Governments and Indian Tribes
- Office of Management and Budget (OMB) Circular A-87, Cost Principles for State/Local Governments and Indian Tribes
- Training and Employment Guidance Letter (TEGL) NO. 5-05, Waiver Flexibility for Hurricane Katrina Recovery
- TEGL NO. 16-03, NEG Policy Guidance
- TEGL NO. 16-03, Change No. 3, NEG Policy Guidance. Use of NEG Funds to Support Disaster Relief Employment and Training Assistance for Individuals Impacted by Hurricane Katrina
- TEGL NO. 17-05, Common Measures Policy for the Employment and Training Administration's (ETA) Performance Accountability System and Related Performance Issues
- NEG Application Procedures
- Quarterly Progress Report Definitions of Performance Factors

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ACRONYMS AND ABBREVIATIONS

| | |
|------|---|
| DOL | Department of Labor |
| ETA | Employment and Training Administration |
| FEMA | Federal Emergency Management Agency |
| ITA | Individual Training Account |
| LWIA | Local Workforce Investment Area |
| MDES | Mississippi Department of Employment Security |
| NEG | National Emergency Grant |
| OIG | Office of Inspector General |
| OJT | On the Job Training |
| PSE | Public Service Employment |
| SOF | Statement of Facts |
| TEGL | Training and Employment Guidance Letter |
| TDWA | Twin Districts Workforce Area |

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AUDITEE RESPONSE



MISSISSIPPI DEPARTMENT *of* EMPLOYMENT SECURITY
OFFICE OF THE GOVERNOR
Ms TOMMYE DALE FAVRE
EXECUTIVE DIRECTOR

September 20, 2007

Mr. Michael K. Yarbrough
Regional Inspector General for Audit
Office of Inspector General
61 Forsyth Street SW
Atlanta, Georgia 30303

Dear Mr. Yarbrough:

SUBJECT: State of Mississippi
Hurricane Katrina National Emergency Grant

This letter provides our reply to report number 04-07-006-03-390 resulting from an audit conducted by the Office of Inspector General (OIG). The attachments include the Mississippi Department of Employment Security's (MDES) response and supporting documentation.

We appreciate the courtesies and technical assistance provided by your staff during the review. If you have any questions, please contact Wanda Land at 601-321-6597 or wland@mdes.ms.gov or Yolonda Boone at 601-321-6127 or yboone@mdes.ms.gov.

Sincerely,

A handwritten signature in black ink that reads "Les Range" with a stylized flourish at the end.

Les Range
Deputy Executive Director

Attachment

1235 ECHELON PARKWAY • JACKSON, MISSISSIPPI 39213
TELEPHONE: (601) 321-6000 • 1.888.844.3577 • www.mdes.ms.gov

**Mississippi Department of Employment Security (MDES)
National Emergency Grant (NEG) Audit Response**

This response addresses the objective and findings outlined in the U.S. Department of Labor-Office of Inspector General's (OIG) report number 04-07-006-03-390. The OIG objectives and findings listing below have been abbreviated. The complete report is on file with the MDES.

Objective 1: Were NEG expenditures allowable, reasonable, allocable, and reported accurately?

OIG RESULTS:

Background check expenses were misclassified as "support services cost" rather than "administrative cost". The criminal background check expenses are allowable, but should have been classified as administrative cost.

MDES RESPONSE:

In the aftermath of Hurricane Katrina, the Mississippi school system faced the challenge of educating displaced students with displaced teachers in makeshift schools and overcrowded conditions. Tutors, cafeteria workers, and administrative assistants were assigned to these schools to aid in the recovery.

Section 101 (46) of the Workforce Investment Act states the term "supportive service" means services such as transportation, child care, dependent care, housing, and needs-related payments, that are necessary to participate in activities authorized under this title, consistent with the provisions of this title. This definition was not interpreted to be an all inclusive listing of the types of support services that can be provided under the NEG.

Section 663.805(b) further states that supportive services may only be provided when they are necessary to enable individuals to participate in title I activities. In addition, Mississippi state law requires criminal background checks for individuals working in the school system. The criminal background checks were necessary to allow individuals assigned to the school system to participate in the temporary jobs component and were therefore classified as a supportive service.

Objective 2: Were NEG Activities and Outcomes Reported Accurately?

MDES reported NEG activities and outcomes accurately, with minor exceptions. MDES underreported the number of participants enrolled for the period ending March 31, 2006 by two percent. We found that two participants were incorrectly reported as having received training and one individual had not been reported as having participated in the public service employment program.

MDES RESPONSE:

Adjustments have been posted to the participant tracking system to correct these errors.

Previously Reported Mississippi NEG Issues

OIG Finding 1: Mass Enrollment of College Students in the NEG Training Program

We found that 39 of a sample of 125 NEG participants, or 31 percent, from the Twin Districts Workforce Area (TDWA) were already attending college when they entered into ITAs funded by the NEG.

OIG Recommendation:

The OIG management letter recommended that the Assistant Secretary of Employment and Training work with Mississippi to ensure that NEG participants, including college students, met the eligibility criteria for training and funding be discontinued to ineligible participants. After reviewing the actions taken by TDWA and MDES, the ETA Grant Officer will make a determination as to whether these actions are adequate to correct the problems identified.

MDES RESPONSE:

MDES submitted a corrective action plan to the USDOL ETA which outlined steps to be taken to address eligibility concerns cited by the OIG. The plan included a 100 percent State level review of NEG participant files. MDES has requested a letter of final determination from the ETA Grant Officer. A copy of the request is attached. Upon receipt, MDES will also forward to the OIG a copy of the final determination letter.

Finding 2: No Plans to Review Eligibility Determinations

Mississippi had no system in place to determine whether information provided by participants was factual, or to terminate assistance in the event that participants were found to be ineligible.

OIG Recommendation:

We recommend that the Assistant Secretary of Employment and Training issue policy guidance that would require adequate documentation of eligibility of college students under the NEG grant based on self-certification; and require Mississippi to review all NEG participant files. ETA agreed to follow up in writing with the grantee to ensure that MDES had a system in place to review eligibility determinations.

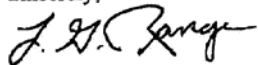
MDES RESPONSE:

MDES submitted a corrective action plan to the USDOL ETA which outlined steps to be taken to address eligibility concerns cited by the OIG. The plan included a 100 percent State level review of NEG participant files. MDES has requested a letter of final determination from the ETA Grant Officer. A copy of the request is attached. Upon receipt, MDES will also forward to the OIG a copy of the final determination letter.

Dr. Helen Parker
September 7, 2007
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If you need additional information, please contact Wanda Land at wland@mdes.ms.gov or 601-321-6597 or Yolonda Boone at yboone@mdes.ms.gov or 601-321-6127.

Sincerely,



Les Range
Deputy Executive Director

cc: Andrew Gill
Gary Lukens