

BRIEFLY...

Highlights of Report Number 04-07-008-03-390, 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 Louisiana Department of Labor (LDOL) a \$62.1 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 determine whether LDOL 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/2007/04-07-008-03-390.pdf>

September 2007 Audit of the Louisiana National Emergency Grant

WHAT OIG FOUND

With few exceptions, OIG found that Louisiana spent its NEG funds in accordance with Federal requirements, and reported NEG activities and outcomes accurately. Overall, tested grant expenditures were allowable, reasonable, properly allocated and accurately reported. We noted a few exceptions at the Jefferson Parish Workforce Connection (JPWC) that involved employee time distribution, discrepancies in participants' hours worked at five sub-contractor locations, reporting expenditures on the cash basis rather than the required accrual basis of accounting, and a lack of specific controls to review and verify subcontractor invoices prior to making payment.

NEG activities and outcomes were accurately reported with one exception. We found LDOL reported 7 out of 120 sampled NEG participants as temporarily employed even though they never worked.

WHAT OIG RECOMMENDED

We recommended that the Assistant Secretary for Employment and Training direct LDOL to ensure that JPWC:

- Adheres to a cost allocation plan for employee time distribution.
- Reviews and verifies subcontractor invoices before making payments.
- Reports expenditures based on the accrual accounting method.
- Develops specific written procedures for reviewing invoices.

We also recommended that the Assistant Secretary direct LDOL to ensure that participant employment activities are reported accurately.

LDOL stated that it agreed to all findings and recommendations in the report.