

BRIEFLY...

Highlights of Report Number: 06-04-001-02-201, a report to the Assistant Secretary, Veterans' Employment and Training Service (VETS). December 4, 2003.

WHY READ THE REPORT

The Department of Labor's Veterans' Employment and Training Service (VETS) administers the Homeless Veterans' Reintegration Program (HVRP) to provide funding to help homeless veterans obtain jobs. While official statistics do not exist, the Department of Veterans Affairs (DVA) estimates that up to 500,000 veterans experience homelessness at some point during the year. This target group copes with other barriers to employment, including mental illness (45 percent) and substance abuse (70 percent). HVRP grants support a range of services that include job training, counseling and placement.

WHY OIG CONDUCTED THE AUDIT

The audit resulted from an OIG investigation of alleged financial mismanagement by Rehabilitation Services and Veterans Programs (RS&VP), a private nonprofit agency in Albuquerque, New Mexico. RS&VP received \$1.7 million in HVRP grants for the period April 1, 1998, through June 30, 2003. Currently, a \$150,000 VETS' grant for the period July 1, 2003, through June 30, 2004, is RS&VP's only DOL funding. The audit objectives were to determine if RS&VP's internal controls and financial management systems provided reasonable assurance that costs charged to the DOL grants were allowable, properly allocated, adequately documented and properly reported.

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/2004/06-04-001-02-201.pdf>

DECEMBER 2003

AUDIT QUESTIONS OVER \$1.9 MILLION CHARGED TO GRANT TO HELP HOMELESS VETERANS FIND JOBS

WHAT OIG FOUND

Our audit found that RS&VP had inadequate financial management and internal controls that included:

- No separation of duties. Only the Executive Director and President (wife and husband) were authorized to sign checks.
- Co-mingling funds without properly tracking revenue and expenses to specific grants.
- Unallowable and unreasonable charges such as loans and nonsalary payments to employees, and over \$100,000 in questionable credit card purchases that included jewelry.
- Salaried employees paid as independent contractors.

WHAT OIG RECOMMENDED

We recommended that the Assistant Secretary for VETS:

- Immediately terminate the current \$150,000 grant awarded to RS&VP;
- Disallow \$1,593,700 awarded to RS&VP between April 2000 and June 2003; and
- Disallow \$178,125 awarded to RS&VP prior to April 2000 if RS&VP reported budgeted rather than actual expenditures during this period.

As a result of preliminary discussions with OIG about the audit findings, VETS imposed a freeze on RS&VP's ability to draw down current grant funds.