

Department of Labor
Office of Inspector General
Office of Audit

BRIEFLY...

Highlights of Report Number: 04-04-002-03-386, a Report to the Assistant Secretary for Employment and Training September 30, 2004.

WHY READ THE REPORT

Welfare-to-Work (WtW) legislation, passed by Congress in 1997, authorized the Secretary of Labor to provide \$3 billion to states and local communities to help welfare recipients in high poverty areas obtain employment. The South Florida Workforce Board (SFWB) was the largest of 24 designated regional subrecipients authorized to manage WtW programs within the state of Florida.

WHY OIG DID THE AUDIT

OIG audited a \$19.8 million WtW Grant provided to the South Florida Workforce Board, (SFWB) in PYs 1998 and 1999 after a review and analysis of its financial and participant reporting data as of March 31, 2002. SFWB's job placement costs were six times higher at \$39,409 than the regional average. Our audit objective was to determine whether SFWB managed the Federally funded grant in accordance with WtW legislation, associated regulations, and Office of Management and Budget (OMB) Circulars.

READ THE FULL REPORT

The full report, including the scope, methodology, and agency response is available on:

<http://www.oig.dol.gov/public/reports/oa/2004/04-04-002-03-386.pdf>

September 2004

SOUTH FLORIDA WORKFORCE BOARD DID NOT ADEQUATELY MANAGE FEDERAL WELFARE-TO-WORK FORMULA GRANTS

WHAT OIG FOUND

OIG found that SFWB did not: (1) have an adequate financial management system and cost allocation plan; (2) verify in-kind contributions of more than \$1.8 million, and, therefore, could not use them to satisfy the Federal matching requirement; and (3) meet participant reporting requirements because submissions were inaccurate and unreliable.

WHAT OIG RECOMMENDED

We recommend the Assistant Secretary for ETA require that Florida officials:

- Account for \$4.2 million in excess cash returned by SFWB.
- Collect interest lost resulting from unauthorized cash drawdowns.
- Resolve \$2.2 million in questioned contract costs.
- Adjust financial management reports to correct a \$5.5 million reporting error.
- Ensure that subgrantees establish and implement effective internal controls over financial management systems.
- Remove \$1.9 million of in-kind contributions claimed by SFWB.

Finally, we recommended that ETA conduct a quality review and oversight of data entered into participant information systems. SFWB officials have addressed our concerns related to excess cash and the in-kind match contribution. However, SFWB disagreed with our questioning \$2.2 million in contract costs and recommending collection of lost interest.