

**Department of Labor
Office of Inspector General
Office of Audit**

BRIEFLY...

Highlights of Report Number 04-09-001-03-001, report to the Deputy Assistant Secretary for Employment and Training, dated November 17, 2008.

WHY READ THE REPORT

The City of Atlanta was awarded Welfare-to-Work (WtW) and Workforce Investment Act (WIA) funds to assist eligible participants in obtaining employment. WtW participants received job readiness training, job placement services, and job retention assistance. WIA provided participants with services such as job search, placement, counseling, job readiness, and training.

Atlanta spent \$10.1 million in WtW grant funds between 1998 and 2004. During 2001 through 2003, Atlanta spent \$9.7 million of WIA Youth and Adult grant funds.

WHY OIG DID THE AUDIT

OIG conducted a performance audit of Atlanta's management of the WtW and WIA grant funds. We conducted this audit because an independent public accounting firm reported material weaknesses in Atlanta's cash management, financial reporting and participant eligibility for DOL programs in 2002. The audit focused on whether Atlanta adequately managed its WtW and WIA grant expenditures and complied with eligibility requirements when enrolling individuals into WtW and WIA programs.

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/2009/04-09-001-03-001.pdf>

November 2008

The City of Atlanta, Georgia Did Not Adequately Manage Welfare-to-Work and Workforce Investment Act Grants

WHAT OIG FOUND

We found that Atlanta did not have effective financial management systems for managing WtW and WIA funds. Specifically, Atlanta did not provide evidence that it complied with Federal procurement requirements. Atlanta also made payments to contractors that were not adequately supported. As a result, we questioned a total of \$10.1 million related to unsupported WtW grant expenditures

Atlanta paid WIA contractors for program services without adequate support, posted expenses to a general ledger account without proper support, and commingled WIA funds and non-DOL funds without the ability to trace or support the disbursements of the commingled funds. We questioned a total of \$1.2 million for unsupported costs related to WIA grant expenditures.

Atlanta did not have effective controls for tracing of WIA and WtW draw downs and expenditures to specific grants. In addition, Atlanta could not demonstrate that it always complied with eligibility requirements when enrolling individuals into WtW and WIA Youth programs.

WHAT OIG RECOMMENDED

The OIG recommended that the Deputy Assistant Secretary for Employment and Training:

- Recover \$11.3 in questioned costs related to unsupported WtW and WIA grant expenditures.
- Conduct timely follow-ups when grant monitoring reports identify problems.
- Ensure that Atlanta develops effective policies and procedures to maintain support for WIA grant, expenditures, reconcile grant expenditures with draw downs, and comply with program eligibility requirements.

The Executive Director of the Atlanta Workforce Development Agency (AWDA) strongly disagreed with the report's primary findings and recommendations to recover \$11.3 million of questioned costs. As appropriate, we made adjustments based on the information provided. However, the additional information did not cause us to revise our recommendations.