

## Appendix D

## Department's Response to Draft Report

U.S. Department of Labor

Office of the Assistant Secretary  
for Administration and Management  
Washington, D.C. 20210

SEP 25 2009

MEMORANDUM FOR ELLIOT P. LEWIS

Assistant Inspector General

FROM:

EDWARD C. HUGLER  
Deputy Assistant Secretary for Operations

SUBJECT:

Recovery Act Draft Report: *Performance Reporting Creates  
Challenges for the Department of Labor* (18-09-002-01-001)

As the Department's Senior Accountable Official for implementation of the American Recovery and Reinvestment Act of 2009 (Recovery Act), this responds to the Office of Inspector General (OIG) September 11, 2009, draft audit report of the Department's performance reporting under the Recovery Act.

As noted in the draft report, the unprecedented level of transparency and accountability required by the Recovery Act and the implementing guidance issued by the Office of Management and Budget (OMB) has created challenging new performance reporting requirements. As also acknowledged in the draft report, the Department was properly prepared to respond to the performance reporting requirements. As further delineated below, since the OIG completed its audit work on June 25, 2009, the Department has continued to effectively implement the Recovery Act performance reporting requirements and OMB guidance.

We concur with the recommendations in the draft report and respond to each as follows:

Recommendation 1

*Report quantitative information on the number and percent of participants who receive selected industry-specific training and employment under the WIA Adult and Dislocated Worker programs. The information should reflect high-growth industries or high-demand occupations.*

We appreciate the OIG's recognition of the importance of reporting on the public workforce system's role in connecting job seekers to occupations in demand through Recovery Act-funded Workforce Investment Act (WIA) programs. In addition, it is important to acknowledge that the Recovery Act provided additional funds to support job training under the WIA Adult and Dislocated Worker programs. The WIA statute requires that "[t]raining services provided...be directly linked to occupations that are in demand in the local area, or in another area to which an adult or dislocated worker receiving such services is willing to relocate..." (WIA 134(d)(G)(iii), emphasis added). It is important to also note that there is no provision in the WIA or the Recovery Act that requires training for Adults and Dislocated Workers be in industry sector or high demand occupations.

In response to this recommendation, the Employment and Training Administration (ETA) will

prepare a report of quantitative information of the type of occupational training provided with Recovery Act funds for the WIA Adult and Dislocated Worker programs. The report will be completed in the fourth quarter of Fiscal Year 2010, and will include the number and percent of participants by occupation of training. This report will be updated during the third quarter of FY 2011 to include the number who entered employment and the rate. Given the emphasis on longer-term training, coupled with existing performance reporting policies, the first outcomes of Recovery Act-funded participants will be available in 2011.

Recommendation 2

*Ensure that internal controls and procedures have been established and implemented for conducting data quality reviews of recipient reporting in advance of the October 2009 statutory reporting deadline.*

Since the OIG completed its audit work on June 25, 2009, the Department issued guidance to establish and implement the internal controls necessary to meet the requirements of the June 22, 2009, OMB Recovery Act recipient reporting guidance. The Department issued specific ARRA Contract Recipient Reporting guidance to the Department's ARRA acquisition community on August 27, 2009, September 9, 2009, September 18, 2009, and September 21, 2009. As required in Section 1512 of the Recovery Act and the Federal Acquisition Regulation, the Department's recipient reporting guidance was provided to contracting officers, contracting officer technical representatives, and appropriate members of our management team detailing responsibilities, procedures, and associated timelines. In addition, on August 14, 2009, ETA issued Training and Employment Guidance Letter (TEGL) No. 1-09, *Reporting Requirements under Section 1512 of the American Recovery and Reinvestment Act of 2009* – which details how training grant recipients are to abide by the requirements of both Section 1512 of the Recovery Act and the June 22 OMB guidance.

We consider this recommendation ready to be closed.

Recommendations 3 and 4

*Ensure all agencies submit final Risk Management Plans that include program-specific risks.*

*Update the Department's Program-specific Recovery Act Plans to reflect risks identified in the final Risk Management Plans, and coordinate any changes made to the Program-specific Recovery Act Plans with OMB.*

In response to these two recommendations, the Department will ensure that all final Recovery Act risk plans include program-specific risks. The Department will also ensure that the measures included in the program-specific Recovery Act plans are consistent with the risk management requirements of Section 3 of the April 3, 2009, Recovery Act updated implementing guidance. Any resulting changes to program-specific Recovery Act plans will be coordinated with OMB.

The Department uses the risk management plans to inform its analyses of the findings and results from the agencies' quarterly Budget and Performance Management Reviews – as required in the OMB April 3, 2009 guidance. These reviews identify and describe any risks triggered in the reporting quarter, the date the risk was identified, and the actions taken by the agency to address the risk or the current status. The reviews also include the agencies' progress toward achieving the milestones listed in their program-specific Recovery Act plans.

Thank you for the time you and your staff invested on this performance audit – and we look forward to working with you to close the recommendations.

cc: T. Michael Kerr, Assistant Secretary for Administration and Management  
Jane Oates, Assistant Secretary for Employment and Training