

**U.S. Department of Labor  
Office of Inspector General  
Office of Audit**

## **BRIEFLY...**

Highlights of Report Number 04-12-002-03-315, issued to the Assistant Secretary for Employment and Training.

### **WHY READ THE REPORT**

The Office of Inspector General (OIG) conducted a performance audit of the Employment and Training Administration's (ETA) controls and processes over Unemployment Insurance (UI) administrative costs in the States of Florida and Maine. While the UI program is based on federal law, it is administered by the states under state law. ETA is responsible for setting broad policy for the program, monitoring states' performance, and ensuring compliance with federal and state laws. To ensure compliance, ETA performs quarterly desk reviews of states' UI administrative activities and conducts what it refers to as comprehensive reviews of state workforce agencies' (SWA) administrative systems at least once every three years.

### **WHY OIG CONDUCTED THE AUDIT**

The audit objective was to answer the following question:

Did ETA have adequate controls to ensure States' UI administrative costs complied with OMB A-87 requirements?

To accomplish our audit, we conducted fieldwork at SWAs in Florida and Maine.

### **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/2012/04-12-002-03-315.pdf>.

**September 19, 2012**

## **ETA CAN IMPROVE OVERSIGHT OF STATES' UI ADMINISTRATIVE COSTS**

### **WHAT OIG FOUND**

The OIG found that neither Maine nor Florida was consistent in its compliance with Office of Management and Budget Circular A-87. For example, we questioned \$550,179 in the State of Maine because it spent \$342,745 on items such as travel and professional fees without adequate support, and charged \$207,434 in administrative costs to the incorrect UI administrative grants. We also questioned \$40,982 in the State of Florida because it overcharged the UI administrative grant for postage fees that it had recorded improperly.

ETA's desk reviews were limited and statewide single audits, which ETA relied on, were not always sufficient for testing UI administrative transactions and providing adequate oversight.

While ETA conducted what it referred to as comprehensive reviews of both Florida's and Maine's administrative systems in 2009 and 2010, respectively, the reviews were generic to all grants and did not identify deficiencies similar to those found in this report.

### **WHAT OIG RECOMMENDED**

The OIG recommended that the Assistant Secretary for Employment and Training: 1) recover \$550,179 from Maine and \$40,982 from Florida in questioned costs that are detailed in this report, and 2) develop and implement a program-specific monitoring guide that includes detailed transaction testing of state UI administrative costs as part of ETA's periodic comprehensive monitoring reviews.

While ETA raised some concerns about OIG's conclusions, it agreed with the recommendation to develop a UI program-specific monitoring guide to enhance existing monitoring procedures, and will determine if the questioned costs should be recovered.