# REPORT TO THE EMPLOYMENT AND TRAINING ADMINISTRATION



EXPERIENCE WORKS, INC. MISUSED MORE THAN \$4 MILLION IN SCSEP GRANT FUNDS

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

## BRIEFLY...



## EXPERIENCE WORKS, INC. MISUSED MORE THAN \$4 MILLION IN SCSEP GRANT FUNDS

September 28 2018

#### WHY OIG CONDUCTED THE AUDIT

We conducted an audit of Experience Works, Inc. (EW) – a Senior Community Service Employment Program (SCSEP) grantee – to address numerous complaints alleging misuse of federal funds. We also received Congressional and agency requests to audit possible misuse of federal funds.

SCSEP is administered by the U.S. Department of Labor's Employment and Training Administration (ETA). During program years 2012-2015, EW was the largest recipient of SCSEP federal grant funds. EW annually received about \$84 million directly from ETA to provide job skills training to thousands of unemployed seniors who have little or no income so they can obtain unsubsidized employment.

#### WHAT OIG DID

We conducted a performance audit to determine the following:

Did Experience Works, Inc. properly use SCSEP grant funds?

Our work included analyzing EW's general ledger accounts, bank records, and financial reports; reviewing supporting details; and interviewing EW and ETA officials.

#### READ THE FULL REPORT

http://www.oig.dol.gov/public/reports/oa/2018/26-18-002-03-360.pdf

#### WHAT OIG FOUND

EW significantly misused SCSEP grant funds totaling \$4.2 million from 2012 through 2015. We found EW improperly used \$2.35 million from its grant-funded employee leave account for unauthorized expenses. EW's actions so depleted the account that it was unable to meet its obligations to pay earned leave to 175 separated employees, shortchanging them a total of \$294,577.

EW also misused \$1.83 million, which was comprised of \$759,875 in unreasonable expenses for EW's former Board of Directors' Chairman and other former high-level executives' compensation; \$679,094 in unreasonable severance payments; and \$392,197 on unreasonable and unsupported travel and other expenses.

A significant factor that contributed to the misuse of funds was the lack of an effective control environment. EW's former executives fiscally mismanaged federal grant funds and disregarded or overrode key internal controls. ETA was also culpable due to its inadequate oversight of EW, which allowed the misuse of grant funds to go unchecked for years. By the time ETA initiated a comprehensive review of EW in 2015, EW had already misused millions of dollars in grant funds. Subsequently, in October 2016, ETA reduced EW's direct SCSEP grant funds from \$84 million to \$11.5 million.

#### WHAT OIG RECOMMENDED

We recommended the Principal Deputy Assistant Secretary for Employment and Training require EW to repay \$1.3 million to its leave account, pay \$294,577 in owed annual leave to former employees, reimburse \$1.83 million to DOL for questioned costs, and improve internal controls. We also recommended ETA improve its oversight and monitoring of SCSEP grant funds, and ensure EW's corrective actions are adequate to safeguard federal funds.

ETA agreed with our recommendations and said it has taken corrective actions. EW said that we overstated the amount of misused SCSEP grant funds, but will work with ETA to resolve questioned costs listed in the report.

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## **INSPECTOR GENERAL'S REPORT**

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This report presents the results of our audit of Experience Works, Inc. (EW), a national non-profit organization headquartered in Arlington, VA, and long-time national Senior Community Service Employment Program (SCSEP) grantee.

SCSEP, administered by the U.S. Department of Labor's (DOL) Employment and Training Administration (ETA), funds various organizations nationwide to provide part-time employment, job skills training, and employment assistance to low-income, unemployed seniors. SCSEP funding is competitive and disbursed in four-year grants that are renewable annually in each of those four years. Over the last five years, SCSEP grantees received annual funding of approximately \$435 million and served an estimated 69,000 participants each year. For most of this period, EW was ETA's largest recipient of SCSEP grant funds and received almost all of its operational funding from the grants, averaging \$102 million per year. EW operated in 30 states and Puerto Rico.

<sup>&</sup>lt;sup>1</sup> Congressional Budget Justifications for fiscal years 2013-2017.

<sup>&</sup>lt;sup>2</sup> EW was primarily (99 percent) funded by SCSEP monies from DOL in the form of direct grant awards and pass-through grants from state agencies, including Puerto Rico. Annually, this amounted to approximately \$84 million and \$18 million, respectively. This amount, \$102 million, was roughly 23 percent of the overall SCSEP budget of \$435 million.

From 2013 to 2017, the Office of Inspector General (OIG) received eight complaints alleging that EW was misusing and wasting grant funds.<sup>3</sup> Complaints included allegations that EW's former Chief Executive Officer (CEO)<sup>4</sup> misused funds for personal gain, spent money on unnecessary and unallowable in-town rental car expenses, and used EW staff for personal errands.

We also received requests from the Senate Committee on Health, Education, Labor, and Pensions, as well as from ETA, to audit allegations of misused federal funds. In response to the allegations and congressional and agency requests, we conducted a performance audit to determine the following:

Did Experience Works, Inc. properly use SCSEP grant funds?

Our audit revealed that EW misused \$4.2 million in SCSEP grant funds. The scope of our work generally covered January 1, 2012, through December 31, 2015. In certain instances where we identified significant issues or patterns of significant misuse, we expanded our scope to cover as far back as January 2010 and as recently as June 2018.

ETA started to understand the depth of EW's problems in June 2015 when ETA conducted an on-site monitoring visit to EW's headquarters. ETA staff told the OIG that EW's evasiveness and inability to produce adequate documentation to support some expenses prompted ETA to conduct a comprehensive review. In its December 2015 report, ETA identified significant concerns with EW's management of SCSEP grants, disallowing over \$1.6 million in grant expenses, and questioning EW's ability to be a steward of federal funds.<sup>5</sup> In August 2016, ETA continued to find issues with EW's financial management practices and increased its disallowed amount to almost \$2 million.<sup>6</sup> At the same time, ETA solicited and selected applicants for its next four-year grant award cycle. We issued an interim report recommending that ETA at a minimum take into account

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<sup>&</sup>lt;sup>3</sup> These complaints also alleged grant funds were misused to create a for-profit company and pay unreasonable severance amounts to forced-out employees in exchange for signed non-disparagement agreements. See Exhibit 2 on page 25 for a summary of the allegations we reviewed.

<sup>&</sup>lt;sup>4</sup> During our audit period, EW underwent a number of reorganizations that resulted in different titles (i.e., Executive Director, Managing Director, and CEO) and persons for the same top management position. For simplicity, we will refer to the top management position as CEO.

<sup>&</sup>lt;sup>5</sup> DOL ETA, EW Financial Compliance Review Monitoring Report for SCSEP Grant Numbers AD241881355A51, AD255271455A51, and AD257031455A51 (December 18, 2015).

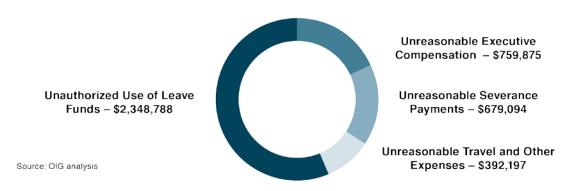
<sup>&</sup>lt;sup>6</sup> DOL ETA, Reply to EW's Response to the EW Financial Compliance Review Report dated December 18, 2015 (August 2016). See Exhibit 1 on page 22 for a comparison of ETA's disallowed costs and the OIG's identification of misused federal funds.

its own findings about EW's questionable financial management practices when considering EW's application for new grant funds. While ETA selected EW to continue as a grantee in October 2016, ETA awarded a much reduced four-year SCSEP grant totaling \$11.5 million. EW's state operations were subsequently reduced from 30 states and Puerto Rico to 6 states.

## **RESULTS**

Our audit revealed that EW significantly misused SCSEP grant funds, totaling \$4.2 million, from 2012 through 2015.8 Specifically, EW misused \$2.35 million of its annual leave account for unauthorized purposes and \$1.83 million for unreasonable and unsupported costs (\$759,875 for executives' compensation, \$679,094 for severance payments, and \$392,197 for travel and other expenses).





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<sup>&</sup>lt;sup>7</sup> DOL OIG, Audit of Experience Works' Senior Community Service Employment Program Grant, Interim Report No 26-16-001-03-360 (September 30, 2016).

<sup>&</sup>lt;sup>8</sup> We found EW misused a total of \$4,179,954 in federal funds. Ninety-eight percent of this misuse (\$4,085,499) occurred between 2012 and 2015. We identified only two instances of misuse outside of this period: \$48,180 for unreasonable executive compensation from 2011, and \$46,275 for an unreasonable severance payment made in 2016.

MORE THAN \$4 MILLION IN FEDERAL FUNDS WERE MISUSED BETWEEN 2012-2015

EW significantly misused SCSEP grant funds totaling \$4.2 million between 2012-2015 as follows:

- EW improperly used \$2.35 million from an account established to accumulate employee annual leave funds. EW's actions during 2012-2015 depleted the leave account to the point that it could not meet its obligations to pay earned leave, shortchanging 175 separated employees a total of \$294,577.9
- EW spent \$759,875 in unreasonable compensation expenses for EW's former Board of Directors' (Board) Chairman and other former high-level executives.
- EW spent \$679,094 in unreasonable severance payments. EW could not show that these severance payment amounts were ordinary and necessary for the benefit of the grant. Moreover, in exchange for these severance payments, EW required separating employees to sign non-disparaging clauses and other releases that may have discouraged them from speaking up about any improper conduct by EW or any of its directors and officers.
- EW spent \$392,197 on unreasonable and unsupported travel and other expenses. These expenses included tens of thousands of dollars for local hotel stays and food charges for local staff, as well as other expenses that did not benefit the SCSEP grant, including \$14,097 for the former CEO's in-town personal rental car expenses.

EW acknowledged some wrongdoing and returned approximately \$1 million to its employee leave account (using non-federal funds). However, EW still has not returned the remaining \$1.3 million to the account. The \$1.3 million includes \$294,577 that EW should pay to former employees for vacation earned, but not paid at separation. EW also needs to reimburse \$1.83 million in misused funds to the federal government.

A significant factor that contributed to the misuse of funds was the lack of an effective control environment. EW's "tone at the top," fundamental to an effective internal control system, did not reflect an organization committed to safeguarding millions of government dollars from misuse and waste. EW's former leaders –

<sup>&</sup>lt;sup>9</sup> EW owes this amount as of June 2018.

Board, CEO, and other executives – were the ones who engaged in questionable practices.

In 2012, EW's former Board appointed its Chairman to be the CEO, despite the conflict of interest risks. A few months later, the former Board then promoted an employee, whose primary experience was as an executive assistant, <sup>10</sup> to be the CEO even though the executive assistant was not qualified for the position. EW's job profile for the CEO position called for at least 10 years of experience with SCSEP or other related programs, significant leadership experience and a law degree, with a concentration in labor law, or an advanced degree in business, public affairs, or marketing. Instead, the executive assistant had only four years of SCSEP experience, no leadership experience, and a two-year Associate's Degree. These former EW executives fiscally mismanaged the company, and disregarded or overrode key internal controls. In August 2015, a few months after two new members joined the Board, EW sought to improve management of the company by removing the former Chairman and former CEO and installing a new executive team and legal counsel.

ETA's oversight of EW was inadequate prior to its on-site monitoring visit to EW's headquarters in 2015, even though EW was the largest recipient of ETA's SCSEP grant funds. ETA's lack of oversight allowed the misuse of grant funds to go unchecked for years. Some issues relating to EW's leadership weaknesses and poor fiscal management started in 2012 or possibly earlier, but ETA did not conduct a comprehensive review of EW until its 2015 visit. ETA staff told us that during the visit, EW's evasiveness and inability to produce adequate documentation to support some expenses prompted ETA to conduct a comprehensive review the following month. By that time, EW had already misused millions of dollars in grant funds. Subsequently, ETA reduced EW's direct SCSEP grant funds from \$84 million to \$11.5 million. This resulted in mass layoffs at EW and the transfer of thousands of SCSEP participants to other service providers to avoid disruption to their services.

Federal regulations required EW use federal funds only for their intended purpose, charging only those costs that, at a minimum, were reasonable and adequately documented.<sup>11</sup> In determining the reasonableness of a given cost, we considered whether (1) the cost was ordinary and necessary for performance of the award and (2) EW acted with prudence considering their responsibilities to

<sup>&</sup>lt;sup>10</sup> EW made the executive assistant the "Interim Director of Administration" from December 2012 to February 2013. Her 7 years of work experience prior to that was as an executive assistant. Therefore, we refer to that employee as executive assistant throughout the report.

<sup>&</sup>lt;sup>11</sup> 29 CFR 95.21(b)(3) and 2 CFR 200.302(b)(4) (intended purpose) and 2 CFR 230 Appendix A and 2 CFR 200.403(a) and 2 CFR 200.403(g) (reasonable and adequately documented).

the public and federal government.<sup>12</sup> We considered costs that did not meet these requirements a misuse of government funds.

## \$2.35 million of Employee Leave Account Used for Unauthorized Purposes

To address allegations related to EW's employee annual leave accounts, we reviewed all activity for unauthorized usage and evidence of any repayments by EW using non-federal funds. We also recalculated the leave fund balance from 2012 through 2015 using EW's general ledger and available records (e.g., bank records).

Employees' salaries and fringe benefits, including the costs of vacation leave, were allowable expenses to SCSEP grants. As employees earned leave, EW charged the grant for the expenses. When vacation leave earned exceeded leave used, EW would deposit the unpaid benefits into an investment account until future payments needed to be made. Federal regulations, codified in 29 Code of Federal Regulations (CFR) Part 95 and 2 CFR Part 200, required EW maintain and use the grant funds for the purposes for which they were authorized. When EW charged the grant for its employees' earned vacation leave, the grant provided the funds to pay for it. Using these funds for any other expenses was not authorized.

We found EW used \$2.35 million from the grant-funded employee leave account over a three-year period (May 2012 through July 2015) to pay for the following unauthorized expenses:<sup>13</sup>

- \$1.3 million to cover state program expenses in May 2012 (\$944,488) and June 2014 (\$356,300) – Where EW was a sub-recipient of SCSEP grant funds, EW generally expended funds for services up-front and waited for reimbursement from the various state agencies. However, in May 2012 and June 2014, EW did not have sufficient funds to bridge the time between when it paid and received reimbursement for these expenses. Instead, EW improperly took funds from its leave account.
- \$248,000 to purchase a software platform in February 2014 EW used the software as the basis for establishing a separate for-profit subsidiary, Swift Innovative Technologies, LLC (Swift), wholly owned and operated by EW.

<sup>&</sup>lt;sup>12</sup> 2 CFR 230 Appendix A (subparagraphs A.3.a and A.3.c) and 2 CFR 200.404(a) and (d).

<sup>&</sup>lt;sup>13</sup> According to EW, this balance includes interest and income earned from its running annual leave account balances. However, EW was not able to provide sufficient documentation (e.g., bank records, account reconciliations, or general ledger activity) to substantiate its claims of interest. Moreover, any interest or income would be subject to the appropriate federal regulations, which would likely require the return of any amount in excess of the allowable amount to ETA.

EW's former CEO was also the CEO for Swift. Although the software was used to manage SCSEP participants, the purchase was an unauthorized use of employee leave account funds.

These actions raised concerns EW could: (1) establish Swift as the sole provider of these software services regardless of Swift's qualifications; (2) bill itself (through Swift) and then the SCSEP grant for services that were inadequately, or at worst, never provided; and (3) have Swift charge prices that might not be favorable to taxpayers and the federal government. Any money paid to Swift would be an additional revenue stream for EW. Board meeting notes showed EW management expected revenue from clients (which included EW) to provide a return on investment within the first year of business. Unlike grant monies, any funds paid to Swift could generally be considered unrestricted and used for any purpose.

In January 2015, Swift billed EW \$70,000 for services and EW then charged the expense to the grant. ETA flagged the expense and required EW prove services were: (1) actually provided and (2) allowable charges for the grant. EW subsequently withdrew the charge.

\$800,000 to cover payroll and other operating expenses in July 2015 – EW had overspent its federal grant funds for this period.

All these actions violated federal regulations. EW's intentional unauthorized use of these funds and overall poor fiscal controls were contributing causes. EW's fiscal challenges occurred in part because 99 percent of its funding came from SCSEP grant awards. The bulk of EW's funding came directly from DOL, with a smaller portion passed through from states where EW was a sub-recipient of SCSEP grant funds. As noted earlier, EW had to expend funds for its state grant services upfront and wait for states to reimburse these expenses. This created a constant fiscal challenge for EW because it had to have sufficient cash to bridge the time between paying state expenses and being reimbursed. Normally, EW used its unrestricted operating funds (derived mostly from donations that could be used for any type of expense) to cover these expenses.

Over time, several factors led to cash flow problems for EW such as lag time in states' reimbursing expenses, incorrect budgeting, decrease in donations, and failure to manage and control spending. EW had options that did not involve using its annual leave account including the following: (1) obtain financing (i.e., line of credit, loan) that likely would have resulted in additional costs (e.g., finance fees, interest); (2) use cash from unrestricted operating funds; and (3) manage and control spending. For example, a consultant, hired by EW, attributed EW's 2015 grant overspending and subsequent cash shortage mostly to EW's "failure to address budget variances early in the fiscal year and failure to

accurately track the rate of expenditures against accurate analysis of estimates of funds available to complete."14

Documented management discussions showed EW used its employee annual leave account as a line of credit to cover its state and other expenses because EW did not have sufficient funds to cover these expenses; considered a bank line of credit too expensive; and had taken money from this fund before (e.g., May 2012) without consequence. EW also believed DOL did not monitor these funds. In total, over a three-year span, EW misused \$2.3 million in federal funds provided to pay for employee annual leave, leaving only \$1,133 in the account at the end of 2015.

While EW returned some funds to the leave account, it still owed \$1.3 million to the account. That amount included \$294,577 that EW owed to 175 former employees terminated from December 2016 through December 2017. Employee terminations were largely attributable to EW's decreased grant funding. These employees suffered a financial loss because EW paid them less than half of the leave they rightfully earned.

## \$1.83 Million Spent on Unreasonable and Unsupported Expenses

We received complaints alleging EW leadership misused grant funds to pay: (1) unreasonable executive compensation; (2) unreasonable severance packages to departing employees in exchange for signing non-disparagement agreements that discouraged the disclosure of alleged management misconduct (including fraud, waste, and abuse of federal funds); and (3) a wide array of other improper expenses (e.g., rental cars for personal use).

Using a risk-based approach, we judgmentally selected and reviewed expenses for executive compensation, severance payments, credit card purchases, and vendor payments. We reviewed supporting documentation for individual costs (e.g., expense reports, invoices, receipts, travel vouchers, severance agreements). We also reviewed Board meeting minutes and EW management explanations for details as to the business purpose for executive compensation, severance payments, and other individual expenses. We questioned any costs that appeared unreasonable and/or unsupported.<sup>17</sup>

<sup>&</sup>lt;sup>14</sup> Brenton-Dabney Group, "Assessment and Findings Organizational Solvency, Stability, and Sustainability" (July 14, 2015).

<sup>&</sup>lt;sup>15</sup> EW returned \$1,192,488 to the account; however, EW's records showed only \$1,039,121 of this amount was non-federal funds.

<sup>&</sup>lt;sup>16</sup> EW owed this amount as of June 2018.

<sup>&</sup>lt;sup>17</sup> See notes 11 and 12 above.

## \$759,875 Misused on Executive Compensation

We identified misuse of federal grant funds totaling \$759,875 for executive compensation as follows:

- \$48,180 for travel costs EW instituted a dual-CEO structure in October 2010, one of numerous changes at the CEO position during our audit scope. One of the dual-CEOs was a manager from EW's Beattyville, KY office. In June 2011, EW reimbursed the manager \$48,180 in travel costs for regular commutes during this timeframe to EW's Arlington, VA headquarters. EW did not have analyses to show that this was more cost effective than relocation, nor that it was a short-term arrangement. Therefore, this was an unreasonable use of SCSEP grants funds, as EW should have: required this manager to move, hired someone who lived locally, or used its own funds to pay these expenses. EW agreed charging the travel expenses to the grant was not reasonable.
- \$43,556 for the former Chairman's time spent as CEO October 2012 to February 2013 – In October 2012, after terminating one of numerous CEOs during our audit period and despite the conflict of interest risks, the former Board appointed the Chairman at the time to be both CEO and Chairman, while they searched for a new CEO. He resigned the CEO position in February 2013 only after ETA raised concerns that being both CEO and Chairman was a conflict of interest. Moreover, EW's SCSEP grant agreement stipulated that EW would "establish safeguards to prohibit employees from using their positions for a purpose that constitutes or presents the appearance of personal or organizational conflict of interest or personal gain." As such, we questioned the \$43,556 the former Chairman received in CEO salary as unreasonable.

EW told us the temporary nature of the CEO role and oversight by other Board members mitigated the conflict of interest. However, EW conceded the Chairman exerted disproportionate authority over the organization and "used his power as Chairman of the BOD [board of directors] to manage EW in the manner he saw appropriate." We therefore continue to question the CEO salary. The associated costs of the Chairman/CEO's conflict of interest is evidenced by his role in the misuse of grant funds, which included charging the grant \$47,599 in questioned expenses (detailed on pages 13-15). The conflict of interest only ended when ETA expressed its concern.

\$396,615 for the former CEO's salary from February 2013 to August 2015 –
 After the former Chairman relinquished the CEO position in February 2013,
 the former Board promoted an unqualified executive assistant to the CEO

position. EW's CEO job profile required the CEO to have at least 10 years of experience with SCSEP or other related programs; significant leadership experience and a law degree, with a concentration in labor law; or an advanced degree in business, public affairs, or marketing. The promoted executive assistant had only four years of SCSEP experience, no leadership experience, and only a two-year Associate's Degree.

This individual also inflated her resume provided to ETA when EW notified the agency of her promotion. The resume provided to ETA showed her job title at her prior employer was "Director of Executive Affairs." Her resume when she first joined EW in 2009 listed that job title as "Executive Assistant." Her pre-EW work experience on the revised resume provided to ETA also described management level work that was not included on her 2009 resume. Due to her lack of qualifications and role in the mismanagement actions discussed throughout the report, which included charging the grant \$177,784 in questioned expenses (detailed on pages 13-15), we questioned her entire salary for when she was CEO totaling \$396,615 as unreasonable.

EW acknowledged to us that the Board knew she lacked the needed professional qualifications prior to her promotion to CEO. EW also acknowledged it made a serious error promoting this individual to the CEO position. EW stated, "in addition to being an incompetent manager," she "used her position to deceive EW and to misappropriate grant funds." EW also stated there was no doubt she "used the oversight authority of the CEO as a tool to ensure EW staff complied with her directives." EW terminated her employment in August 2015.

\$241,524 for the former Director of Operations' salary from September 2013 to August 2015 – In September 2013, under the former Chairman and former CEO's tenure, EW hired a Director of Operations without any evidence it performed a thorough background check to ensure the Director of Operations had the kind of experience he claimed on his resume and warranted the salary he was paid. We also learned the individual worked with the former CEO's brother and boyfriend at his last place of employment and had inflated his prior salary by more than 100 percent on his application. These factors gave the impression EW hired the former Director of Operations because of personal connections and not for his qualifications. EW terminated his employment in August 2015.

As noted on pages 13-15, we also found that he was complicit in charging the grant \$42,671 in questioned expenses. We also conclude that he played a role in the mismanagement actions discussed throughout the report. This included the loss of two of EW's state pass-through funded grants. Based on EW's lack of diligence in verifying his qualifications, his role in financial

mismanagement during his tenure, and his complicity in charging questioned costs to the grant, we questioned \$241,524, which constituted his entire salary when he was in this role, as unreasonable. While EW acknowledged the former Director of Operations played a role in its demise, EW stated it was unreasonable to question his salary because he performed work even though it was not satisfactory. We disagree and continue to question his salary.

\$30,000 for bonuses paid to the CEO and Director of Operations in 2014 (\$15,000 each) – While EW had a policy covering the payment of bonuses, the company provided no documentation to show how either of these individuals met the criteria laid out in the policy. Additionally, based on all of the financial mismanagement discussed above we found it unreasonable for EW to have awarded these two bonus payments. As such, we questioned both \$15,000 bonuses as unreasonable and unsupported. EW agreed that both bonuses were unreasonable.

See Table 1 below for a summary of our testing on executive compensation:

TABLE 1: SUMMARY OF MISUSED FUNDS FOR EXECUTIVE COMPENSATION

|   | Questioned Costs |
|---|------------------|
| Commuting costs from Kentucky to VA                               | \$48,180         |
| 2. Salary for former Chairman while Acting CEO                    | \$43,556         |
| 3. Salaries for former CEO and former Director of Operations      | \$638,139        |
| 4. Bonus payments to former CEO and former Director of Operations | \$30,000         |
| Totals  | \$759,875        |

Source: OIG analysis

## \$679,094 in Unreasonable Severance Pay

To address alleged misuse related to non-disparagement agreements, we tested 157 severance payments, totaling \$1.1 million, to determine whether the payments were adequately documented and reasonable. The payments tested generally occurred from June 2010 through August 2015 (when EW removed the Chairman and CEO for cause). Prior to November 2012, EW generally used severance payments for individuals in low-level positions (e.g., bookkeepers and administrative assistants) who departed because of changes in grant funding from year to year. However, starting in November 2012, after turnover in the CEO position (discussed on page 16), EW started paying unreasonable amounts to individuals in more senior level positions, such as managers and directors.

We identified 31 unreasonable payments, totaling \$679,094, where EW was unable to produce supporting documentation to show it acted with prudence and that payment amounts were ordinary and necessary for the benefit of the grant in

accordance with federal regulations. Moreover, in exchange for severance pay, we found EW required employees to sign non-disparaging clauses and other releases. Specific conditions included: (1) waiving rights to assert, or voluntarily assist any third party in asserting, all forms of legal claims against EW "arising from the beginning of time" and (2) agreeing not to make any statements, written or oral, that disparaged EW, Board members, or executives.

While the agreements did not expressly prohibit individuals from providing truthful testimony in legal proceedings and communications with government agencies, they contained stipulations to: (1) give EW at least 10 days written notice of any intent to do so and (2) comply with the confidentiality clauses. EW told us the former CEO was "quick to punish her critics" and "used the oversight authority of the CEO as a tool to ensure that EW staff complied with her directives." It is reasonable to assume that departing employees might have refrained from disclosing any knowledge of misuse of federal funds by EW management to ETA because such remarks could be viewed as disparaging and result in forfeiting their severance and facing costly litigation. As such, these conditions and stipulations may have led some former employees to sign the agreement, take the severance pay, and keep quiet about any knowledge of wrongdoing as alleged in complaints.

Examples of unreasonable severance payments include:

- \$107,692 paid to two executives (\$53,846 each) who worked at EW for more than 30 years (November 2012). While the executives were terminated due to a "reorganization," EW acknowledged the purpose of the reorganization was really to promote the unqualified former executive assistant to CEO.
- \$50,000 paid to the former Chief of Staff who worked at EW for 6 years before leaving voluntarily (August 2014). She left EW for a contractor position with ETA, where she provided technical assistance for SCSEP grants. EW paid her almost 6 months of severance.
- \$10,462 (2 months of severance) paid to an executive assistant who worked at EW less than 5 months before being terminated due to a "reorganization."
- \$46,275 paid to a new CFO, hired after the removal of EW's former executive team, who worked at EW for just a little over 1 year (December 2016). 18 EW said it was a necessary expense, as it is customary for executives to negotiate specific terms of employment. We disagree that this was a necessary expenditure of grant funds. As noted in this report, EW was responsible for the circumstances that led to his hiring. While EW believed it

<sup>&</sup>lt;sup>18</sup> New CFO's employment dates were November 23, 2015 through December 14, 2016.

needed to offer the severance payment to secure the CFO, it should have used non-grant funds for this management decision. EW paid him over 3 months of severance.

EW acknowledged to us that the former Chairman and former CEO played a role in the company's high management turnover during 2013-2015 and terminated staff who disagreed with them via "re-organizations". Management discussions noted for Board meetings in June and October 2014 showed EW was concerned that people were not signing separation agreements and decided to offer more generous and flexible severance payments to get them to sign. The new agreements started at \$20,000 and went as high as \$35,000, regardless of the employee's position, pay, and number of years worked. As such, we found the general allegations that EW misused severance payments valid.

EW disagreed and said, in part, that the severance payments were consistent with the company's severance policies, which allowed the payment of any amount for any termination reason, even voluntary departures. EW also stated there were numerous valid management reasons behind the individual severance payments we determined to be unreasonable. However, EW could not produce records to support the various management reasons given for individual payments. Therefore, it could not show these payments were a necessary use of grant funds. As such, the 31 severance payments made to separated employees totaling \$679,094 were unreasonable.

\$392,197 in Unreasonable and Unsupported Travel and Other Expenses

We tested 1,985 credit card transactions totaling \$672,419 that EW charged to federal SCSEP grants from May 2012 to January 2016 for allowability. We found 1,532 transactions totaling \$377,174 were not reasonable and/or lacked adequate documentation of expenses (e.g., receipts, invoices, and explanations to support why the charges were appropriate grant expenses). Misuse of federal grant funds was widespread throughout former EW senior management. For example:

- Former Board Chairman
  - \$15,578 in travel expenses (e.g., air, hotel, food) for several trips to EW headquarters where there was no documentation to show a business purpose.
  - \$96 for Netflix, online media streaming services.
- Former CEO
  - \$14,097 in local car rental expenses for personal use. This
    included luxury car rentals and a 30-day rental because the
    CEO loaned her personal vehicle to a family member.

- \$7,499 in personal travel. This included a trip to Florida with family members.
- \$860 in personal transactions, such as retail (e.g., Apple Store, Brook Stone), hotel charges (e.g., in room movie, food, and honor bar charges), and iTunes purchases.

## Former Director of Operations

- \$1,437 for hotel room in San Diego, CA, where there was no supporting documentation to show a business purpose for the trip.
- 10 instances of paying for a meal using an EW credit card while also claiming the meal per diem; thus, grant funds paid for the same meals twice.

#### Former Chief of Staff

- \$2,245 for in-town/local hotel stays.
- \$1,517 in personal transactions for retail (e.g., \$263 at Marshalls department store) and in-town food purchases.
- Three instances of paying for a meal using an EW credit card while also claiming the meal per diem; thus, grants funds paid for the same meal twice.

We also tested various payments totaling \$1,488,348 made through EW's vendor payment system to 25 businesses (e.g., law firms, retail stores) and EW employees for allowability. We questioned \$15,023 made to nine of the vendors because the payments were unreasonable, served no business purpose, were not allowed under EW policy, and/or lacked adequate supporting documentation (e.g., lack of supervisory approval). The charges were for Swift-related legal fees (\$3,725), cell phone reimbursements (\$9,298), and computer equipment (\$2,000).

See Table 2 on the next page for a summary of our testing:

<sup>&</sup>lt;sup>19</sup> The nine vendors were comprised of two law firms, one retail store, and six EW employees.

TABLE 2: SUMMARY OF UNREASONABLE AND UNSUPPORTED TRAVEL AND OTHER EXPENSES

|   | Tested       |             | Questioned                       |           |
|---|--------------|-------------|----------------------------------|-----------|
| Description   | Transactions | Amount      | Transactions                     | Amount    |
| Credit Card Holder  |              |             |                                  |           |
| Former CEO  | 822          | \$246,660   | 687                              | \$177,784 |
| Former Board Chairman   | 318          | \$51,837    | 304                              | \$47,599  |
| Former CFO  | 199          | \$162,251   | 137                              | \$54,308  |
| Former Director of Operations   | 254          | \$55,555    | 197                              | \$42,671  |
| Former Director of Communications & Development                         | 98           | \$45,903    | 31                               | \$6,695   |
| Former Chief of Staff   | 222          | \$55,836    | 161                              | \$45,125  |
| Information Technology Manager  | 64           | \$52,927    | 7                                | \$1,542   |
| Pennsylvania/New Jersey State<br>Program Director                       | 8            | \$1,450     | 8                                | \$1,450   |
| Sub-totals  | 1,985        | \$672,419   | 1,532                            | \$377,174 |
|   | Vendors      | Amount      | Questioned<br>Vendor<br>Payments | Amount    |
| Legal fees for Swift, cell phone reimbursements, and computer equipment | 25           | \$1,488,348 | 9                                | \$15,023  |
| Totals  | -            | \$2,160,767 | -                                | \$392,197 |

Source: OIG analysis

## Inappropriate "Tone at the Top" Contributed to EW's Problems

EW established a corporate culture and control environment that left millions of government dollars vulnerable to misuse. EW lacked the necessary checks and balances to prevent these conditions from occurring. Internal controls, especially appropriate control activities, such as ensuring qualified personnel are selected for jobs and multi-level review and approval of expenses, serve as the first line of defense in safeguarding assets. The "tone at the top," which reflects an organization's commitment to integrity and ethical values, is fundamental to an effective internal control system. <sup>20</sup> EW's former leaders – Board, CEO, and other executives – were the ones who engaged in questionable practices. The misuse of federal SCSEP funds we identified were not isolated incidents, but continued for years until the OIG and ETA stepped in.

A number of these problems stemmed from poor decisions by the previous Board and management. This included giving a disproportionate amount of authority to its former Chairman. The former Chairman exerted unusual influence over the organization. He joined the Board in the 1960s and was elevated to Chairman in

<sup>&</sup>lt;sup>20</sup> GAO, Standards for Internal Control in the Federal Government (GAO-14-704G, September 2014)

1995. During his tenure, he influenced the Board to modify EW's bylaws to give him a lifetime appointment (2009) and force a high-level turnover that resulted in three different CEO changes from 2010 to 2012. EW told us the former Chairman sometimes marginalized and removed senior managers who did not share his views. The last turnover in October 2012 resulted in the Board making the former Chairman the fourth CEO in two years despite the conflict of interest risks.

Poor decisions by the previous Board and management also resulted in the hiring of unqualified and sometimes incompetent executives. As previously noted, on at least two occasions, the former Board did not properly ensure individuals hired to fill key positions were qualified (e.g., CEO and Director of Operations). The most damaging hire was when the former Board promoted an executive assistant to be EW's fifth CEO in a little over a three-year span, despite her lack of qualifications. The former CEO often used her position for personal gain. For example, she routinely bypassed critical internal controls, did not provide support for her credit card purchases, and sometimes approved her own travel expenses.

Moreover, multiple EW employees informed us that the former CEO's management style created a culture of fear and hostility, which served to silence anyone who was critical of her questionable actions. Some of her tactics including monitoring employees' email and internal messaging. She also admitted to having one of her assistants run personal errands, such as picking up her children. As such, this complaint allegation had merit. EW acknowledged to us that it made a serious error promoting this individual to the CEO position. EW stated, "in addition to being an incompetent manager," she "used her position to deceive EW and to misappropriate grant funds." EW also stated there was no doubt she "used the oversight authority of the CEO as a tool to ensure EW staff complied with her directives."

According to EW, in May 2015, two new members joined the Board and recognized the irregular nature of the financial reports and other information provided by the former Chairman, CEO, and other executives.<sup>21</sup> In July 2015, the new board members started taking a series of steps to repair and mitigate the damage that occurred over the years, which included:

 New Board – The former Chairman was relieved of his Chairman duties and then removed from the Board completely in August 2015. The remaining former Board members and former Board counsel resigned.

<sup>&</sup>lt;sup>21</sup> EW, Experience Works' Response to the December 18, 2015 Fiscal Compliance Review, and written comments provided to the OIG.

- New executive staff The new Board removed the CEO, CFO, and Director of Operations in August 2015.
- New policies and procedures EW amended its bylaws, polices, and procedures to limit Board tenures and remove Board payments. It also revised its procedures for incurring and reimbursing employees for business expenses, including limiting access to the corporate credit card to the procurement manager and one office administrator (for participant supportive services only) and multi-level review and approval of expenses by different departments.

Auditing these actions was not part of our scope of work; therefore, we make no statements on their efficacy in reducing the risk of future grant misuse by EW.

## **ETA's Oversight Was Inadequate**

In accordance with federal requirements, ETA was responsible for ensuring EW used federal resources in compliance with laws and regulations and minimized the potential for waste, fraud, and mismanagement.<sup>22</sup> Prior to 2015, ETA's oversight of EW was inadequate even though EW was ETA's largest recipient of SCSEP grant funds, receiving almost one-quarter of its annual funding. ETA's oversight activities before 2015 failed to identify the misused federal funds. This lack of effective oversight allowed the misuse of grant funds to go unchecked for years.

Some issues relating to EW's leadership weaknesses and poor fiscal controls started in 2012 or earlier. For example, after the termination of one of numerous CEOs during our audit period, EW's Board Chairman became CEO in October 2012. After ETA raised conflict of interest concerns related to this management change, EW promoted an executive assistant to CEO in February 2013. When notifying ETA of this management change, EW provided a copy of the executive assistant's inflated resume, which indicated inadequate education and experience in management and with SCSEP for the CEO position. However, ETA did not assess the risk of promoting this unqualified individual and question the promotion.

ETA told us it allows grant recipients significant discretion in operational and day-to-day matters. As such, ETA said it did not question the assistant's hire as CEO because ETA believed it was inappropriate to pass judgment on the qualifications of the grantee's leadership staffing decisions. Further, ETA said it did not have a copy of the job description the OIG used to determine this

<sup>&</sup>lt;sup>22</sup> The Office of Management and Budget's (OMB) Circular A-123 describes federal agency management's responsibility for internal control over federal programs.

individual was not qualified for the CEO position. We disagree with this rationale and believe ETA, under OMB Circular A-123, should have ensured, at a minimum, the newly appointed CEO of its largest SCSEP grantee was qualified.

Additionally, ETA's own Core Monitoring Guide, developed to improve ETA's grant administration and on-site monitoring, allowed federal staff to review the grantee's management structure and staffing to ensure they were aligned with the grant Statement of Work and designed to assure responsible general management of the organization. One element under this guidance examines whether staff positions were filled with individuals that possess the qualifications indicated on job descriptions. At a minimum, ETA should have determined whether the executive assistant hired to run an organization that received millions of dollars of ETA's grant funds was qualified for the CEO position. As the CEO, she played a critical role in mismanaging the company and misusing federal funds.

ETA told us its monitoring staff are not auditors and the scope of its monitoring was not designed to produce audit results. While we recognize that ETA has limits to its resources, we contend that ETA grant monitoring staff should have the guidance and skills needed to comply with OMB A-123 and ensure grantees operations are consistent with the agency mission, in compliance with laws and regulations, and have minimal potential for waste, fraud, and mismanagement.

In April 2014, ETA received a complaint detailing allegations of possible misuse of federal funds by EW's former CEO and subsequently referred the matter to OIG. However, ETA did not initiate its own review until the following year. ETA started to understand the depth of EW's problems in June 2015 when ETA conducted an on-site monitoring visit to EW's headquarters. ETA staff told the OIG that EW's evasiveness and inability to produce adequate documentation to support some expenses prompted ETA to: (1) conduct an in-depth financial compliance review that identified almost \$2 million in misused federal funds; and (2) request OIG assistance in auditing the grantee. By that time, EW had already misused and wasted millions in grant funds.

In May 2016, during the course of the audit, ETA issued guidance to evaluate grantee performance, identify potential risk of non-performance by grantees, and to impose additional conditions on grantees at risk of non-compliance with the federal award conditions and other requirements. These conditions include restricting cash drawdowns, requiring additional monitoring, and establishing additional prior approvals for project activities. ETA needs to continue to improve its risk management process and train monitoring staff so they can develop the skills needed to identify the types of deficiencies discussed in this report and limit the duration and amount of misused grant funds.

## **Effects of EW's Actions**

In addition to the misuse and waste noted throughout this report, EW's actions also resulted in the following:

- Disallowed Grant Charges ETA's Fiscal Compliance Review is currently disallowing \$1,991,900 in past grant charges that need to be resolved and possibly repaid. Given EW's lack of non-SCSEP grant operational funding (less than 1 percent) and inability to pay 100 percent of the leave owed to employees who departed through December 2017, it is possible EW will be unable to pay back the disallowed grant charges identified in this report.
- Reduced SCSEP Grant Awards ETA considered the risks posed by EW's financial instability when it reduced EW's direct SCSEP grant funds from \$84 million to \$11.5 million.
- Transferring Participants Because of its lower grant funding, thousands of participants nationwide were transferred to other grantees (i.e., service providers) to avoid any disruption in services.
- Mass Layoffs EW laid off over three-quarters of its operational staff. From December 2016 through December 2017, EW terminated 189 employees. As stated previously, EW was unable to pay 175 of these employees their full annual leave benefits, paying less than 50 percent of what was owed.

## PREVIOUS RECOMMENDATIONS

During the course of our audit, we issued an interim report that included two recommendations because ETA was about to solicit and select applicants for its next four-year grant award cycle. We issued our interim report in September 2016 to ensure EW's financial condition and mismanagement received adequate consideration prior to ETA's grant awards. Our work at that point found the scoring criteria for this grant competition was weighted in a way that could allow financially unstable organizations or organizations with significant operating deficiencies, such as EW, to potentially score high and receive a grant award. For example, the element for "financial stability" only counted for 6 out of 100 points. Therefore, EW could score zero in that area, but receive a score of 94 out of 100, which might be high enough to receive grant funds. Given these concerns and ETA's awareness of EW's financial mismanagement, we issued our interim

report recommending ETA do the following:

- Consider the issues identified in ETA's monitoring report and the status of EW's financial stability when assessing the risks involved in any EW grant proposal, or proposals from any prime grantee who may make a sub-award to EW.
- 2. Ensure future grant solicitations' award criteria provide for appropriate assessment of financial stability, quality of management systems, and history of performance.

ETA considered the status of EW's financial stability under its new management when assessing the risks involved in EW's 2016 award application. In October 2016, ETA still awarded EW a new multimillion dollar four-year grant, but reduced the direct federal annual award from \$84 million to \$11.5 million. ETA's actions were sufficient to resolve and close the first recommendation. ETA did not provide any information to show how its future grant solicitations would address the second recommendation; accordingly, this recommendation remains open.

## OIG'S RECOMMENDATIONS

In addition to the recommendations in our interim report, we recommend the Principal Deputy Assistant Secretary for Employment and Training require EW to:

- 1. Return \$1.3 million to its employee leave account, and pay \$294,577 of that amount in lump-sum annual leave payouts owed to former employees who separated from December 2016 through December 2017.
- 2. Provide an updated accounting of its leave funds, including the leave liability for current employees and leave amounts owed to separated employees, as well as its payment plan to make these individuals whole, for ETA's review and approval.
- Use non-grant funds to reimburse DOL for \$1.83 million in unallowable costs, which overlaps many of the disallowed costs noted in ETA's Monitoring Report issued December 2015 and follow-up response issued in August 2016.

4. Continue to improve internal controls to adequately safeguard federal resources.

Further, we recommend the Principal Deputy Assistant Secretary for Employment and Training require ETA to:

- 5. Ensure EW's corrective actions to address recommendations 1 4 above are adequate to safeguard federal resources.
- 6. Improve its monitoring of SCSEP grant funds to ensure grantee operations are consistent with the agency mission, in compliance with laws and regulations, and with minimal potential for waste, fraud, and mismanagement. This includes providing monitoring staff guidance and training to perform effective risk assessments and monitoring reviews.

## SUMMARY OF ETA AND EW'S RESPONSES

ETA agreed with our recommendations and said it has taken corrective actions, which include revamping its Core Monitoring Guide for reviewing a grant recipient's core activities and evaluating the management and administration of the grant(s). ETA said it will ensure EW's corrective actions adequately address recommendations 1-4. In addition, ETA provided clarifications that we addressed in this report as appropriate. ETA's written response to our draft report is included in its entirety in Appendix B.

EW responded that we overstated the amount of misused grant funds. Throughout the audit we provided EW with the opportunity to provide support for each of the instances of misuse we identified. We made adjustments as appropriate based on the information EW provided. In response to our draft report, EW provided no new information that changed our conclusions regarding the \$4.2 million of misused SCSEP grant funds noted in this report. As such, we affirm our conclusions and recommendations 1-4. EW's written response to our draft report is included in its entirety in Appendix C.

We appreciate the cooperation and courtesies ETA and EW extended us during this audit. OIG personnel who made major contributions to this report are listed in Appendix D.

Elliot P. Lewis

Assistant Inspector General for Audit

Ellist P. Lewis

## **EXHIBIT 1: COMPARISON OF ETA AND OIG RESULTS**

In ETA's Financial Compliance Review report (December 2015) and follow-up response (August 2016), ETA questioned almost \$2 million in costs charged to federal SCSEP grant awards covering July 1, 2013, through June 30, 2015. As part of its analyses, ETA determined EW had an operating deficit in its unrestricted operating fund account during this period. Therefore, ETA generally considered any costs charged to federal grant and non-federal grant (i.e., unrestricted) accounts that did not meet the federal requirements for allowability as disallowed. As a result, ETA questioned \$1,991,900 in costs charged for employee annual leave, Swift, entertainment, personal use, travel and other various expenses.

While our results overlap in many areas, we did not design our work to follow-up and validate ETA's questioned costs. Even though we similarly determined EW's unrestricted operating fund account had a deficit balance, we reviewed and concluded on only those costs where records linked charges to federal grant funds. The following provides an overview of ETA's approach and how our results differed:

1. Employee Leave Account – ETA initially questioned \$1.16 million. ETA identified that EW misused \$2.35 million, but that it returned \$1.2 million to the account. During its review, ETA was unable to determine the source of the returned funds. As a result, ETA excluded this amount from its questioned costs until EW could provide sufficient documentation to show non-federal funds were used. ETA later revised the questioned cost amount to \$1.2 million to account for an increase in the amount EW said it owed the leave fund.

In total, we found EW misused \$2.35 million in leave funds, returned \$1 million using non-federal funds, and still owes \$1.3 million to the account. The \$1.3 million amount includes \$294,577 that EW owes to 175 former employees, terminated from December 2016 through December 2017.

 Swift – ETA questioned \$366,196. This included \$248,000 to purchase the software platform that was used as the basis for establishing Swift and \$118,196 in other Swift related expenses, which were charged to federal grant and non-federal grant accounts. In total, we questioned \$257,892. This consisted of \$248,000 for the software platform purchase (included in our employee leave finding) and \$9,892 in Swift related expenses (included in our finding for travel and other expenses) we found were charged to federal grant accounts.

- 3. Executive Compensation ETA questioned \$24,258 in salary advances paid to the CEO. We found \$14,231 in salary advances to the CEO, but she paid EW back for those advances. As such, we did not question any salary advances. ETA had no other monetary findings related to executive compensation. We identified and questioned \$759,875 in unallowable salary and bonuses paid to EW executives that were charged to federal grant accounts.
- 4. Severance ETA noted inconsistencies with EW's severance payments, but did not question any payments. We questioned severance payments totaling \$679,094.
- 5. Travel and other expenses ETA questioned \$379,146 in costs that were charged to federal grant and non-federal grant accounts for a wide array of purposes, which included travel, in-town meals, and personal use services. In some instances, ETA questioned the entirety of costs incurred by certain individuals because of their evident pattern of misuse.

We reviewed costs charged by the same individuals and others, as well as costs paid through EW's vendor payment process. We reviewed available supporting documentation for every cost selected to test. We identified and questioned \$392,197 in unallowable expenses that were charged to federal grant accounts.

ETA's questioned costs totaled almost \$2 million. We identified \$4.2 million in questioned costs. However, we subtracted the \$1.04 million EW reimbursed to its leave fund. This left a final amount of \$3.1 million: \$1.3 million owed to the leave fund (of which \$294,577 needs to be paid to former employees) and \$1.83 million EW needs to reimburse ETA.

See Table 3 on the next page for a comparison of ETA and OIG's results.

TABLE 3: DIFFERENCES IN QUESTIONED COSTS IDENTIFIED BY ETA AND OIG

| Areas of Misuse                       | Per ETA     | Per OIG                  |  |
|---------------------------------------|-------------|--------------------------|--|
| Employee Leave Account                | \$1,222,300 | \$2,348,788              |  |
| 2. Swift                              | \$366,196   | Included in Nos. 1 and 5 |  |
| 3. Executive compensation             | \$24,258    | \$759,875                |  |
| 4. Severance payments                 | -           | \$679,094                |  |
| 5. Travel and other expenses          | \$379,146   | \$392,197                |  |
| Total Misuse                          | \$1,991,900 | \$4,179,954              |  |
| Less: Amount EW returned              |             | (\$1,039,121)            |  |
| Subtotal                              |             | \$3,140,833              |  |
| Amount EW owes Employee Leave Account |             | \$1,309,667              |  |
| Amount EW needs to reimburse ETA      |             | \$1,831,166              |  |

Source: OIG analysis

## **EXHIBIT 2: SUMMARY OF COMPLAINT ALLEGATIONS**

Table 4 below generally summarizes the various complaint allegations addressed in this report. We found each of the noted allegations were valid.

## TABLE 4: COMPLAINT ALLEGATION

|  | Where Addressed in Report |
|--|---------------------------|
| Misuse of employee leave account—funded entirely by SCSEP grant funds—for unauthorized purposes, which included the creation of Swift                | Page 6                    |
| Misuse of SCSEP grant funds related to: • EW executive compensation  | Page 8                    |
| Severance payments and non-disparagement agreements  | Page 11                   |
| Travel and other expenses that did not benefit the SCSEP grant   | Page 13                   |
| EW management disregarded or overrode internal controls (including lifetime Board appointment for the Chairman and using staff for personal errands) | Page 15                   |
| Inadequate ETA oversight   | Page 17                   |

Source: OIG and ETA

## APPENDIX A: SCOPE, METHODOLOGY, & CRITERIA

#### SCOPE

Our audit generally covered the period January 1, 2012 through December 31, 2015, to address numerous hotline complaint allegations. In certain instances where we identified significant issues or patterns of significant misuse, we expanded our scope to cover as far back as January 2010 and as recent as June 2018. We conducted fieldwork at EW's headquarters located in Arlington, Virginia and at DOL's ETA and Office of Cost Determination (OCD) headquarters in Washington, D.C.

#### **METHODOLOGY**

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

To address our audit objective, we reviewed all related complaint allegations reported through the OIG's hotline or referred to the OIG and where possible, interviewed complainants. We also reviewed relevant laws, regulations, EW and ETA policies, and guidance, such as GAO's *Principles of Federal Appropriations Law* and *Standards for Internal Control in the Federal Government*.

We interviewed EW officials in Arlington, VA and via teleconference to gain an understanding of EW's accounting software, internal controls, bank accounts, funding streams, and general ledger accounts. For the scope of our audit, we obtained and reviewed EW's general ledger accounts and supporting details, bank records, policies and procedures, grant agreements, consultant reports, audited financial reports, Board meeting minutes, and various records related to Swift, credit card purchases, employee severance agreements, payroll, board compensation, and vendor payments.

We also interviewed ETA management and staff in Washington, DC and via teleconference to gain an understanding of ETA's responsibilities for monitoring the SCSEP national grants awarded to EW during PY 2011 through PY 2015. We reviewed documentation pertinent to ETA's monitoring activities, including quarterly desk reviews and annual on-site monitoring reviews, to understand the scope of ETA's monitoring for EW. We also interviewed an OCD official in

Washington, DC to understand OCD's process for setting EW's indirect cost rate and review of EW indirect costs.

## **Data Reliability**

To assess the reliability of these data, we used an approach consistent with GAO's Assessing the Reliability of Computer-Processed Data (GAO-09-680G, July 2009), which included, where possible, cross-checking the data with other sources and interviewing EW about the data sources. We determined the data presented in this report to be sufficiently reliable for our purposes.

## Sampling

#### Credit Cards

From April 2012 through April 2016, EW's bank data showed 25,606 credit card transactions totaling \$4,886,269. We used the detail in EW's WF credit card data to identify and review high-risk transactions we considered susceptible to misuse (e.g. whole dollar amounts that could have been for gift cards, food purchases, car rental, local purchases, etc.). We then had to use cardholders' expense report documentation, the general ledger transactions, or EW's documentation for manual journal entries to identify those transactions that were charged to SCSEP federal grants.

ETA, in its monitoring report, questioned credit card purchases for the former CEO, former CFO, and former Director of Operations.<sup>23</sup> We also received numerous complaint allegations about credit card misuse by the former Board Chairman and some former EW management officials. Therefore, we reviewed 100 percent of these four individuals' transactions (2,710 totaling \$809,584) and identified 1.593 totaling \$516,303 of their credit card transactions that were charged to SCSEP federal grants. For the remaining 22,896 (25,606 – 2,710) credit card transactions totaling \$4,076,685 (\$4,886,269 - \$809,584), we identified additional cardholders that exhibited unusual spending patterns. For example, one individual made numerous purchases for whole dollar amounts (\$25, \$50, \$75, \$100 etc.), which might have been for gift card purchases. We judgmentally selected and tested credit card purchases made by four more individuals – the former Director of Communications & Development, former Chief of Staff, a Pennsylvania/New Jersey State Program Director, and an IT manager. For these four cardholders, we identified and analyzed credit card purchases we considered susceptible to misuse (e.g., food purchases, car rentals, local purchases), and selected 466 credit card transactions totaling

<sup>&</sup>lt;sup>23</sup> DOL ETA, *EW Monitoring Report for SCSEP Grant Numbers AD241881355A51, AD255271455A51, and AD257031455A51* (December 18, 2015)

\$164,918 to review as high risk. We determined 392 transactions, totaling \$156,116, were charged to federal SCSEP grants. This combined with the 2,710 we selected for 100 percent testing, brought our credit card sample to 1,985 transactions totaling \$672,419. Those transactions occurred from May 8, 2012 to January 7, 2016.

## Vendor payments

Vendor payments represents payments EW made to various vendors to provide services such as consulting, legal assistance and equipment. It also included payments made to some EW employees for miscellaneous expenses such as cell phone reimbursements. We reviewed payment data for 5,583 vendors from July 2010 to June 2015, totaling \$58,398,544. Based on our risk assessment, we judgmentally selected 25 vendors, totaling \$1,434,035, to test for cost allowability. This included vendors categorized as legal or consulting, since our risk assessment identified those areas at high risk for wasteful spending. We also tested a few payments that occurred after June 2015. Therefore, even though our sample of vendors had \$1,434,035 of payments, we tested \$1,488,348 of payments.

## Grant cost guidance used for testing

Federal regulations, as defined in 29 CFR 95.21(b)(3) and 2 CFR 200.302(b)(4), required EW use federal funds only for their intended purpose. Additionally, costs charged to SCSEP grants must be allowable.

## Allowability

For testing the allowability of costs, we used cost principles for grants awarded to non-profit organizations, as defined in 2 CFR 230, Appendix A (subparagraph A.2) and 2 CFR 200.403.<sup>24</sup> Those principles stipulate that a cost must be reasonable and adequately documented.

For reasonability, we considered whether the cost exceeded that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. The principles state that consideration must

<sup>&</sup>lt;sup>24</sup> There were two sets of cost principles in effect during the scope of our audit. 2 CFR 230 Appendix A applied until December 26 2014, when cost principles in 2 CFR 200 superseded them.

be given to, among other things:

- Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the non-Federal entity or the proper and efficient performance of the Federal award and
- 2. Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the non-Federal entity, its employees, where applicable its students or membership, the public at large, and the Federal Government.<sup>25</sup>

For adequate documentation, we reviewed all available supporting documentation and concluded whether or not the detail was sufficient to support the charge.

For costs related to certain categories (e.g., fundraising), we reviewed additional guidance for those cost categories. For example, fundraising costs are specifically prohibited.<sup>26</sup>

## **Areas Tested**

To address concerns raised by complainants and congressional and agency requesters, we reviewed several areas we considered at-risk for misuse of government funds: employee annual leave funds, including use of leave funds for purchase of a software platform operated by EW's for-profit company (Swift), credit card purchases, severance payments, Board and executive pay, and vendor payments.

## Employee Annual Leave Fund

We interviewed EW officials to gain an understanding of the nature of the accounting for and all activity within its employee annual leave fund. We reconciled all employee leave fund bank account statements with the corresponding general ledger detail for the period of July 1, 2010 through December 31, 2015. As part of the reconciliation, we identified, judgmentally selected, and tested all large withdrawals and deposits. We utilized EW's general ledger detail to identify withdrawals used for purposes other than employee leave, and conversely, to identify the fund source for deposits. We also interviewed EW officials to understand the circumstances surrounding withdrawals used for purposes other than employee leave, as well as what

<sup>&</sup>lt;sup>25</sup> 2 CFR 230 Appendix A (subparagraphs A.3.a and A.3.c) and 2 CFR 200.404(a) and (d).

<sup>&</sup>lt;sup>26</sup> 2 CFR 230 Appendix B and 2 CFR 200.420 - 200.475.

funding sources were used for all repayments to the leave fund. For the latter, we reviewed supporting documentation for the repayments to determine whether SCSEP grant or non-grant funds were used.

### Swift

We reviewed all documentation on EW's purchase of a software platform and EW's creation of Swift to obtain an understanding of how the company would function and its relationship to EW. This included Swift's PYs 2013-2015 financial statements, general ledger transactions, purchase agreement, invoices for revenues, email correspondence, and Board meeting minutes.

Credit Cards, Vendor Payments and Executive compensation

For our testing of credit card purchases, we obtained access to EW's expense and travel approval systems in order to review supporting documentation. We also reviewed all of the supporting documentation EW provided to ETA in response to its December 18, 2015 monitoring report. For credit card transactions that were travel expenses, we generally performed the following:

- We reviewed the hotel receipts and we identified the daily lodging rates and the General Services Administration (GSA) daily lodging rates.<sup>27</sup> For hotel charges in Puerto Rico, we reviewed the Department of Defense's daily lodging rates, since GSA only sets rates for the lower 48 United States. We calculated the unallowable amount by multiplying the number of nights by the amount that the daily lodging rate exceeded the GSA daily lodging rate.
- We reviewed the airfare receipts and questioned airfare that was not economy or coach.
- We validated that car rentals complied with 41 CFR §301-10.450(c).<sup>28</sup> We questioned the car rentals that did not comply with this criterion.
- We identified food purchases during business trips and we reviewed documentation from EW's travel system to determine whether the traveler claimed meal per diems on the same dates that the traveler paid for food with credit card. We questioned the

<sup>&</sup>lt;sup>27</sup> EW's travel policy stated it followed the GSA rates for mileage, travel, and per diem reimbursement.

<sup>&</sup>lt;sup>28</sup> Ibid.

total food purchase if the travelers received a meal per diem amount.

For vendor payments, we reviewed invoices, EW expense system approvals, and descriptions of business purposes.

For severance payments, we reviewed EW severance payment data, severance policies, severance agreements and descriptions of reasons for termination.

For executive compensation, we reviewed EW general ledger files and payroll data to identify salaries paid to the former Board Chairman, former CEO and former Director of Operations. We also identified the commuting payment we questioned while performing our work on severance payments above.

## **Internal Controls**

In planning and performing our audit, we considered only ETA's internal controls for EW's SCSEP grants relevant to our audit objective. We obtained an understanding of ETA's internal controls, and assessed the internal control risks relevant to our audit objective. The objective of our audit was not to provide assurance on ETA's internal control. Therefore, we did not express an opinion on ETA's internal controls as a whole. Our consideration of ETA's internal controls relevant to our audit objective would not necessarily disclose all matters that might be reportable conditions. Because of the inherent limitations on internal control, noncompliance may nevertheless occur and not be detected.

## CRITERIA

We reviewed the following criteria to perform this audit:

- Core Monitoring Guide, ETA (April 2005)
- 2 CFR Part 200
- 2 CFR Part 230
- 20 CFR Part 641
- 29 CFR Part 95
- 41 CFR Parts 300-304
- Older Americans Act Amendments of 2006 (Public Law 109-365)
- OMB Circular A-123, Management's Responsibility for Internal Control
- Principles of Federal Appropriations Law, Third Edition, Volume II (February 2006)
- PYs 2011-2015 ETA SCSEP grant agreements and modifications

- PY 2014 ETA SCSEP Limited Competition Opportunity grant agreement and modifications
- Standards for Internal Control in the Federal Government, GAO-14-704G (September 2014) and GAO/AIMD-00-21.3.1 (November 1999)

## APPENDIX B: ETA RESPONSE TO THE REPORT

U.S. Department of Labor

Employment and Training Administration 200 Constitution Avenue, N.W. Washington, D.C. 20210



SEP 2 5 2018

MEMORANDUM FOR: ELLIOT P. LEWIS

Assistant Inspector General for Audit

FROM: MOLLY E. CONWAY

Principal Deputy Assistant Secretary

SUBJECT: Response to the Office of Inspector General (OIG) Draft Audit

Report No. 26-18-002-03-360, Experience Works, Inc Misused

More Than \$4 Million in SCSEP Grant Funds

Thank you for the opportunity to respond to the draft audit report related to the misuse of federal funds by Experience Works, Inc. (EW). The Employment and Training Administration (ETA) is committed to the integrity of our programs and welcomes the opportunity to address these recommendations.

In 2015, ETA conducted a financial compliance review of three Senior Community Service Employment Program (SCSEP) grants awarded to EW. The purpose of the review was to verify that EW's management was complying with the financial and administrative requirements governing the grants. ETA conducted the review after complaints about potential fraud and abuse were filed against EW in 2014. During this review, ETA also detected potential fraud and abuse. In both instances, ETA immediately notified the OIG and requested assistance, which resulted in the OIG beginning this audit in 2016.

The draft audit report makes five recommendations related to specific corrective actions related to the grants to EW. ETA has listed each of these five recommendations directly below, followed by one ETA response that is applicable to all of them:

OIG Recommendation 1: Require EW to return \$1.3 million to its employee leave account, and pay \$294,577 of that amount in lump-sum annual leave payouts owed to former employees who separated from EW from December 2016 through December 2017.

OIG Recommendation 2: Require EW to provide an updated accounting of its leave funds, including the leave liability for current employees and leave amounts owed to separated employees, as well as its payment plan to make these individuals whole, for ETA's review and approval.

OIG Recommendation 3: Require EW to use non-grant funds to reimburse DOL for \$1.83 million in unallowable costs, which overlaps many of the disallowed costs noted in ETA's Monitoring Report issued December 2015 and follow-up response issued in August 2016.

OIG Recommendation 4: Require EW to continue to improve internal controls to adequately safeguard federal resources.

OIG Recommendation 5: Ensure EW's corrective actions to address recommendation nos. 1 - 4 above are adequate to safeguard federal resources.

ETA Response to Recommendations 1-5: ETA agrees with these recommendations and the Audit Resolution Unit (ARU) in the Office of Grants Management's Division of Policy Review and Resolution will implement these recommendations. Initial and final determinations will be issued according to the process outlined in the Department of Labor Manual Series (DLMS) 8 Chapter 500. We will ensure that EW's corrective actions adequately address the OIG's recommendations.

As previously mentioned, ETA issued a monitoring report in December 2015 on EW's program and financial operations. In response to ETA's official notification of the findings, EW provided responses that included more than 1,000 pieces of documentation. ETA will continue its review of those documents, along with any additional documentation received as a result of the OIG's report. To support ETA's resolution process, ETA respectfully requests documentation after the issuance of the OIG's final report that supports the amount of unallowable costs (\$1.3 million, \$294,577, and \$1.83 million) identified by the OIG.

OIG Recommendation 6: Improve its monitoring of SCSEP grant funds to ensure grantee operations are consistent with the agency mission, in compliance with laws and regulations, and with minimal potential for waste, fraud, and mismanagement. This includes providing monitoring staff guidance and training to perform effective risk assessments and monitoring reviews.

ETA Response: ETA agrees with this recommendation. Since the 2015 on-site monitoring review of EW, ETA has issued Training and Employment Guidance Letter 23-15, *The Process for Making High Risk Determinations after Award and the Associated Risk Mitigation Procedures* (https://wdr.doleta.gov/directives/corr\_doc.cfm?DOCN=6330), which describes the ETA process of assessing risk and how to mitigate it. ETA has also developed a revamped Core Monitoring Guide (CMG) to reflect the changes in federal statue, regulations, and program policies. The goal of the CMG is to provide ETA's reviewers with a tool to perform an on-site review of a grant recipient's core activities and evaluate the management and administration of the grant(s). ETA's national and regional staff are in the early stages of developing training on the new CMG. In addition, Federal Project Officers (FPO) have access to other technical assistance tools to assist them with grant management, including pre-recorded training modules on many Uniform Guidance subjects. These resources are found at <a href="https://www.workforceGPS.org">www.workforceGPS.org</a>.

During the course of this audit, the OIG also issued an interim report that included two additional recommendations. According to this draft audit report, ETA's corrective actions were sufficient to resolve and close the first interim recommendation; however, the second interim

recommendation remains open. The remaining interim recommendation is listed below, followed by additional information for the OIG to consider in evaluating this recommendation for closure:

OIG Interim Recommendation 2: Ensure future grant solicitations' award criteria provide for appropriate assessment of financial stability, quality of management systems, and history of performance.

ETA Response: ETA agrees with this recommendation and has taken steps that ETA believes fully address this recommendation. Since the interim report, ETA has implemented a recent enhancement in our Funding Opportunity Announcements (FOAs) requesting additional financial information from our applicants. The Grant Officer will use this additional information in the Risk Review Process prior to making selections. An example of this implementation in ETA's FOAs may be found in the recent Scaling Apprenticeship Through Sector-Based Strategies FOA at <a href="https://www.doleta.gov/grants/docs/FOA-ETA-18-08.pdf">https://www.doleta.gov/grants/docs/FOA-ETA-18-08.pdf</a>, starting on page 57.

In addition, ETA would also like to provide additional clarification on two items contained in the OIG's draft audit report for the OIG's consideration when issuing the final audit report. First, on page 18, the OIG indicates that ETA "allowed the promotion" of an unqualified individual. ETA did not specifically approve of this individual assuming the role of Chief Executive Officer (CEO). ETA approved a grant modification to allow organizational changes to the field structure of the grantee. While it is true that a resume for this individual was included in this modification request, the OIG acknowledged that the resume provided to ETA inflated this individual's experience. Further, a copy of the job description that the OIG compared the resume against to make the determination that this individual was not qualified for the CEO position was not included as part of the modification request.

Second, on page 19, it appears that the OIG is attributing ETA's reduction of the cap on SCSEP grant award sizes to EW's actions, based on the placement of this bullet in the draft audit report. That decision was not dependent on the EW findings. While what occurred at EW was a factor in the decision-making process, it was not the only factor. As the bullet itself indicates, ETA took this step to reduce the financial risks inherent with large grants; it was not a direct result of EW's actions. Since this section of the draft audit report is a listing of the impacts of EW's actions, ETA suggests that the OIG delete the reference to ETA's prudent reduction of grant sizes and focus on the impact of EW's actions on their own situation, as follows: Reduced SCSEP Grant Award – EW's financial stability resulted in it losing a sizable amount of its former service areas when ETA assessed the risks involved in EW's new SCSEP application. Specifically, EW's direct SCSEP grant award was reduced from \$84 million to \$11.5 million.

## APPENDIX C: EW RESPONSE TO THE REPORT



September 25, 2018

To: Elliot P. Lewis

Assistant Inspector General for Audit

From: Sally Boofer

President and CEO, Experience Works Sally Booker

Subject: OIG Report Number 26-18-002-03 360: "Experience Works Misused Over \$4

Million in SCSEP Grant Funds"

Experience Works (EW) appreciates the opportunity to respond to the Office of Inspector General's (OIG) report, Experience Works Misused Over \$4 Million in SCSEP Grant Funds. EW takes seriously the OIG's report, and for the reasons outlined below, disagrees that it misused over \$4 million in grant funds.

Prior to the beginning of the audit, the EW board members elected in 2015 discovered many improprieties by the previous leadership team and took action: the then-EW board chair and leadership team were removed and an entirely new board and executive management team were installed. Under the new board and executive management team, EW has implemented more stringent controls and procedures and deployed new management systems to ensure strong compliance and stewardship of SCSEP. EW's current board and management team are committed to resolving all outstanding issues with the Federal government, fully compensating its employees and former employees, and continuing to serve its SCSEP participants.

The OIG report (page 3) states that from 2012 to 2015 EW misused \$4.2 million in four areas: (1) employee leave funds; (2) executive compensation; (3) severance payments; and (4) travel and other expenses. EW disagrees with this conclusion and provides a response for each area.

1. Employee Leave Funds. EW recognizes that it is responsible for compensating its current and former employees for annual leave due. The current board and leadership inherited an Employee Annual Leave Fund (EALF) with insufficient funds to cover its liabilities when EW needed to terminate 175 employees from late 2016 through 2017 due to an 85% budget reduction by DOL-ETA. The OIG report misstates the amount of unfunded leave. As of September 19, 2018, EW's total liability for unpaid employee leave is \$700,113 (including estimated fringe benefits), not the \$2,348,788 shown on Figure 1, page 3 or the amount of \$1.3 million indicated in recommendation 1.

The current board and leadership team is fully committed to making EW's former employees whole. To this end, EW is in constant communication with the former employees and continues to pay them their leave when unrestricted funds are available. The most recent payment occurred in October 2017.

As part of its leave discussion, the OIG report highlights the role of SWIFT. SWIFT is a subsidiary of EW that the previous board and management established to purchase and manage the JobReady program. JobReady is and was EW's integrated, online assessment, individual employment plan and training platform. EW began using the JobReady program in 2007 and worked with the then owner to customize it for EW. At the time of purchase, JobReady included more than 19,500 Individual Employment Plans for over 12,000 SCSEP participants and, most importantly, it was required by EW's SCSEP grant.

EW purchased JobReady in 2014 when its then owner planned to discontinue the maintenance and support of JobReady. By establishing SWIFT and purchasing JobReady, EW preserved its ongoing operations, continued to comply with its SCSEP grant, and protected its investment in the customization. No federal funds were used for the purchase. Further, JobReady costs were less than other available tools that could meet EW's SCSEP grant and operational needs.

EW's audited Consolidated Financial Report for the period ending June 30, 2014, indicates that EW had unrestricted net assets of \$1,893,895, more than seven times the purchase price of JobReady. Had it been necessary at the time, EW could have liquidated its assets and fully paid its employees their annual leave and paid for the JobReady program. The overspending of the grant occurred in the program year subsequent to purchasing JobReady.

- 2. Executive Compensation. The \$759,875 questioned by the OIG report covers the entire salaries of the CEO for 2½ years of employment, the Director of Operations for two years, and the Chairman for the five months when he served as interim CEO. This questioned amount represents an annual average salary of approximately \$155,000, which is below the average pay for similar positions in similar-sized nonprofit organizations. During this period EW performed well, achieving all six of its SCSEP performance goals in PY13-14 and PY14-15. Insofar as the CEO, Director of Operations, and Chairman when acting as interim CEO performed services on behalf of the organization, it is unreasonable to disallow these salaries during a period when the organization was a top performing SCSEP grantee.
- Severance Pay. The \$659,094 severance amount that the report questions is inflated.
   EW agrees that in a few cases the former management paid severances that exceeded
   Schedule A of its DOL-approved severance policy and may have been excessive under

the circumstances. With these few exceptions, however, EW followed its DOL-approved severance policy – which is not acknowledged in the OIG report.

4. Travel & Other Expenses. The OIG report questions \$392,197 in travel and other expenses based on a sampling of transactions during the period of May 2012-January 2016. It is important to note that none of the questioned transactions occurred after EW installed its new board and management team.

Many of the questioned transactions are allowable and supported by proper documentation. For example, the report questions \$47,599 (approximately 90%) of the former Board Chairman's travel including \$15,578 for trips to EW headquarters. The report questions the headquarters travel for "... no documentation to show a business purpose." During this time period, the Board convened 14 times at EW's headquarters with minutes documenting the meeting and the Board Chair's presence. Additionally, the Board Chairman met with funders, attended staff conferences, and conducted other pertinent business. The questioned costs for travel and other expenses in the OIG report is significantly overstated.

#### Conclusion

During the period of the audit in PY14/15, EW used \$1.3 million of its unrestricted funds and annual leave fund to support grant operations, 87% of which went for participant wages and benefits. EW's payment of allowable costs with its own unrestricted funds exceeds any reasonable calculation of questioned costs identified in the audit. Once the unpaid leave amounts are restored, there will be no payment due to the DOL as any remaining questioned costs will be more than offset by EW's use of its other funds for grant purposes.

The OIG makes six recommendations to the Assistant Secretary for Employment and Training, four of which require action on the part of EW.

- OIG Recommendation 1. Return \$1.3 million to its employee leave account, and pay \$294,577 of that amount in lump-sum annual leave payouts owed to former employees who separated from EW from December 2016 through December 2017.
  - EW Response. EW disagrees with the amounts specified in the OIG recommendation. EW intends to fully pay its current and former employees for their annual leave and has already made payments to this end.
- OIG Recommendation 2. Provide an updated accounting of its leave funds, including the leave liability for current employees and leave amounts owed to separated employees, as well as its payment plan to make these individuals whole, for ETA's review and approval.

EW Response. EW has and will continue to track all monies owed to current and former employees, and pay them as funds become available.

 OIG Recommendation 3. Use non-grant funds to reimburse DOL for \$1.83 million in unallowable costs, which overlaps many of the disallowed costs noted in ETA's Monitoring Report issued December 2015 and follow-up response issued in August 2016

EW Response. EW disagrees with the \$1.83 million in the OIG report. EW will work with ETA to identify and resolve all legitimate questioned costs.

 OIG Recommendation 4. Continue to improve internal controls to adequately safeguard federal resources.

EW Response. EW has implemented new controls, procedures and systems to safeguard federal funds and will continue to monitor their effectiveness and strengthen them as appropriate.

The last two recommendations are directed to ETA specifically so EW is not commenting on them.

The current EW board and management looks forward to fully resolving these matters with DOL, making whole its employees and former employees, and focusing its full attention on providing SCSEP participants and other stakeholders the highest service possible.

## APPENDIX D: ACKNOWLEDGEMENTS

Key contributors to this report were Ray Armada (Audit Director), Jon Ling (Audit Manager), Aaron Talbert (Team Lead), Cory Grode, Elizabeth Garcia, Arijit Bandyopadhyay, and Carolyn Cayode-Gorman (Assistant Counsel).

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