



BRIEFLY...

COVID-19: The Employment and Training Administration Needs to Improve Oversight of Grants Awarded in New York

Why We Did the Audit

The Employment and Training Administration (ETA) awards grants to states, local governments, and other entities to provide individuals with significant barriers to employment the opportunity to enter into high-quality jobs and careers, as well as to help employers hire and retain skilled workers.

ETA awarded approximately \$16 billion to grant recipients in all 50 states, the District of Columbia, and U.S. territories from October 2018 through September 2021. During this time, the COVID-19 pandemic created many challenges for ETA job training programs across the nation, such as the suspension of in-person services and the transition to providing services remotely, which impacted its ability to provide services to the public.

For this audit, we focused on the State of New York because it was allotted the third highest amount of statutory employment and training grant funds associated with the Workforce Innovation and Opportunity Act to answer the following question:

Did ETA grant recipients and subrecipients utilize grant funds for the intended purposes during the COVID-19 pandemic?

To answer this question, we analyzed grant recipient and subrecipient funding data and Workforce Innovation and Opportunity Act eligibility requirements for select grants issued prior to and during the COVID-19 pandemic. In addition, we reviewed federal, state, and grant recipients' guidance and policies and procedures, as well as supporting documentation for grant recipients and subrecipients. We also interviewed ETA, state, and grant recipients' and subrecipients' staff.

What We Found

ETA's grant recipients and their subrecipients received Workforce Innovation and Opportunity Act grant funds to provide career, training, and supportive services. However, we found ETA did not ensure grant recipients and subrecipients utilized grant funds for the intended purposes during the COVID-19 pandemic, resulting in grant recipients and their subrecipients not: (1) accurately reporting enrollment levels and serving only eligible participants, (2) awarding contracts in compliance with federal regulations, (3) maintaining proper documentation to support claimed costs, and (4) avoiding conflicts of interest in executing grant terms.

These issues occurred partly because of incorrect reporting, missing or insufficient documentation, and the lack of an established conflict of interest policy. As a result, ETA cannot provide reasonable assurance that the more than \$740 million awarded in New York was used in the best interest of the award programs. Furthermore, in our review of statutory and discretionary grant funds awarded before and during the pandemic, we identified a total of \$25,391,220 in questioned costs associated with contractual services as well as payroll and non-payroll costs.

Reported outcomes for the statutory and discretionary grant programs may have created a false sense of success, as the programs might not have served the intended population or reached those truly in need.

What We Recommended

We made six recommendations to ETA to improve grant verification and monitoring capabilities, increase technical assistance to funding recipients, and remedy the questioned costs identified during this audit. While the Draft Report was provided to ETA in August 2025, ETA has not yet provided a response. When ETA provides a response, we will post it, along with our analysis, to our website.

Read the Full Report

For more information, go to:

<https://www.oig.dol.gov/public/reports/oa/2025/19-25-008-03-391.pdf>.