



BRIEFLY...

COVID-19: DELAYS IN PROVIDING DISASTER RELIEF JEOPARDIZE \$366 MILLION DISASTER WORKER GRANT PROGRAM

January 28, 2022

WHY OIG CONDUCTED THE AUDIT

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act stimulus bill was passed by the 116th U.S. Congress. The CARES Act provided additional funding in the amount of \$345 million to the Department of Labor (DOL) Employment and Training Administration (ETA) under Division B, Title VIII.

This audit focused on funds allocated to the Disaster National Dislocated Worker Grants (DWG) reserve. From April to August 2020, ETA awarded 57 grants totaling \$366 million. ETA used \$248 million provided under the CARES Act, along with \$118 million from ETA's regular National Dislocated Workers reserve funds for training and employment services and other necessary expenses directly related to the consequences of the COVID-19 pandemic.

Prior Office of Inspector General audits have raised concerns about ETA's grant not achieving performance goals and ETA needing to provide better oversight of DWGs.

WHAT OIG DID

We contracted with the independent certified public accounting firm of Lopez and Associates, LLP, DBA, The Lopez Group, LLP (Lopez) to conduct a performance audit to answer the following question:

Did ETA administer the CARES Act-funded DWG program in accordance with applicable federal regulations and guidelines?

To answer this question, Lopez reviewed the grant awarding process, analyzed performance data metrics, reviewed a judgmental sample of grantee costs, and interviewed ETA and grantee officials.

WHAT OIG FOUND

ETA generally administered the DWG program in accordance with applicable federal regulations and guidelines. However, there was a significant delay in the length of time for grantees to provide disaster relief employment and training from approximately 1 to 9 months. With 38 percent of the grant periods elapsed, and minimal grant spending, it is unlikely that grantees will effectively use the funds and deliver services by the end of the grant period. Moreover, there was a failure to quickly roll out programs and achieve targets for providing training services and returning participants back to employment.

In addition, for the 15 sampled grants, 2 grantees exceeded the 60-day deadline to provide the full application per Training and Employment Guidance Letter 12-19. ETA's delay in obtaining the full application while allowing grantees to draw funding increases the risk of unallowable costs being incurred and performance goals not being met.

Lopez determined DWG goals were clear, measurable, and linked to governing statutes. Lopez also found grantee expenditures were tied to disaster relief employment and training requirements.

WHAT OIG RECOMMENDED

Lopez made four recommendations to ETA to provide technical assistance to the states regarding grantee performance, provide close monitoring to ensure performance, establish written timelines for disaster relief action, and enforce existing procedures. ETA generally agreed with these recommendations and stated it has already taken corrective action.

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<https://www.oig.dol.gov/public/reports/oa/2022/19-22-002-03-391.pdf>