



ARRA REPORT BY THE  
INSPECTOR GENERAL AND STATE BOARD OF ACCOUNTS

2009-12-0262

December 28, 2009

ARRA REVIEW OF DWD WORKFORCE INVESTMENT ACT

*Indiana Inspector General Staff Attorney Amanda Schaeffer and State Examiner Bruce Hartman of the Indiana State Board of Accounts report as follows:*

This report addresses an evaluation of the Workforce Investment Act (WIA)<sup>1</sup> program of the Indiana Department of Workforce Development (DWD).

I

On February 17, 2009, the United States Government enacted the American Recovery and Reinvestment Act<sup>2</sup> (ARRA). The ARRA intends to provide a stimulus to the United States economy by providing \$787 billion in

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<sup>1</sup> 20 CFR 652 et al. “[With the Workforce Investment Act] The Department of Labor implements major reforms of the nation’s job training system and provides guidance for statewide and local workforce investment systems that increase the employment, retention and earnings of participants, and increase occupational skill attainment by participants, and as a result, improve the quality of the workforce, reduce welfare dependency, and enhance the productivity and competitiveness of the nation.” Federal Register Vol. 65, No. 156.

<sup>2</sup> 40 USC 1606.

program funding and tax credits.<sup>3</sup>

The purpose of this report is to reflect an initial evaluation of ARRA compliance by the WIA program.

## II

In 2009, DWD had been provided \$23,677,573 in ARRA funds for the WIA Youth program through the Young Hoosiers Conservation Corps, which created summer jobs at the Department of Natural Resources' properties throughout the state. DWD was also awarded \$9,393,463 in ARRA funding for the WIA Adult program and \$26,213,424 for the WIA Dislocated Worker program. These programs aim to reduce welfare dependency and reemploy dislocated workers by increasing employment, retention, earnings, and occupational skill attainment of program participants.

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<sup>3</sup> Indiana is expected to receive \$4.3 billion in ARRA funds and perhaps more in competitive grant funds. It is the experience of the Office of the Inspector General (OIG) and the State Board of Accounts (SBOA) that the expenditure of government funds may invite fraud and waste. The Office of the Inspector General's (OIG's) enabling statute states that the OIG "is responsible for addressing fraud, waste, abuse and wrongdoing in agencies." IC 4-2-7-2(b). The OIG is also mandated to "recommend policies and carry out other activities designed to deter, detect and eradicate fraud, waste, abuse, mismanagement and misconduct in state government." IC 4-2-7-3(2). These duties include the authority to "initiate, supervise and coordinate" investigations, IC 4-2-7-3(1), to perform audits, IC 4-2-7-2(a), and to "prepare interpretive and educational materials and programs." IC 4-2-7-3(16). Immediately upon the OIG's creation in 2005, the SBOA provided assistance to the OIG. Many of the two agencies' missions are similar. In addition to the above OIG duties, the SBOA is charged to develop and publish "accounting and uniform compliance guidelines manuals" ("Manuals") to provide guidance to public entities, IC 5-11-1-24(a), to perform audits, IC 5-11-1-9, and to make written findings regarding violations of its Manuals or "any law". IC 5-11-5-1(a). Both the SBOA and OIG also review compliance with the Circulars issued by the State Budget Agency issued under the authority of IC 4-12-1-13(h). Following the above authorities and precedent, both the OIG and SBOA have and continue to confer, research and seek education regarding ARRA. Substantial guidance has been provided by the Indiana Office of Management and Budget (OMB).

III

A

Findings

From our initial review, we find that the program controls outlined in the WIA programs' spending plans or other related documentation are adequate to meet the respective federal ARRA and OMB guidelines and requirements.

B

Recommendation

At a later date we will perform additional procedures as deemed necessary to verify compliance requirements. The work papers prepared during this review will be retained as approved by the Oversight Commission on Public Records.

Dated this 28<sup>th</sup> day of December, 2009.



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David O. Thomas, Inspector General