



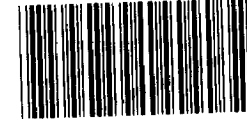
UNITED STATES GENERAL ACCOUNTING OFFICE  
WASHINGTON, D.C. 20548

108655  
~~9224~~

HUMAN RESOURCES  
DIVISION

FEB 22 1979

*File on form #103*



108655

Mr. R. C. DeMarco  
Acting Inspector General  
Office of Inspector General  
Department of Labor

Dear Mr. DeMarco:

The General Accounting Office has investigated an instance where employees of the Texas Employment Commission (TEC), a State agency that is part of the Federal-State employment service network, acted questionably by

--using information obtained in their official capacity to further the interests of their professional association; and

--recording and reporting job placements for full-time TEC employees and relatives even though these people did not seek employment through TEC.

During an official visit to the Liberty House department store in San Antonio, Texas, a TEC Employment Specialist learned that the store needed workers for a July 16, 1978, inventory. The Employment Specialist was employed at the Castle Hills branch of the San Antonio TEC office and was responsible for routinely contacting Liberty House to determine whether the store had job openings. The TEC employee was also the San Antonio club president of the Texas chapter, International Association of Personnel in Employment Security (IAPES) 1/ and decided that the prospective inventory would be a good way for the local club to raise money. The San Antonio IAPES club adopted the Liberty House inventory as a fund raising project and began recruiting volunteers as early as June 8. The San Antonio TEC District Director gave his approval for the project.

1/ IAPES is a professional organization of persons in the employment service and employment insurance fields. In addition to professional development activities, local IAPES clubs hold social and fund raising events.

*Report  
G.P.H.  
PUBLIC*

*003810*

The Liberty House inventory took place on July 16, 1978. About 50 IAPES members and relatives participated in the inventory. The IAPES participants included full-time TEC personnel and one Department of Labor employee. The inventory participants donated their time to IAPES and Liberty House paid IAPES in a lump sum check. In addition, other groups and individuals participated in the inventory. A TEC employee told us that TEC did not arrange for the other groups to participate in the inventory, and TEC did list 10 openings through the TEC employment service on June 28.

The Castle Hills TEC office reported 30 job placements for the IAPES participants who worked in the Castle Hills branch, for other TEC employees, and for their relatives, even though TEC had not referred the 30 volunteers to Liberty House for a job or an interview. This was contrary to Labor and TEC requirements which require that an individual must be referred to the employer for a job or an interview before a placement can be recorded. A TEC official told us that he prepared all records supporting the placements--including information which made it appear that the 30 participants had actually applied for TEC services--after the inventory took place. Other local TEC offices may have reported placements for the remaining participants.

The Department of Labor uses reported placements as part of a formula to allocate funds to States for employment service activities. A Labor official told us that this formula is currently being revised for the fiscal year 1980 allocation, and the weight to be given to placements in this new formula has not been decided.

TEC headquarters officials agreed that IAPES should not perform activities which conflict with TEC's mission and told us that TEC had stopped a similar endeavor by another IAPES group. They told us that had they known of the recent situation, it would have been stopped because of a possible conflict with TEC's mission. Also, subsequent to the inventory the IAPES Texas chapter president wrote Texas IAPES club presidents suggesting that they refrain from performing volunteer work for an employer because of possible legal implications.

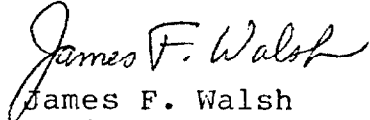
The San Antonio TEC District Director told us that reporting placements on TEC employees was questionable; however, other TEC officials maintain that the placements fit the TEC definition of a placement.

This situation, in our opinion, represents questionable conduct by TEC employees since they used information obtained on official business for the benefit of their professional

organization. TEC should have tried to refer only TEC applicants (not TEC employees) for the inventory jobs. For example, TEC had a program for students seeking summer employment. Also, claiming job placements for club members and relatives was inappropriate since TEC had not referred these persons to Liberty House for a job or an interview.

A Labor official told us that he was not aware of any Employment Service policies and guidelines that covered the situation discussed above. Because of the questionable nature of this situation we are referring it to you for your action. We would appreciate your advising us of any actions you take. We will be glad to discuss this with you.

Sincerely yours,

  
James F. Walsh  
Assistant Director