

Why GAO Did This Study

The Department of Labor (Labor) plays a vital role in promoting the welfare of American workers through administering and enforcing more than 180 federal laws that cover some 10 million employers and 125 million workers. Since the recent economic downturn, Labor's role has become even more critical as its programs provide additional employment and training supports. As such, GAO was asked to determine how well Labor is currently adhering to best management practices departmentwide to ensure that its programs are operating effectively. Specifically, this report assesses Labor's (1) strategic workforce management, (2) management controls to manage and modernize its information technology, and (3) accountability over its discretionary grants. To do this, GAO collected and reviewed Labor documents related to workforce and information technology planning, as well as grants management information, and conducted interviews with Labor's national and regional staff.

What GAO Recommends

GAO recommends that Labor strengthen its information technology planning and discretionary grant management by further developing guidance, procedures, and processes. Labor generally agreed with GAO's findings and six recommendations, providing additional perspective concerning the portrayal of its security controls and grant monitoring procedures. GAO clarified two recommendations in response, as discussed in the report.

View [GAO-11-157](#) or key components. For more information, contact Andrew Sherrill at (202) 512-7215 or sherrilla@gao.gov.

DEPARTMENT OF LABOR

Further Management Improvements Needed to Address Information Technology and Financial Controls

What GAO Found

Labor strategically manages its current and future workforce needs by (1) collecting, analyzing, and disseminating workforce data to its program agencies; (2) leading the development of departmentwide human capital planning documents; (3) conducting workforce gap analyses departmentwide and working with its program agencies to remedy these gaps; and (4) monitoring its program agencies' human capital programs. Labor has taken steps to understand its employees' skills and develop competencies to inform its succession planning and, according to Labor's workforce data, has maintained sufficient leadership strength in recent years. Several program agencies were also developing future leaders in various ways, such as providing training or mentoring opportunities. To monitor agencies' activities, Labor employs an accountability review to determine their compliance with federal and department human capital activities and, more recently, expanded this review to include an evaluation of their strategic workforce planning.

While Labor has established a process to oversee, manage, and modernize the department's IT investments, it has not fully developed certain management controls, which may hinder its systems' ability to maximize mission performance and expected IT benefits. Specifically, Labor has (1) established an IT governance structure and system development processes, but needs better representation from program managers with expertise of business operations; (2) provided guidance to its program agencies and offices on developing performance measurements, but system performance measures for selected investments did not comprehensively link to mission and expected outcomes; (3) established an investment management process that tracks cost and schedule variances for IT investments, but did not ensure that a major IT investment had sufficient business representation and adequate testing before departmentwide implementation; and (4) implemented a security program. However, Labor faces challenges in keeping current with certain security requirements and ensuring appropriate user access controls.

Labor's Employment and Training Administration (ETA) has designed policies and procedures to ensure accountability over its discretionary grants management process. However, ETA has not developed supervisory review procedures nor enhanced its guidance to ensure that (1) competitive grant award documentation is properly maintained, (2) monitoring activities results are properly and consistently documented in its Grants Electronic Management System, and (3) Single Audit results are fully integrated as part of discretionary grantee monitoring activities. Inadequate guidance and quality assurance procedures over discretionary grants may diminish ETA's ability to show that competitive grants were properly awarded and adequately assess the results of its key monitoring activities. ETA's discretionary budget accounted for \$11.4 billion, approximately 80 percent of Labor's estimated discretionary budget in fiscal year 2010, which includes discretionary grants.