

MEMORANDUM FOR: RAYMOND J. UHALDE
Deputy Assistant Secretary
for Employment and Training

FROM: JOHN J. GETEK
Assistant Inspector General
for Audit

SUBJECT: National Office Job Corps Procurements
Letter Report No. 09-01-203-03-370

The Office of Inspector General (OIG) audited the system used by the National Office of Job Corps (OJC) to procure goods and services during Fiscal Year (FY) 2000.

Our objective was to ascertain whether the procurement system performed as designed, and resulted in the fair and competitive acquisition of goods and services for the Job Corps program. The OJC relies on the Employment and Training Administration's (ETA) Division of Contract Services (DCS) to manage the procurement process.

During the period of October 1, 1999 to September 30, 2000, DCS contracting officers awarded 86 contracts for Job Corps. They obligated \$75,370,690 to purchase land and services to enhance program operations, to improve center facilities, and to assist students.

We are pleased to report our tests of 25 statistically sampled contracts found no problems. Specifically:

- DCS personnel ensured DOL contracting procedures were followed;
- purchases were made in a fair, competitive, and impartial manner as required by the Federal Acquisition Regulations (FAR); and
- goods and services purchased were necessary for the operation of the Job Corps program.

INTRODUCTION AND BACKGROUND

The Department of Labor (DOL), ETA, Office of Job Corps is responsible for administering the Job Corps program throughout the country. Currently, the program is authorized under Title I, Subtitle C of the Workforce Investment Act (WIA) of 1998.

The Job Corps program operates 119 centers in 46 states, the District of Columbia, and Puerto Rico. Each year the program serves more than 65,000 students at an annual cost of more than \$1 billion.

Regionally, Job Corps Directors procure the services of private-for-profit management companies, nonprofit organizations, or other governmental agencies, such as the Departments of Interior and Agriculture, to operate the 119 centers. Nationally, the OJC procures national labor union training, student pay, and property management services, program studies, and major center construction work.

The OJC relies upon contracting officers in the Office of the Assistant Secretary for Administration and Management (OASAM) and ETA's DCS to obtain all needed goods and services. Under 48 CFR Chapter 29, the DCS is responsible for all Job Corps procurement except for Automated Data Processing (ADP) goods and services which must be purchased through OASAM. During our period of review, all procurement actions were awarded by DCS.

OBJECTIVE, SCOPE, AND METHODOLOGY

Our audit objective was to determine whether the Job Corps procurement system is performing as designed and is resulting in fair and competitive procurement of necessary goods and/or services.

Audit work was conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. We applied procedures in accordance with performance audit fieldwork standards. Our tests were designed to evaluate procurement activity at the OJC. We did not evaluate regionally procured goods and services.

We conducted audit fieldwork from November 2000 to January 2001. We evaluated 25 procurement actions selected using a stratified random sample. The variable sample was designed to produce results with a 95 percent confidence level at a 10 percent precision (two-sided). In total, our sample tested \$53,500,323 (71 percent of the \$75,370,690) of procured obligations for FY 2000. We reviewed each procurement to ensure:

- adherence to DOL contracting procedures,
- compliance with FAR requirements, and
- the necessity of purchases for effective program operations.

We discussed our findings and conclusions with OJC's Director and staff and the DCS Contracting Officer on February 9, 2001.

AUDIT RESULTS

Based on our testing, we found OJC procurement awards by the DCS during FY 2000, were properly managed and resulted in the fair, impartial, and competitive procurement of goods and services necessary for the effective operation of the Job Corps program. Specifically,

- The DCS complied with the advertising, competition, negotiation, sealed bid, contract, evaluation, and/or small business set aside requirements in Parts 5, 6, 9, 15, 16, and 36 of the Federal Acquisition Regulations (FAR) as adopted by the DOL in 48 CFR Chapter 29.
- We found no conflicts of interest, or favoritism involved in the procurement actions.
- Goods and services procured were necessary to the effective operation of the Job Corps program.

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No response to this report is required. If you have any questions, please contact Linda G. Darby, Regional Inspector General, in San Francisco at (415) 975-4030.