


AGENCY RESPONSE TO DRAFT REPORT

U.S. Department of Labor
Office of Job Corps
Washington, D.C. 20210

SEP 27 2006



MEMORANDUM FOR: MICHAEL HILL
Regional Inspector General for Audit
Office of Inspector General

FROM: ESTHER R. JOHNSON, Ed.D. *Esther R. Johnson*
Administrator
Office of Job Corps

SUBJECT: OIG Audit
Job Corps Center Operating Costs
Report No. 03-06-005-01-370

The following is in response to the above stated Audit Report.

Recommendation 1 – “Require that Career Systems Development/Del-Jen (CSD/HJ) Joint Venture perform periodic audits of significant payments made by the Earle C. Clements Job Corps Center to ensure they are properly reviewed and approved.”

Response – Job Corps will instruct CSD/DJ to conduct regular audits and ensure the Earle C. Clements Job Corps Center is following all appropriate policy and procedures.

Recommendation 2 – “Require that CSD/DJ Joint Venture take the necessary steps to ensure that effective fiscal controls over expenditures have been designed and implemented at the Earle C. Clements Job Corps Center.”

Response – Job Corps will instruct CSD/DJ to take the necessary steps to ensure that effective fiscal controls over expenditures have been designed and implemented at the Earle C. Clements Job Corps Center.

Recommendation 3 – “Require CSD/DJ Joint Venture refund the government all late fee payments made to IKON Financial Services.”

Response – The Contracting Officer will prepare a letter requesting the appropriate funds are returned to the government.

Recommendation 4 – “Require that Dynamic Education Systems, Inc. (DESI), adhere to the terms of its contract related to charging indirect costs for the Jacksonville Job Corps Center.”

Response – Job Corps will instruct DESI to strictly adhere to the terms of its contract.

Recommendation 5 – *“Require that Dynamic Education Systems, Inc. record the full cost of center operations, including indirect costs, in the books of account for the Jacksonville Job Corps Center.”*

Response – Job Corps will instruct DESI accurately document full cost of center operations, including indirect costs.

Recommendation 6 – *“Require that Dynamic Education Systems, Inc refund the \$20,029 in indirect costs claimed through March 31, 2005, in excess of its current negotiated indirect cost rate and refund excess indirect costs claimed through subsequent periods for the Jacksonville Job Corps Center.”*

Response – The Contracting Officer will prepare a letter requesting DESI to refund the \$20,029 to the government and will investigate and include any subsequent costs.

Recommendation 7 – *“Require that each center have written policies and procedures for the preparation, documentation, recording, and approval of all journal entries made to the centers’ books of account and that corrective actions are taken by the Job Corps centers to address the deficiencies reported. Because this issue was found to exist at other Job Corps centers in the prior year, our recommendation now extends to include all Job Corps centers.”*

Response – Job Corps will incorporate appropriate language into the Policy and Requirements Handbook addressing this recommendation.

Thank you for your time and commitment to improving the Job Corps program.