

U.S. Department of Labor

Office of Inspector General—Office of Audit

OFFICE OF JOB CORPS



**JOB CORPS REGIONAL DIRECTOR'S
AUTHORITY AS CONTRACTING OFFICER
RAISES CONCERNS**

Date Issued: March 30, 2007

Report Number: 04-07-002-01-370

BRIEFLY...

Highlights of Report Number: 04-07-002-01-370, to the National Director of Job Corps. March 30, 2007.

WHY READ THE REPORT

In response to an anonymous hotline complaint, we conducted an audit to determine whether the complaint's allegations of improper activities by the former Regional Director (RD) of the Atlanta Regional Office of Job Corps (AROJC) could be substantiated. Our specific audit objectives were as follows:

- Did the former AROJC RD give preferential treatment to contractors during the assessment scoring process?
- Did the former AROJC RD abuse his contracting authority by violating procurement regulations to acquire contractor services?
- Did the former AROJC RD misuse Federal funds to purchase boxing gloves and George Foreman books?

WHY OIG DID THE AUDIT

OIG performed the audit to determine if the allegations discussed in the complaint against the former AROJC RD could be substantiated.

READ THE FULL REPORT

To view the report, including the scope, methodology, and full agency response, go to:

<http://www.oig.dol.gov/publicreports/oa/2007/04-07-002-01-370.pdf>

March 2007

Job Corps Director's Authority as Contracting Officer Raises Concerns

WHAT OIG FOUND

We did not substantiate the allegation that the former AROJC RD gave preferential treatment to contractors during the quality assessment scoring process. However, by having one person serve as the Contracting Officer, in addition to performing the contract monitoring and assessment responsibilities of the RD, Job Corps did not provide for an adequate segregation of duties.

The former AROJC RD abused his contracting authority by violating procurement regulations to acquire personal services. The former AROJC RD recruited an individual to work under his direct supervision and then arranged for two Job Corps' contractors to employ the individual. Neither contractor supervised the services the individual performed for Job Corps. The former AROJC RD's placement of the individual under two service contracts while under his direct supervision created in substance a personal services contract.

The former AROJC RD did not misuse Federal funds to purchase boxing gloves and books. The boxing gloves and books, acquired to serve as motivational tools for Job Corps participants and as awards for Job Corps program accomplishments, were reasonable and authorized program expenses.

WHAT OIG RECOMMENDED

We recommended the National Director of Job Corps:

- Separate the Contracting Officer and Regional Director responsibilities to two individuals in each region, in order to strengthen controls and provide for greater independence in the selection and award of future Job Corps contracts.
- Update the Program Assessment Guide to incorporate the process for conducting a pre-brief out and substantiating any changes agreed to during the pre-brief out.
- Ensure adherence with the Federal Acquisition Regulation regarding personal service contracts and conflicts of interest.

In response to the draft report, the National Director of Job Corps agreed with our findings and recommendations.

Table of Contents

	PAGE
EXECUTIVE SUMMARY	3
ASSISTANT INSPECTOR GENERAL'S REPORT	5
We did not substantiate the allegation that the former Regional Director (RD) for the Atlanta Regional Office of Job Corps (AROJC) gave preferential treatment to contractors during the quality assessment scoring process ..	6
The former AROJC RD abused his contracting authority by violating procurement regulations to acquire personal services	9
The former AROJC RD did not misuse Federal funds in acquiring boxing gloves and books	12
EXHIBIT	13
A. Quality Assessments on Which the Contractor's Employee Participated	15
APPENDICES	17
A. Background	19
B. Objectives, Scope, Methodology, and Criteria	21
C. Acronyms and Abbreviations	23
D. Agency Response	25

PAGE HAS BEEN INTENTIONALLY LEFT BLANK

Executive Summary

In response to an anonymous hotline complaint, the Office of Inspector General conducted an audit to determine whether the allegations of improper actions by the former Regional Director (RD) of the Atlanta Regional Office of Job Corps (AROJC) could be substantiated. Our specific objectives were to determine the following:

1. Did the former AROJC RD give preferential treatment to contractors during the quality assessment scoring process?
2. Did the former AROJC RD abuse his contracting authority by violating procurement regulations to acquire contractor services?
3. Did the former AROJC RD misuse Federal funds to purchase boxing gloves and George Foreman books?

Results

- 1. We did not substantiate the allegation that the former AROJC RD gave preferential treatment to contractors during the quality assessment scoring process.** We found no evidence to support the allegation that the former AROJC RD gave preferential treatment to contractors during the quality assessment scoring process. However, by having one person serve as the Contracting Officer, in addition to performing the contract monitoring and assessment responsibilities of the RD, Job Corps did not provide for an adequate segregation of duties. These dual responsibilities impair the RD's independence as a Contracting Officer and could result in bias and preferential treatment in the award of contracts. In addition, the absence of adequate documentation of the quality assessment scoring process further contributes to a perception of bias and preferential treatment in contract awards, and hampers Job Corps' ability to defend itself against contractor protests.
- 2. The former AROJC abused his contracting authority by violating procurement regulations to acquire personal services.** The former AROJC RD recruited an individual to work under his direct supervision and then arranged for two Job Corps' contractors to employ the individual. Officials of the two contractors stated they did not supervise the services the individual performed for Job Corps. The former AROJC RD's placement of the individual under two service contracts while under his direct supervision created in substance a personal services contract.

The former AROJC RD also directed the individual to participate on contractor quality assessment reviews. Quality assessment services were not included in the statements of work for either of the contractors for which the individual worked. The individual assigned to provide the quality assessment services was the spouse of an official of a competing JC contractor. By assigning this individual to participate on

the quality assessments, the former AROJC RD created a conflict of interest. This conflict of interest resulted in the appearance of unfairness and bias in conducting the quality assessments and may have put competing contractors at a disadvantage in the competitive contract process.

- 3. The former AROJC RD did not misuse Federal funds to purchase boxing gloves and books.** The former AROJC RD submitted the proper documentation needed to purchase boxing gloves and boxing related books with Federal funds. The books, acquired to serve as motivational tools for Job Corps participants and as awards for Job Corps program accomplishments, were a reasonable and authorized program expense.

Recommendations

We recommend the National Director of Job Corps:

1. Separate the Contracting Officer and Regional Director responsibilities to two individuals, in order to strengthen controls and provide for greater independence in the selection and award of future Job Corps contracts.
2. Update the Program Assessment Guide (PAG) to incorporate the process for conducting a pre-brief out, and substantiating any changes agreed to during the pre-brief out.
3. Ensure adherence with the Federal Acquisition Regulation regarding personal service contracts and conflicts of interest.

Agency Response

In response to the draft report, the National Director of Job Corps agreed with the findings and recommendations and stated that Job Corps has addressed the need to separate the duties of the Regional Director and Contracting Officer by placing those functions in two different reporting structures. The National Director further stated that this separation of duties addresses the recommendation to ensure adherence to the Federal Acquisition Regulation. The National Director also agreed to update the PAG.

Job Corps' response to the draft report is included in its entirety as Appendix D.

OIG Conclusion

Based on Job Corps' statement that it has separated the duties of the Regional Director and Contracting Officer, recommendation 1 is resolved. This recommendation can be closed upon receipt of documentation regarding the separation of duties and new reporting structures. Recommendation 2 is unresolved, pending receipt of a planned date for issuing the updated PAG. Recommendation 3 is also unresolved. While Job Corps' action to separate the duties of the Regional Director and Contracting Officer will improve the procurement control environment, we believe that the National Director of Job Corps also needs to issue additional guidance to Job Corps' staff regarding the importance of avoiding even the appearance of a conflict of interest in their relationships with contractors and contractors' staff.

U.S. Department of Labor
Office of Inspector General
Washington, DC 20210



Assistant Inspector General's Report

Dr. Esther R. Johnson
National Director of Job Corps
U. S. Department of Labor
200 Constitution Avenue, N.W.
Washington, DC 20210

In response to an anonymous hotline complaint, we conducted an audit to determine whether the complaint's allegations of improper activities by the former Regional Director (RD) of the Atlanta Regional Office of Job Corps (AROJC) could be substantiated. Our specific audit objectives were as follows:

1. Did the former AROJC RD give preferential treatment to contractors during the assessment scoring process?
2. Did the former AROJC RD abuse his contracting authority by violating procurement regulations to acquire contractor services?
3. Did the former AROJC RD misuse Federal funds to purchase boxing gloves and George Foreman books?

We conducted the audit in accordance with Government Auditing Standards for performance audits. Our audit objectives, scope, methodology, and criteria are detailed in Appendix B.

Objective 1 – Did the former Atlanta Regional Office of Job Corps (AROJC) Regional Director (RD) give preferential treatment to contractors during the assessment scoring process?

Results and Finding

We did not substantiate the allegation that the former AROJC RD gave preferential treatment to contractors during the quality assessment scoring process. However, a lack of adequate segregation of duties existed because the former RD was involved in monitoring and assessing the services provided by Job Corps' contractors, while also serving as a warranted Contracting Officer (CO). By having one individual serve in both roles, Job Corps impaired the independence of the CO. This lack of independence could result in bias and preferential treatment in the award of contracts. In addition, the absence of adequate documentation of the quality assessment scoring process further contributes to a perception of bias and preferential treatment in contract awards, and hampers Job Corps' ability to defend itself against contractor protests.

Job Corps' RDs are warranted COs responsible for the competing and awarding of contracts to operate Job Corps centers and contracts to provide outreach / admissions (OA) and career transition services (CTS).

Job Corps' RDs are also responsible for monitoring and assessing the performance of contractors within their region. Quality assessments are one of the tools used by Job Corps to measure contractor performance. Job Corps' Regional Offices conduct quality assessments of each contractor every 12 to 24 months. The quality assessment results in a numeric quality rating for the center operator, OA contractor or CTS contractor being evaluated. This quality rating is reported to the Job Corps National Office and provides a qualitative performance measure for center/OA/CTS contractors. The quality rating is used during the contract award process as part of the past effectiveness rating.

During a quality assessment, a team from the Job Corps Regional Office conducts an on-site evaluation of program activities using Job Corps' PAG. The team evaluates and scores program activities in the following functional areas:

- outreach and admissions
- career preparation
- career development
- career transition
- management
- administrative support

Assessment team members are assigned a specific functional area to evaluate and score. At the conclusion of the on-site work, the assessment team conducts a brief out with the contractor to present the results of the quality assessment. Prior to this

meeting, the assessment team normally conducts a “pre-brief out” meeting among themselves to discuss and finalize their results and the quality rating assigned to the various functional areas.

The former AROJC RD or the Deputy RD participated in pre-brief outs among team members and brief outs with contractors. In pre-brief outs, assessment team members presented the results of their area of review. The results included a summary of contractor performance, concerns, and the assigned score for each section of the completed assessment. However, no written record documented the discussions at the pre-brief out or the process for deriving final scores assigned to the contractors.

The former AROJC RD stated that he was responsible for contractor assessment scores and participated as a team member during the quality assessments. The former AROJC RD stated that he did not always agree with the assessment scores of other team members and in some instances team members may have felt compelled to change their scores.

Job Corps' PAG does not prohibit the RD from participating in the assessment process, nor does the PAG include procedures for conducting pre-brief outs or the assignment of the scores by team members. However, the PAG states: “Careful coordination between individuals assigned to each function and information sharing among all team members, regardless of assignment, is critical for a thorough assessment.”

The “Standards for Internal Controls in the Federal Government” states:

Key duties and responsibilities need to be divided or segregated among different people to reduce the risk of error or fraud. This should include separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions, and handling any related assets. No one individual should control all key aspects of a transaction or event.

By having one person serve as the Contracting Officer, in addition to performing the contract monitoring and assessment responsibilities of the Regional Director, Job Corps did not provide for an adequate segregation of duties. The RD's dual responsibilities impaired his independence in the awarding of contracts. Federal Acquisition Regulation Part 3.000, Subpart 3.101-1, states: “Government business shall be conducted in a manner above reproach and, except as authorized by statute or regulation, with complete impartiality and with preferential treatment for none.”

In summary, we did not find evidence of preferential treatment to contractors during the quality assessment scoring process. However, the RD's influence on the contractor quality assessment scores given his role as the CO, impairs the CO's independence. This lack of independence could result in bias and preferential treatment in the award of contracts. The absence of documentation of the quality assessment scoring process

further increases Job Corps' vulnerability to claims of bias and preferential treatment and hampers Job Corps' ability to effectively defend against contractor protests.

Recommendation

We recommend the National Director of Job Corps:

1. Separate the Contracting Officer and Regional Director responsibilities to two individuals in each region, in order to strengthen controls and provide for greater independence in the selection and award of future Job Corps contracts.
2. Update the Program Assessment Guide to incorporate the process for conducting a pre-brief out and substantiating any changes agreed to during the pre-brief out.

Agency Response

In response to the draft report, the National Director of Job Corps agreed with the findings and recommendations. The National Director stated that Job Corps has addressed the need to separate the duties of the Regional Director and Contracting Officer by placing those functions in two different reporting structures. The National Director also agreed to update the Program Assessment Guide.

Job Corps' response to the draft report is included in its entirety as Appendix D.

OIG Conclusion

Based on Job Corps' statement that it has taken action to separate the duties of the Regional Director and Contracting Officer, recommendation 1 is resolved. This recommendation can be closed upon receipt of documentation regarding the separation of duties and new reporting structures. Recommendation 2 is unresolved, pending receipt of a planned date for issuing the updated Program Assessment Guide.

Objective 2 – Did the former AROJC RD abuse his contracting authority by violating procurement regulations to acquire contractor services?

Results and Finding

The former AROJC RD abused his contracting authority by violating procurement regulations to acquire personal services. The RD arranged for two Job Corps contractors – American Business Corporation (ABC) and Education Training Resources (ETR) -- to employ an individual he had recruited to work under his direction. The RD directed this individual to provide contractor quality assessment services, although such services were not included in the Statements of Work in Job Corps' contracts with either ABC or ETR. The former RD's decision to use this individual to provide contractor quality assessment services also created a conflict of interest because the individual was the spouse of an employee of Management Training Corporation (MTC), a competing Job Corps contractor.

The former AROJC RD stated additional funding was available in 2000 to expand the existing area of Career Transition Services (CTS) to a more expansive service called Career Development Services System (CDSS). The former RD stated that he interviewed two individuals about providing these expanded services. Upon selecting an individual, the former RD notified ABC of his intention to incorporate a new position into ABC's contract to provide CTS in Georgia.

An ABC official stated that ABC employed the individual under its Job Corps contract to provide CTS in Georgia, but the individual reported directly to the former AROJC RD. The official stated ABC had no direct oversight responsibility for the individual and handled only the administrative responsibilities. While reporting directly to the former AROJC RD, the individual participated on five JCC contractor quality assessments during the period of December 2002 until June 2003. Quality assessment services were not included in the Statement of Work or as deliverables under Job Corps' contract with ABC.

On August 8, 2003, ABC notified Job Corps of its decision to terminate the individual. ABC stated that it was under-staffed in its CTS contract, and in good conscience could not use existing operating funds to continue this position. ABC further explained that it had concerns about the perception of impropriety and potential protest when it submits proposals to operate JCCs in the Atlanta Region. ABC terminated the individual's employment on October 9, 2003.

On October 10, 2003, the former AROJC RD moved the individual to Job Corps' contract with ETR for the operation of the Turner Job Corps Center. While employed by ETR during the period October 2003 until April 2004, the individual participated on eight quality assessments. The President of ETR stated that he was not aware of the individual's participation on quality assessment teams during her employment with ETR. As with the ABC contract, quality assessment services were not included in ETR's contract with Job Corps.

In summary, the former AROJC RD placed the individual under two service contracts¹ while under his direct supervision, creating in substance a personal services contract.

FAR 37.104 (a) states:

A personal services contract is characterized by the employer-employee relationship it creates between the Government and the contractor's personnel. . . . Obtaining personal services by contract, rather than by direct hire, circumvents those laws unless Congress has specifically authorized acquisition of the services by contract.

In addition, the former RD created a conflict of interest in allowing the individual to participate on quality assessments because the individual was the spouse of an MTC official, and MTC was a competing Job Corps contractor. Overall, the AROJC performed 24 assessments from December 2002 until April 2004. During that period, the individual participated in 13 of 24 assessments (54 percent). While a potential conflict of interest existed for all the quality assessments on which the individual participated, we noted one quality assessment where MTC was directly involved as a competing contractor. Exhibit A identifies the quality assessments on which the individual participated.

FAR Part 3.000, Subpart 3.101-1, states:

Government business shall be conducted in a manner above reproach and, except as authorized by statute or regulation, with complete impartiality and with preferential treatment for none. . . . The general rule is to avoid strictly any conflict of interest or even the appearance of a conflict of interest in Government-contractor relationships.

The former AROJC RD stated that he knew the individual was married to an MTC corporate official but knew of no requirement for evaluating personal or family relationships across contracts. In addition, the former AROJC RD contended the individual was restricted from giving quality assessment scores, but agreed that the Job Corps RD or Deputy RD and project managers used the individual's quality assessment narratives to assign scores. These quality assessment scores are one of the elements used to determine past effectiveness. Past effectiveness is considered by Job Corps during the contract award process.

In conclusion, the actions taken by the former AROJC RD raise concerns surrounding the propriety of Job Corps contractor quality assessment and contract award processes. The former AROJC RD abused his contracting authority by violating procurement regulations to acquire personal services. Additionally, although MTC is a Job Corps contractor and the former AROJC RD was aware that the contract employee was married to an MTC official, the former AROJC RD nonetheless allowed this individual to

¹ "Service contract" means a personal or nonpersonal contract that directly engages the time and effort of a contractor whose primary purpose is to perform an identifiable task rather than to furnish an end item of supply.

participate on contractor quality assessments, including assessments of MTC operations. These actions by the former AROJC RD created a conflict of interest that may have put firms bidding for Job Corps' contracts at a competitive disadvantage.

Recommendation

3. We recommend the National Director of Job Corps ensure adherence with the Federal Acquisition Regulation regarding personal service contracts and conflicts of interest.

Agency Response

In response to the draft report, the National Director of Job Corps stated that Job Corps had separated the duties of the Regional Director and Contracting Officer by placing those functions in two different reporting structures. The National Director further stated that this separation of duties addresses the recommendation to ensure adherence to the Federal Acquisition Regulation.

Job Corps' response to the draft report is included in its entirety as Appendix D.

OIG Conclusion

Recommendation 3 is unresolved. While Job Corps' action to separate the duties of the Regional Director and Contracting Officer will improve the procurement control environment, we believe that the National Director of Job Corps also needs to issue additional guidance to Job Corps' staff regarding the importance of avoiding even the appearance of a conflict of interest in their relationships with contractors and contractors' staff.

Objective 3 – Did the former AROJC RD misuse Federal funds to purchase boxing gloves and George Foreman books?

Results

The former AROJC RD did not misuse Federal funds in acquiring boxing gloves and books. The former RD spent Federal funds to purchase boxing gloves and boxing related books, and presented the boxing gloves to contractors as performance awards. However, the acquisition of boxing gloves and books was an allowable expenditure.

The former AROJC RD submitted the proper documentation needed to purchase the boxing gloves and the books authored by George Foreman. The former AROJC RD stated the boxing gloves were used for the "Regional Director's Impact Awards" and the books were purchased to present to students during a leadership conference.

The former AROJC RD kept the boxing gloves in his office. He also kept the books, authored by George Foreman entitled "George Foreman's Guide to Life, How to Get up off the Canvas When Life Knocks You Down," in the storage room. The former AROJC RD stated that when George Foreman was 16, he joined Job Corps and graduated. The former AROJC RD stated that Foreman's book is essentially a book of advice and he decided the book would be a good inspirational piece for the students.

The former AROJC RD stated, however, due to the late ordering of the books, they did not arrive in time for distribution during the student leadership conference. He also stated he provided a copy of the book to approximately 10 student attendees who expressed an interest in receiving a copy of the book.

We concluded that the former AROJC RD did not misuse Federal funds in acquiring boxing gloves and books. The purchases were a reasonable and authorized program expense.



Elliot P. Lewis
September 22, 2006

Exhibit

PAGE HAS BEEN INTENTIONALLY LEFT BLANK

QUALITY ASSESSMENTS ON WHICH THE
CONTRACTORS' EMPLOYEE PARTICIPATED

Quality Assessments			
	Date of Assessment	Job Corps Center & Operator	Contractor Employee's Area of Responsibility
1	April 5 - 8, 2004	Batesville/MINACT, Inc.	OA, & CTS
2	March 22 - 26, 2004	Mississippi/Del-Jen, Inc.	OA
3	February 23-27, 2004	Bamberg/DESI	OA, CPP, & CTS
4	January 26 – 30, 2004	Gulfport/DESI	OA, & CTS
5	January 12-16, 2004	Miami/ResCare, Inc.	OA, WBL, & CTS
6	December 8 – 12, 2003	Gadsden/MINACT, Inc.	OA
7	November 17–21, 2003	Memphis/MINACT, Inc.	OA, & CTP
8	October 27-31, 2003	Atlanta/MTC	CTS, & Property Management
9	June 16-20, 2003	Homestead/Vinnell Corp.	OA, WBL, & CTS
10	April 28 – May 2, 2003	Schenck/U.S. Forest Service	OA, WBL, & CTS
11	March 17-21, 2003	Brunswick/Vindell Corp.	OA, & CPP
12	February 24-28, 2003	Jacksonville/DESI	CTP
13	December 2-6, 2002	Turner/CSDC, mentor and ETR, protégé	CTP

Legend:

DESI = Dynamic Educational Systems, Inc.
CSDC = Career Systems Development Corporation
ETR = Education and Training Resources
MTC = Management and Training Corporation

OA = Outreach and Admissions
CTS = Career Transition Services
CPP = Career Preparation Period
CTP = Career Transition Period
WBL = Work-Based Learning Standards

PAGE HAS BEEN INTENTIONALLY LEFT BLANK

Appendices

PAGE HAS BEEN INTENTIONALLY LEFT BLANK

APPENDIX A

BACKGROUND

The audit resulted from an anonymous complaint sent by an employee of Job Corps and received by the Office of Inspector General. The Atlanta Regional Audit Office evaluated the allegations and results are discussed in this report. There were allegations of some serious breaches of integrity occurring in the Atlanta Regional Office of Job Corps. The allegation further named the former Regional Director as the individual responsible for the impropriety.

Title I-C of the Workforce Investment Act of 1998 authorizes the Job Corps program. Education, training and support services are provided to students at Job Corps center campuses located throughout the United States and Puerto Rico. The U.S. Department of Labor operates the Job Corps Centers (JCC) by private companies through competitive contracting processes, and by other Federal agencies through inter-agency agreements.

The purpose of Job Corps is to assist young people who need and can benefit from a comprehensive program, operated primarily in the residential setting of a Job Corps Center, to become more responsible, employable, and productive citizens.

As a national, primarily residential training program, Job Corps' mission is to attract eligible young adults, teach them the skills they need to become employable and independent, and place them in meaningful jobs or further education.

The quality rating system provides a vehicle for assessing the quality of services provided to students and employers by Job Corps contractors. The Program Assessment Guide states that project managers perform regular, ongoing evaluation of center plans and performance. Project managers within the regional offices perform quality assessments every 12 to 24 months that result in a score for JCC contractors. The regional offices report the assessment scores to the National Office of Job Corps and provide a qualitative performance measure for center operations. The score is included as part of the quality measurement system and is used for contracting purposes as part of the past effectiveness rating. The past effectiveness score is one of several factors taken into consideration when the Contract Officer (CO) needs to determine that the prospective contractor has demonstrated a satisfactory record of past performance.

The Program Assessment Guide also states that a brief out provides the operator/contractor and the center with verbal feedback on results of regional office quality assessment. The brief out occurs prior to the departure of the team personally or by conference call. The AROJC staff stated the brief outs are generally presented on the final assessment results on Friday morning with JCC staff, contractor's corporate staff, the student government association members, and the RD or DRD.

PAGE HAS BEEN INTENTIONALLY LEFT BLANK

OBJECTIVES, SCOPE, METHODOLOGY, AND CRITERIA

Objectives

Our overall objective was to determine whether we could substantiate the allegations the former Regional Director (RD) of the Atlanta Regional Office of Job Corps (AROJC) violated any laws, regulations or Job Corps' policies. Specifically, did the former RD:

1. give preferential treatment to contractors during the assessment scoring process?
2. abuse his contracting authority by violating procurement regulations to acquire contractor services?
3. misuse Federal funds to purchase boxing gloves and George Foreman books?

Scope

Our audit focused on allegations concerning the former AROJC RD that occurred during the period January 1, 2000, through December 31, 2004.

Methodology

To substantiate the allegations, we first gained an understanding of how AROJC performs the quality assessments. We conducted interviews with project managers, the contract specialist, budget technician, and the procurement technician to obtain information to assist us in achieving our objective. We also interviewed the former RD and the Deputy RD who were responsible for the AROJC activities. The AROJC is located at 61 Forsyth Street, SW, Room 6T95, Atlanta, Georgia.

To further our understanding of the quality assessment process, we interviewed five of the ten project managers. To select the managers interviewed, we first selected a project manager we believed could supply information pertinent and specific to the allegations. To select the other four project managers, we made two strata: one with GS-12 and the other with GS-13 project managers. We then randomly selected two project managers from each group (two GS-13 and two GS-12 project managers). We developed a matrix in order to compare the interview responses.

We obtained and reviewed procurement orders, Orders for Supplies and Services (OF 347), Internal Request Document, and sales order forms related to the purchase of the boxing gloves and related books. We observed these items at the AROJC office. We also obtained Job Corps' contracts with American Business Corporation and Education and Training Resources and W-2s, Personnel Action forms, trip reports and Position Descriptions from the contractors who employed the wife of an MTC official. We reviewed various assessment reports from the AROJC, and conducted interviews with the contractor and her husband in order to confirm their relationship.

The audit was performed in Atlanta, Georgia, between June 14, 2005, and September 22, 2006. The understanding we obtained of internal controls focused only on those controls related to our audit objective of determining whether the allegations could be substantiated, and was not intended to form an opinion on the adequacy of internal controls overall, and we do not render such an opinion. We performed our audit in accordance with Government Auditing Standards for performance audits issued by the Comptroller General of the United States. An audit made in accordance with these standards provides reasonable assurance that its objectives were achieved, but does not guarantee the discovery of illegal acts, abuse or all internal control weaknesses. Providing an opinion on compliance with all laws, regulations, and other compliance requirements was not an objective of our audit and accordingly, we do not express such an opinion. We believe our audit provides a reasonable basis for our assessment and conclusions.

Criteria

The Office of Job Corps, a component of the Office of the Secretary of the U.S. Department of Labor, administers the Job Corps program. Authority for Job Corps is established under Title I, Subtitle C of the Workforce Investment Act of 1998, formerly Title IV-B of the Job Training Partnership Act.

The following additional criteria pertain to this audit:

- Federal Acquisition Regulation
- Policy and Requirements Handbook
- Program Assessment Guide
- Job Corps Procurement Compendium

APPENDIX C

ACRONYMS AND ABBREVIATIONS

ABC	American Business Corporation
AROJC	Atlanta Regional Office of Job Corps
CO	Contracting Officer
CTS	Career Transition Services
DRD	Deputy Regional Director
ETR	Education and Training Resources
FAR	Federal Acquisition Regulation
JCC	Job Corps Center
MTC	Management and Training Corporation
PAG	Program Assessment Guide
RD	Regional Director

PAGE HAS BEEN INTENTIONALLY LEFT BLANK

AGENCY RESPONSE TO DRAFT REPORT

U.S. Department of Labor

Office of Job Corps
Washington, D.C. 20210



MAR 30 2007

MEMORANDUM FOR: ELLIOT P. LEWIS
Assistant Inspector General for Audit

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

SUBJECT: Job Corps Regional Director's Authority as Contracting
Officer Raises Concerns - Draft Audit Report No.
04-07-002-01-370

We have reviewed your draft report regarding the activities of the former Regional Director in Atlanta. That draft report summarized the three prevailing allegations that were investigated, the findings that resulted, and your recommendations on how those findings might be addressed.

We agree with and accept your findings in this draft report. As an organization, we have already addressed the need to separate the duties of the Regional Director and Contracting Officer by placing those functions in two different reporting structures. The actual duties are now divided and are the responsibility of separate individuals. This occurrence also addresses your recommendation to ensure adherence to the Federal Acquisitions Regulations, since the duties are now separated, and we agree to update our Program Assessment Guide as well.

We appreciate your review and your on-going efforts to help us make Job Corps an even better organization.