

# U.S. Department of Labor

Office of Inspector General—Office of Audit

OFFICE OF JOB CORPS



## **GRAFTON JOB CORPS CENTER: ALLEGATIONS THAT STUDENT ATTENDANCE AND TRAINING DATA WERE OVERSTATED**

Date: September 28, 2007  
Report Number: 09-07-004-01-370

# BRIEFLY...

Highlights of Report Number 09-07-004-01-370, *Grafton Job Corps Center: Allegations that Student Attendance and Training Data were Overstated*, to the National Director, Office of Job Corps, dated September 28, 2007.

## WHY READ THE REPORT

The report discusses the audit results regarding our assessment of a hotline complaint we received on the Grafton Job Corps Center. The Grafton Job Corps Center is operated by Adams and Associates, Inc. (Adams).

## WHY OIG CONDUCTED THE AUDIT

The Office of Inspector General (OIG) received a hotline complaint regarding the Grafton Job Corps Center (Center). The complainant alleged Grafton officials manipulated student accountability data and training records in order to enhance the performance measures of On-Board Strength and Vocational Completions.

Our audit objective was to determine if the allegations had merit. Specifically, we answered the following questions:

Did Grafton officials overstate the Center's On-Board Strength performance measure by violating unpaid administrative leave or absent without leave requirements in the Policy and Requirements Handbook? As a result, did the Center retain students who should have been separated?

Did Grafton officials overstate the Center's Vocational Completions performance measure by graduating students who did not satisfy all training requirements?

## READ THE FULL REPORT

To view the report, including the scope, methodology, and agency response, go to: <http://www.oig.dol.gov/public/reports/oa/2007/09-07-004-01-370.pdf>

**U.S. Department of Labor  
Office of Inspector General  
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## WHAT OIG FOUND

We concluded the allegations had merit because Grafton officials had not followed the Policy and Requirements Handbook when showing students in leave status, placing students in absent without leave status, and graduating vocational students. Non-compliance with the Policy and Requirements Handbook directly resulted in overstating both performance measures.

Grafton officials overstated the On-Board Strength performance measure by retaining students who should have been separated. The audit results disclosed a pattern of inappropriately showing students in unpaid administrative leave and absent without leave status. These practices resulted in "extending the stay" of these students by 910 days, and as a result, the Contractor owes liquidated damages totaling \$56,824.

Grafton officials did not materially overstate the Vocational Completions performance measure. However, we identified four students of 34 who were shown as having completed their vocation even though their Training Activity Reports did not support their completion. As a result, students may not have been fully trained for their vocations and they may have received unearned bonuses for vocations not completed.

## WHAT OIG RECOMMENDED

The OIG recommended the Office of Job Corps recover liquidated damages of \$56,824 from Adams; monitor and verify that Grafton officials have taken actions to strengthen the control environment to ensure proper recording of leave, attendance, and vocational completions; and monitor the accuracy of reported performance measures of Adams' operated centers.

## HOW AUDITEE RESPONDED

The Office of Job Corps generally agreed with our recommendations and agreed to do a detailed review of our results and to assess liquidated damages. They also agreed to monitor the Grafton Job Corps Center and other Adams' operated centers.

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# Executive Summary

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We conducted a performance audit of the Grafton Job Corps Center (Center), operated by Adams and Associates, Inc. (Adams), to determine the merits of a hotline complaint. The complainant alleged Grafton officials manipulated student leave, absent without leave, and training records in order to enhance the performance measures of On-Board Strength and Vocational Completions. Job Corps uses these and other performance and outcome measures as part of a comprehensive management system to assess program effectiveness. The Center is located in Worcester County, Massachusetts.

Our audit objective was to determine if the allegations had merit. Specifically, we answered the following questions:

1. Did Grafton officials overstate the Center’s On-Board Strength performance measure by violating unpaid administrative leave or absent without leave requirements in the Policy and Requirements Handbook (PRH)? As a result, did the Center retain students who should have been separated?
2. Did Grafton officials overstate the Center’s Vocational Completions performance measure by graduating students who did not satisfy all training requirements?

To accomplish this objective, we determined whether Grafton officials adhered to the PRH governing when to authorize student leave, place a student in absent without leave status, and graduate a vocational student.

## Results

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Grafton officials overstated the performance measure of On-Board Strength (OBS). Moreover, we concluded the allegation had merit because Grafton officials had not followed PRH requirements when showing students in leave status and placing students in absent without leave status. Non-compliance with the PRH directly resulted in overstating the OBS performance measure.

Grafton officials overstated the OBS performance measure by retaining students who should have been separated. This occurred because of the lack of an effective control environment for monitoring and reporting student leave. The audit results disclosed a pattern of inappropriately showing students in unpaid administrative leave and absent without leave status. Moreover, these practices resulted in “extending the stay” of students by 910 days, and as a result, Adams owes liquidated damages totaling \$56,824.

Further, Grafton officials did not materially overstate the performance measure of Vocational Completions. However, we identified 4 students of 34 students we

reviewed who were shown as having completed their vocation even though their Training Activity Reports (TARs) did not support their completion. This occurred because of the weak control environment at the Center that included not properly monitoring TARs to assure all training was completed. As a result, students may not have been fully trained for their vocations, and they may have received unearned bonuses for vocations not completed.

## **Recommendations**

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The OIG recommended the National Director, Office of Job Corps, direct the Regional Job Corps Administrator to take actions designed to correct the aforementioned problems. In general, we recommended the Regional Administrator recover liquidated damages of \$56,824 from Adams (through the Contracting Officer); monitor and verify that Grafton officials have taken actions to strengthen the control environment to ensure proper recording of leave, attendance, and vocational completions; and monitor the accuracy of reported performance measures of Adams-operated centers.

## **Auditee Response**

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The Office of Job Corps concurred with each of our recommendations and agreed to:

- Conduct a detailed review of student files at the Center and provide recommendations to the Contracting Officer for liquidated damages.
- Monitor the Center's documentation practices for recording and reporting leave and attendance.
- Enhance data integrity requirements and data integrity audits on active and separated student files as a part of their annual performance assessment of each center.
- Review, monitor, and verify that the Center has taken actions to strengthen its documentation practices to ensure the proper recording and reporting of vocational completions.
- Review, monitor, and verify the accuracy of reported vocational completions at other Adams' operated centers.

## **OIG Conclusion**

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The OIG agrees that the above corrective actions are appropriate, and we consider the recommendations resolved and open. The recommendations will be closed upon our review and verification following Job Corps' completion of its proposed corrective actions.



## **Assistant Inspector General's Report**

Esther R. Johnson  
National Director  
Office of Job Corps  
US Department of Labor  
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We conducted a performance audit of the Grafton Job Corps Center (Center) in response to a hotline complaint. The complaint alleged the Center's operator, Adams and Associates, Inc. (Adams), manipulated student leave, absent without leave (AWOL), and training records in order to enhance the Center's performance.

According to the complainant, Grafton officials discussed strategies to overstate performance outcomes during the Center's Outcome Measurement Standards meetings. When Grafton officials projected attendance to be below established goals, the complainant alleged Center staff manipulated student attendance records to extend the student's enrollment, even though they no longer met the Policy and Requirements Handbook's (PRH) enrollment criteria.<sup>1</sup> In addition, the complainant alleged the Center's students were shown as having completed vocational training even though their trade-related proficiencies shown in their Training Activity Reports (TARs) were not sufficient to meet the vocation completion requirements specified in the PRH.<sup>2</sup>

Our objective was to determine if the allegations had merit. Specifically, we sought to determine whether Grafton officials manipulated student unpaid administrative leave (UPAL) and AWOL to enhance the On-Board Strength (OBS) performance measure. In addition, we sought to determine whether Grafton officials manipulated training records to enhance the Vocational Completions performance measure. To accomplish this objective, we assessed the Center's compliance with PRH

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<sup>1</sup>The PRH at Exhibit 6-1, Page 3 of 3, states in-part, "that student absences should not exceed six consecutive AWOL training days or twelve AWOL training days within a six month period without mandatory separation, unless creditable and verifiable explanations exist to explain the students absence."

<sup>2</sup>The PRH at Section 3.13 R2.d states in-part, "centers shall credit students with acquisitions of skills only after they have demonstrated competency in the skills at the level indicated on the approved TARs."

requirements governing leave, AWOL, and training records; and answered the following two questions:

3. Did Grafton officials overstate the Center’s OBS performance measure by violating UPAL or AWOL requirements in the PRH? As a result, did the Center retain students who should have been separated per requirements in the PRH?
4. Did Grafton officials overstate the Center’s Vocational Completions performance measure by graduating students who did not satisfy all training requirements?
5. We conducted the audit in accordance with Government Auditing Standards for performance audits issued by the Comptroller General of the United States. We have provided background information in Appendix A, and our audit objective, scope, methodology, and criteria sections are provided in Appendix B.

A detailed discussion about how Grafton officials overstated its OBS, and how Grafton officials showed students as having completed vocational training who may not have completed all required training is presented below, along with our recommendations for improvement.

**Objective 1 – Did Grafton officials overstate the Center’s OBS performance measure by violating UPAL or AWOL requirements in the PRH? As a result, did the Center retain students who should have been separated per requirements in the PRH?**

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**Finding 1. Grafton officials overstated the Center’s OBS performance measure**

In order to report better than actual accomplishments, Grafton officials overstated the Center’s performance measure of OBS by inappropriately placing students either on UPAL or AWOL in violation of leave requirements specified in the PRH. This occurred because of the lack of an effective control environment for monitoring and reporting student leave. Using statistical sampling techniques, we tested Center student records and examined their leave histories and absences recorded as UPAL or AWOL. The results of our tests of student leave disclosed patterns of UPAL and AWOL use that were in direct violation of the PRH. Moreover, these practices directly led to “extending the stay” of students who should have been separated, which overstated the Center’s reporting of OBS. In some instances, students were shown as being on UPAL and AWOL, even though they were not “active participants” at the Center. As a result, the Center overstated its reporting of OBS by a total of 910 days, and Adams owes \$56,824 in liquidated damages.

Using our judgment to identify the most likely situations of excessive leave and AWOL, we grouped Center students who had:

- Completed Vocational Training
- Absences Preceding Separation from the Center

- Consecutive UPAL and AWOL during the Year

The results of our tests are presented below along with the impact on the OBS performance measure. In addition, we also discussed the Center's control environment, which, we concluded, contributed to this problem.

#### Center Students Who Completed Vocational Training

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We used statistical sampling in the testing of student records to determine whether Grafton officials inappropriately extended the enrollment of students who completed all vocational training. From a population of 941 students who completed vocational training between January 1, 2001 and June 30, 2004, we randomly selected and tested 34 students. In examining the students' profiles<sup>3</sup>, leave records, and vocational training activities, we found Grafton officials inappropriately extended the enrollment for 7 of these 34 students. Specifically, these students were incorrectly shown in the leave status of UPAL and AWOL during the time after the students had physically departed the Center. These PRH violations had the effect of extending each student's enrollment from 5 to 63 days, even though those students were no longer at the Center.

For example:

- One student completed his vocational training on August 7, 2002, and physically left the Center on August 21, 2002. However, Grafton officials continued to show the student in the Center's OBS by recording him as UPAL or AWOL until September 26, 2002. Consequently, the Center overstated this student's enrollment by 28 days, thus bolstering the student OBS.

The six other students had similar patterns of extended UPAL and AWOL. Grafton officials inappropriately showed these students on UPAL and AWOL, and as a result, Grafton officials overstated OBS by 194 days. Using the average daily student cost of \$60.80<sup>4</sup> for the contract years 2001 through 2004, the Center should be required to pay liquidated damages of \$11,795 (Exhibit 1).

#### Students with Absences Preceding Separation from the Center

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Because our review of students who completed vocational training showed improper use of UPAL and AWOL, we expanded our review to include all students with leave who separated from the Center in 2004. From a population of 398 students representing all students who separated from the Center in 2004, we identified 59 students who showed UPAL and AWOL immediately prior to separation. From that population, we randomly selected 38 students to determine whether their leave complied with the PRH. Specifically, we reviewed the propriety of student absences

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<sup>3</sup>ETA Form 6-40 entitled, "Student Profile," shows all student training, attendance, and placement information.

<sup>4</sup>\$60.80 is the average daily student cost for contract years 2001 through 2004.



when consecutive UPAL and AWOL were recorded immediately preceding the student's separation from the Center.

We found 18 of the 38 students' had leave that was in violation of PRH requirements for the use of UPAL and AWOL. This included UPAL inappropriately justified as "job searching" or "student re-thinking commitment to Job Corps," inadequate AWOL follow-up documentation, and changing of departure and return dates on leave request forms. Specific examples included:

- One student completed her vocational training requirements on June 5, 2004, left the Center on June 17, 2004, and never returned. However, on June 18, 2004, Grafton officials placed her on UPAL for 10 training days; then placed her on summer break; and then placed her back on UPAL for 15 training days before separating her on August 5, 2004. The leave was justified with the explanation "job verification," which is not an authorized justification for UPAL under the PRH. Overall, her length of stay was inappropriately increased by 42 training days.
- Another student departed the center on UPAL on July 22, 2004, without pre-authorized leave and somehow obtained the necessary signatures 3 days after departure. Although she was scheduled to return on July 29, 2004, her return date was postponed first to August 8th, then August 15th, without the submission of new leave forms or a required signature. The student was finally terminated on August 24, 2004. Overall, this student's length of stay was inappropriately increased by 25 training days.

Grafton officials inappropriately extended the enrollment of those 18 students by inappropriately placing the students on UPAL and AWOL. As a result, Grafton officials overstated its OBS by an additional 326 days. Based upon the 2004 daily student cost of \$62.89,<sup>5</sup> the Center should be required to pay liquidated damages of \$20,502 (Exhibit 2).

#### Consecutive UPAL and AWOL during the Year

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Because we found UPAL and AWOL was inappropriately used immediately prior to separation, in violation of the PRH, we examined UPAL and AWOL use for all students with leave who separated in 2004. We identified 70 students who had consecutive UPAL and AWOL during the calendar year. From these 70 students, we randomly selected 38 students for testing. Our examination of student leave forms and AWOL histories disclosed that Grafton officials did not adhere to PRH requirements when recording students in UPAL and AWOL status. These actions improperly prevented the mandatory termination of students under the PRH AWOL limitations. Specifically, our testing disclosed:

- 18 of 38 students had UPAL inappropriately noted with reasons that included "job searching" and "student re-thinking commitment to Job Corps," had inadequate

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<sup>5</sup>The contractual daily student cost for contract year 2004 was \$62.89.

AWOL follow-up documentation, and had changing departure and return dates on leave request forms.

- Grafton officials inappropriately retained these 18 students for a total of 390 days. These actions circumvented the PRH's AWOL limits of 6 consecutive training days and 12-days within any 180-day period. As a result, Grafton officials improperly delayed 18 student separations. This allowed Grafton officials to continue to show these 18 students as a part of the Center's OBS, even though this action was in direct violation of the PRH.

We concluded that Grafton officials inappropriately used UPAL and AWOL to retain students. As a result, the Center overstated its OBS in 2004 by an additional 390 days. Using the 2004 daily student cost of \$62.89, the Center should be required to pay liquidated damages of \$24,527 (Exhibit 3).

### The Impact of Overstating OBS

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Adams violated the provisions of their contract with Job Corps by overstating its OBS performance measure. Overstated performance data affects management and procurement decisions at the highest levels within Job Corps. Such decisions include renewal of center contracts and/or exercise of option years.

Equally important, inaccurate performance data may inhibit Job Corps from effectively accomplishing its mission to educate and train students. Outreach efforts designed to recruit new students may have been curtailed, and eligible students may have been turned away or delayed entry into the Center. These impacts are contrary to Job Corps' mission.

Overall, Grafton officials extended student enrollment which overstated OBS by 910 days, resulting in \$56,824 in liquidated damages owed to Job Corps (Total dollars from Exhibits 1, 2, and 3).

### The Center's Control Environment

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These problems occurred because a weak control environment allowed Grafton officials to disregard the PRH. In January 2001 and January 2004, Adams conducted separate program integrity audits at the Center<sup>6</sup>. Our review of those program integrity audit reports disclosed that Adams knew of problems with the Center's control environment. Their reports expressed concerns with:

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<sup>6</sup>The PRH, Chapter 5.1-R2., entitled 'Quality Assurance,' requires Center operators to establish procedures to conduct periodic self evaluations and audits to ensure integrity, accountability, and prevention of fraud and program abuse. The scope of Adams' program integrity audit encompassed all areas involved in the management of student data, which, in-part, included student records, employability, and training.

- Heavy use of UPAL and weak justification and documentation supporting student change of status from AWOL to UPAL
- Lack of AWOL follow-up reports in student personnel files
- Inconsistent documentation of required information and approvals on leave forms
- Lack of documented follow-up for unexcused absences of non-resident students

However, the actions taken by Grafton officials were not effective in improving the Center's control environment. In addition, Job Corps Regional Office did not effectively monitor the Center's efforts to correct and improve its control environment.

## **Recommendations**

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The OIG recommends that the National Director, Office of Job Corps:

1. Recover liquidated damages (through the Contracting Officer) of \$56,824 from Adams and Associates.
2. Monitor and verify that the Center has taken actions to strengthen its control environment for recording and reporting leave and attendance.
3. Monitor and verify the accuracy of reported student leave and attendance at other Adams' operated centers.

## **Agency Response**

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In her September 28, 2007, response to the draft report, the National Director of Job Corps stated that the Office of Job Corps concurred with the report's recommendations. She indicated that the Boston Regional Office will conduct a detailed review of the results and provide its recommendations to the Contracting Officer who will assess liquidated damages. The Boston Regional Office will also continue to monitor the center's documentation practices, subject to the quality assurance parameters detailed in the PRH and in the Program Assessment Guide (PAG). Moreover, the monitoring will incorporate the use of desk audits, monitoring trips, and a corrective action plan from the center to ensure that adequate documentation and authorization accompanies each leave in accordance with PRH requirements.

Concerning the report's recommendation to monitor and verify the accuracy of reported student leave and attendance at other Adams operated centers, the National Director stated that the PRH had been revised to incorporate enhanced data integrity requirements and data integrity audits. Accordingly, all Job Corps Regional Offices are now adhering to the PRH revision by conducting a sampling of active student files into their monitoring trips. In addition, the Regional Offices are performing data

integrity audits on active and separated student files as a part of the annual assessment of each center, and the Regional Offices are requiring corrective action plans from centers and contractors where procedures do not ensure data integrity.

## **OIG Conclusion**

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Based on the National Director's response, we consider these three recommendations resolved and open. To close these recommendations, the Office of Job Corps needs to provide documentation showing the corrective actions have been completed.

### **Objective 2 – Did Grafton officials overstate the Center's Vocational Completions performance measure by graduating students who did not satisfy all training requirements?**

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#### **Finding 2. Grafton officials did not materially overstate the Center's Vocational Completions performance measure**

Grafton officials did not materially overstate the Vocational Completions performance measure. However, we did find 4 students of 34 students we reviewed who's TARs did not show they satisfied all training requirements needed to complete their vocation. This occurred because of the weak control environment at the Center that included not properly monitoring TARs to assure all training was completed. As a result, the Center may have graduated students who were not fully trained. Further, if not corrected, performance data could be adversely affected.

Job Corps establishes proficiencies that students must obtain in their vocation before the vocation is considered completed. The PRH, Chapter 3.13 R2.d, states that centers shall "Credit students with acquisition of skills only after they have demonstrated competency in the skills at the level indicated on the approved TARs."

We identified a universe of 941 students who were shown to have completed a vocation from January 1, 2001 through June 30, 2004. We obtained a random sample of 34 students and reviewed their TARs for training completion. We identified 4 students of the 34 who were shown as having completed their vocation even though their TARs did not support their completion. Specifically, the TARs did not show that all mandatory tasks were completed for those 4 students, as follows:

- One student who was graduated from the Nursing Assistant vocation had only obtained the required level of proficiency in 11 of 39 tasks (28 percent). The TAR did not indicate any proficiency in tasks such as transferring a patient in and out of bed and assisting a patient in eating.
- A Business Clerical student's TAR showed 16 of 106 tasks (15 percent) rated as "1" (not proficient) although a level of "2" in all tasks is required.

- A student with a Data Entry Clerk vocation did not complete a required foundation course in Business Technologies.
- A Facilities Maintenance student only had one completed page of the TAR in the file.

We attributed these conditions to a weak control environment as previously discussed in this report. The Center's controls did not prevent inaccurate reporting of vocational completions. Specifically, Grafton officials did not monitor the TARs to ensure training completion. As a result, the Center may have graduated students who were not fully trained. Further, if not corrected, performance data could be adversely affected.

Graduating students with incomplete TARS has two potential impacts. First, students may not have been fully trained for their vocation; consequently, this could hamper their job proficiency and career success. Secondly, students received performance bonuses for completing a vocation; consequently, students may have received bonuses not actually earned.

## **Recommendations**

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The OIG recommends that the National Director, Office of Job Corps:

4. Monitor and verify that the Center has taken actions to strengthen its control environment to ensure proper recording and reporting of vocational completions.
5. Monitor and verify the accuracy of reported vocational completions at other Adams' operated centers.

## **Agency Response**

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In her September 28, 2007, response to the draft report, the National Director of Job Corps stated that the Office of Job Corps concurred with the report's recommendations.

In response to the recommendation to monitor and verify that the center has taken actions to strengthen its control environment to ensure proper recording and reporting of vocational completions, the National Director indicated that Job Corps will review, monitor, and verify that the center has taken actions to strengthen its documentation practices to ensure proper recording of vocational completions. The Regional Office will also continue to conduct desk audits and on-center reviews consistent with the PRH and the PAG. Finally, concerning the recommendation to monitor and verify the accuracy of reported vocational completions at other Adams' operated centers, Job Corps will review, monitor and verify the accuracy of reported vocational completions at other Adams' operated centers. This will be accomplished through desk audits,

scheduled monitoring trips, and program assessments consistent with PRH requirements.

**OIG Conclusion**

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Based on the National Director's response, we consider these two recommendations resolved and open. To close these recommendations, the Office of Job Corps needs to provide documentation showing the corrective actions have been completed.



Elliot P. Lewis  
May 30, 2007

## Exhibits

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**Exhibit 1**

**Students Who Completed Their Vocational Training**

| No. | Trade                            | Started    | Completed  | Termination Date | Audit Determined Termination Date | Days Subject to Liquidated Damages |
|-----|----------------------------------|------------|------------|------------------|-----------------------------------|------------------------------------|
| 1   | Business Technician - Data Entry | 05/06/2002 | 08/07/2002 | 09/26/2002       | 8/29/02                           | 28                                 |
| 2   | Electrician Helper               | 07/29/2002 | 10/28/2002 | 11/07/2002       | 10/25/05                          | 13                                 |
| 3   | Electrician Helper               | 11/05/2002 | 02/04/2003 | 10/23/2003       | 9/23/03                           | 30                                 |
| 4   | Data Entry Clerk                 | 10/21/2002 | 03/14/2003 | 04/22/2003       | 4/17/03                           | 05                                 |
| 5   | Facilities Maintenance           | 01/28/2002 | 04/24/2002 | 08/29/2002       | 7/29/02                           | 31                                 |
| 6   | Business Clerk-Receptionist      | 02/19/2001 | 03/30/2001 | 10/09/2001       | 8/8/01                            | 63                                 |
| 7   | Nurse Assistant                  | 07/17/2002 | 10/04/2002 | 02/06/2003       | 1/13/03                           | 24                                 |
|     | Total Extended Days              |            |            |                  |                                   | 194                                |



**Exhibit 2**

**Absences Preceding Separation from the Center**

| N<br>o. | Actual<br>Termination<br>Date | Last Date<br>of Training | Audit<br>Determined<br>Termination<br>Date | Days<br>Subject to<br>Liquidated<br>Damages |
|---------|-------------------------------|--------------------------|--|---|
| 1       | 08/05/2004                    | 06/17/2004               | 06/24/2004                                 | 42  |
| 2       | 03/18/2004                    | 03/04/2004               | 03/11/2004                                 | 07  |
| 3       | 02/24/2004                    | 01/25/2004               | 02/02/2004                                 | 22  |
| 4       | 04/01/2004                    | 03/10/2004               | 03/18/2004                                 | 14  |
| 5       | 01/22/2004                    | 12/07/2003               | 12/15/2003                                 | 38  |
| 6       | 04/06/2004                    | 03/17/2004               | 03/25/2004                                 | 12  |
| 7       | 04/15/2004                    | 03/21/2004               | 03/29/2004                                 | 17  |
| 8       | 02/19/2004                    | 01/28/2004               | 02/10/2004                                 | 09  |
| 9       | 03/22/2004                    | 02/26/2004               | 03/05/2004                                 | 17  |
| 10      | 08/17/2004                    | 07/28/2004               | 08/05/2004                                 | 12  |
| 11      | 08/24/2004                    | 07/22/2004               | 07/30/2004                                 | 25  |
| 12      | 06/14/2004                    | 05/20/2004               | 05/28/2004                                 | 17  |
| 13      | 09/02/2004                    | 08/12/2004               | 08/20/2004                                 | 13  |
| 14      | 01/07/2004                    | 12/03/2004               | 12/13/2003                                 | 25  |
| 15      | 03/22/2004                    | 03/12/2004               | 03/12/2004                                 | 05  |
| 16      | 03/04/2004                    | 02/29/2004               | 02/16/2004                                 | 17  |
| 17      | 06/16/2004                    | 06/02/2004               | 06/10/2004                                 | 06  |
| 18      | 09/16/2004                    | 08/11/2004               | 08/19/2004                                 | 28  |
|         | Total<br>Extended<br>Days     |                          |  | 326   |

**Exhibit 3**

**Consecutive UPAL and AWOL during the Year**

| No.                 | Audit Determined Termination Date | Actual Termination Date | Days Subject to Liquidated Damages |
|---------------------|-----------------------------------|-------------------------|------------------------------------|
| 1                   | 08/19/2004                        | 09/02/2004              | 0*                                 |
| 2                   | 01/27/2004                        | 02/12/2004              | 16                                 |
| 3                   | 08/19/2004                        | 09/30/2004              | 42                                 |
| 4                   | 08/20/2004                        | 10/14/2004              | 55                                 |
| 5                   | 03/22/2004                        | 03/12/2004              | 0*                                 |
| 6                   | 06/09/2004                        | 06/15/2004              | 6                                  |
| 7                   | 06/10/2004                        | 06/16/2004              | 0*                                 |
| 8                   | 03/30/2004                        | 04/5/2004               | 6                                  |
| 9                   | 06/22/2004                        | 07/22/2004              | 30                                 |
| 10                  | 06/16/2004                        | 08/05/2004              | 50                                 |
| 11                  | 08/24/2004                        | 09/30/2004              | 36                                 |
| 12                  | 08/23/2004                        | 09/09/2004              | 17                                 |
| 13                  | 01/20/2004                        | 03/04/2004              | 44                                 |
| 14                  | 03/08/2004                        | 04/06/2004              | 0*                                 |
| 15                  | 08/17/2004                        | 10/28/2004              | 48                                 |
| 16                  | 05/25/2004                        | 06/15/2004              | 21                                 |
| 17                  | 06/15/2004                        | 06/24/2004              | 7                                  |
| 18                  | 05/17/2004                        | 06/03/2004              | 12                                 |
| 19                  | 02/18/2004                        | 03/04/2004              | 0*                                 |
| Total Extended Days |                                   |                         | 390                                |

\*To prevent double counting, we have indicated the student in this sample who was not counted in our results, because that student's review was previously included in our Exhibit 2, entitled, "Absences Preceding Separation from the Center"

## Appendices

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## Appendix A

### Background

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Job Corps is a national residential training and employment program administered by the Office of Job Corps within the Department of Labor. The program addresses the multiple barriers to employment faced by at-risk youth throughout the United States. The Job Corps program is currently authorized by Title I, Subtitle C, of the Workforce Investment Act of 1998.

Job Corps provides comprehensive career development services to students including academic, vocational, social, and independent living skills, career readiness training, and support services. The unique combination of services provided through Job Corps is intended to prepare youth to obtain and hold gainful employment, pursue further education or training, or satisfy entrance requirements for a career in the Armed Forces.

Nationwide, Job Corps has 126 centers supporting about 43,000 students. Job Corps issued contracts with private companies to operate 94 of these centers with 4 additional satellite centers. Federal agencies operate the remaining 28 centers. Overall, Job Corps spends approximately \$1.5 billion per year to operate the centers.

In May 2002, Job Corps began implementing performance-based contracts. These contracts tie option years, incentive fees, and bonuses directly to contractor performance.

Job Corps' Boston Regional Office is responsible for selecting and supervising the Center's contracted operator. The Center has a student capacity of 300 and annual expenses of about \$6.7 million. Located in Worcester County, Massachusetts, the Center is managed by Adams and Associates of Nevada. The Center trains students in a variety of trades ranging from business technology to culinary arts, electrical wiring, plumbing, and medical office technology.

**Appendix B**

**Objectives, Scope, Methodology, and Criteria**

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**Objectives**

We initiated the audit to determine the merits of a hotline complaint referral dated March 2, 2004. The complaint was referred to the OIG by the Government Accountability Office (GAO). GAO had received an allegation from a complainant regarding the Grafton Job Corps Center. The complainant alleged Grafton officials manipulated student attendance and training records in order to enhance the OBS and Vocational Completions performance measures.

Our audit objective was to determine if the allegations had merit. Specifically, we answered the following questions:

6. Did Grafton officials overstate the Center’s OBS performance measure by violating unpaid administrative leave or absent without leave requirements in the PRH? As a result, did the Center retain students who should have been separated?
7. Did Grafton officials overstate the Center’s Vocational Completions performance measure by graduating students who did not satisfy all training requirements?

**Scope**

Our audit reviewed the allegation included in the hotline complaint referral dated March 2, 2004. The complainant alleged Grafton officials manipulated student attendance and training records in order to enhance the OBS and Vocational Completions performance measures.

Our audit scope focused on Center activities from January 1, 2001 through December 31, 2004.

Our testing of internal controls focused only on those controls related to our audit objective of determining whether the allegations had merit and whether the two performance measures noted above were reliable. Our audit work at the Center did not include a review of the internal controls used by Adams to ensure compliance with all Job Corps policies and requirements. Our review of internal controls was not intended to form an opinion on the adequacy of management controls overall, and we do not render such an opinion.

We conducted audit fieldwork between September 2004 and February 2006 and in April and May 2007, both at the Center in Grafton, Massachusetts and at our offices in San Francisco, California. Our audit fieldwork and reporting was delayed due to unanticipated staffing changes and resource constraints.

We conducted this performance audit in accordance with government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## **Methodology**

In determining the merits of the allegation regarding manipulation of the student OBS and vocational completions performance outcomes reported by the Center, we obtained an understanding of the PRH. In addition, we reviewed Adams' procedures related to AWOL, administrative leave, and separations. Lastly, we analyzed their internal and management controls for processing, documenting and ensuring the integrity of student enrollment information. We also interviewed the complainant, Job Corps' and Center's management and staff.

Further, we used a three-pronged testing approach:

8. We selected a statistical sample of 34 students drawn from 941 vocational completions who terminated during January 1, 2001 through June 30, 2004, to determine whether Grafton officials manipulated the enrollment of students beyond their vocational completion and prior to student separation.

We examined the student leave records, TARs, and other vocational training activities listed on the student's profile (ETA Form 6-40).

Because the sampling errors were high due to the small size of the sample and more variability in the population than expected when the sample was estimated, we are reporting only those items tested and have elected to not project our results.

9. From a universe of 398 students with leave who separated in 2004, we identified 59 students whose termination was immediately preceded by two or more types of leave. From this population of 59 students, we selected a statistical sample of 38 students and analyzed their leave records.
10. From a universe of 398 students with leave who separated in 2004, we identified 70 students with consecutive UPAL and AWOL activity throughout the calendar year to identify inappropriate use of UPAL to cover AWOL and prevent student terminations. From this population of 70, we selected a statistical sample of 38 students.

Specifically, we reviewed the files to determine whether Grafton officials:

- Extended student termination dates beyond the students' actual departures by using a series of paid and unpaid administrative leave, AWOL, and Present for Duty Off Center (PDOF) statuses
- Backdated students' administrative leave to cover AWOL days and prevent AWOL separation
- Allowed students to exceed six consecutive AWOL training days or twelve AWOLs within a six month period without separating them as required by Job Corps policy
- Allowed students to exceed 30 UPAL days in one year without regional office approval
- Extended termination dates of students completing vocational programs by requiring or allowing them to stay at the center for excessive periods after graduation

To gauge the reliability of the computerized data provided to us by Job Corps, we reviewed the DOL-OIG website for audit reports on Job Corps computer systems; discussed audit coverage with the OIG director of information technology audits; and also considered the results of audit testing in related Job Corps audits. We concluded that we were able to rely on the computerized data provided to us by Job Corps.

## **Criteria**

In addressing the audit objectives, we reviewed relevant Federal laws, regulations and related guidance. These included:

- Workforce Investment Act of 1998
- Government Performance and Results Act of 1993
- Job Corps PRH
- Grafton Job Corps Center 2001-2004 Contract
- Grafton Job Corps Center Standard Operating Procedures
- United States Code, Title 29

**Appendix C**

**Acronyms and Abbreviations**

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|      |                                  |
|------|----------------------------------|
| AWOL | Absent Without Leave             |
| CIS  | Center Information System        |
| GED  | General Educational Development  |
| OBS  | On Board Strength                |
| OIG  | Office of Inspector General      |
| PAG  | Program Assessment Guide         |
| PDOF | Present for Duty Off-Center      |
| PRH  | Policy and Requirements Handbook |
| PY   | Program Year                     |
| TAR  | Training Achievement Record      |
| UPAL | Unpaid Administrative Leave      |



Agency Response to Draft Report

U.S. Department of Labor

Office of Job Corps  
Washington, D.C. 20210



SEP 28 2007

MEMORANDUM FOR:

ELLIOT P. LEWIS  
Assistant Inspector General  
Office of Audit

FROM:

ESTHER R. JOHNSON, Ed.D.  
Administrator

A handwritten signature in cursive script that reads "Esther R. Johnson".

SUBJECT:

Response to the Grafton Job Corps Center Audit  
Allegations that Student Attendance and Training Data  
Were Overstated  
Report No. 09-07-004-01-370

Job Corps appreciates the comprehensive work that your office put forth in conducting the Grafton Job Corps Center audit. The following is in response to the above stated Audit Report.

OIG Recommendation

**Recover Liquidated damages of \$56,824 from Adams & Associates**

OJC Response

The Office of Job Corps will communicate with the OIG auditor, the center operator, and the center to assess the individual student files that make up \$56,824 in liquidated damages. Per the Job Corps Procurement Compendium, the Boston Regional Office of Job Corps will conduct a detailed review of the results and provide its recommendations to the Contracting Officer who will assess liquidated damages.

OIG Recommendation

**Monitor and verify that the Center has taken actions to strengthen its control environment for recording and reporting leave and attendance.**

OJC Response

In both its annual assessment of center operations and on-going performance monitoring, the Boston Regional Office of Job Corps will continue to monitor the center's documentation practices for recording and reporting leave and attendance as required by PRH 5.1 R2. This review will be subject to the quality assurance parameters detailed in the PRH and in the PAG. It will also incorporate the use of desk audits, monitoring trips and a corrective action plan from the center to ensure that adequate documentation and authorization accompanies each leave in accordance with PRH requirements.

OIG Recommendation

**Monitor and verify the accuracy of reported student leave and attendance at other Adams' operated centers.**

OJC Response

In response to the revision of the PRH to incorporate enhanced data integrity requirements and data integrity audits, all Job Corps Regional Office are:

- Incorporating a sampling of active student files (to review for reporting accuracy) into monitoring trips;
- Performing a rigorous data integrity audit on active and separated student files as part of the annual performance assessment of each center; and
- Requiring corrective action plans from centers and contractors in instances where procedures do not sufficiently ensure the integrity of data.

OIG Recommendation

**Monitor and verify that the center has taken actions to strengthen its control environment to ensure proper recording and reporting of vocational completions.**

OJC Response

The Office of Job Corps, in accordance with the PRH requirements, will review, monitor and verify that the center has taken actions to strengthen its documentation practices to ensure proper recording and reporting of vocational completions. The Regional Office of Job Corps will also continue to conduct desk audits and on-center reviews consistent with the PRH and the PAG.

OIG Recommendation

**Monitor and verify the accuracy of reported vocational completions at other Adams operated centers.**

OJC Response

The Office of Job Corps will review, monitor and verify the accuracy of reported vocational completions at other Adams operated centers. This will be accomplished through desk audits, scheduled monitoring trips and program assessments consistent with PRH requirements.

Thank you again for the time and commitment given by you and your staff to improving the Job Corps program.

**IN ORDER TO REPORT FRAUD, WASTE OR ABUSE, PLEASE CONTACT:**

Online: <http://www.oig.dol.gov/hotlineform.htm>

Email: [hotline@oig.dol.gov](mailto:hotline@oig.dol.gov)

Telephone: 1-800-347-3756  
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