

# BRIEFLY...

Highlights of Report Number 26-07-003-01-370, *Performance Audit of the Cleveland Job Corps Center*, to the National Director, Office of Job Corps, dated September 28, 2007.

## WHY READ THE REPORT

Job Corps' stated 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 their education. To carry out this mission, Job Corps uses contractors and other federal agencies to operate centers and provide meaningful services to those young people entrusted to them.

Our audit of the Cleveland Job Corps Center located in Cleveland, Ohio, and operated by a contractor, Applied Technology Systems, Incorporated (ATSI), reported deficiencies in financial operations that resulted in Job Corps paying for services it possibly had not received.

## WHY OIG CONDUCTED THE AUDIT

The audit objectives were to determine whether:

1. ATSI officials complied with laws, regulations, and contract provisions in its reported performance measures.
2. ATSI officials complied with laws, regulations, and contract provisions in its reported financial operations.

## READ THE FULL REPORT

To view the report, including the scope, methodology, and full agency response, go to: <http://www.oig.dol.gov/public/reports/oa/2007/26-07-003-01-370.pdf>

## U.S. Department of Labor Office of Inspector General Office of Audit

### WHAT OIG FOUND

We concluded that ATSI officials properly reported student accomplishments, student attendance, and other performance data. However, ATSI officials did not properly reconcile Public Vouchers they submitted for payment with expenses reported on Financial Reports as required by Job Corps' Policy and Requirements Handbook. Public Vouchers exceeded the amounts shown on the financial reports by \$323,865. As a result, ATSI may have been overpaid by that amount. We also concluded that ATSI officials obtained at least \$20,310 in consulting services without Contracting Officer approval, and although required, ATSI officials did not maintain a report of the services received. As a result, there was no assurance that the services were reasonable or benefited the Center.

### WHAT OIG RECOMMENDED

The OIG recommended that the National Director, Office of Job Corps, coordinate with the Assistant Secretary for Administration and Management to develop an oversight process requiring that contractors reconcile differences between amounts recorded on Public Vouchers and expenses reported on 2110 reports; to train personnel monitoring Center financial activities; to develop a process to define responsibilities and to monitor reconciliations of Public Vouchers and financial reports; to request support from ATSI for \$323,865 in payments made in excess of expenses reported and for \$20,310 in questionable payments for consulting services; to ensure prior contracting officer approval is obtained for future consulting services; and to seek reimbursements for all expenses and consulting services not supported.

### HOW AUDITEE RESPONDED

The National Director, Office of Job Corps, stated that her office will execute a number of actions to include; establishing a new Financial Management working group; the execution or funding of training to strengthen the financial management skill set of all staff; updating the Regional Standard Operating Procedure for monitoring 2110's and requiring interim approval for consulting services; requesting supporting documentation and as needed, recover overpayments for consulting services not benefiting the Center.