

Job Corps Response to Draft Report

U.S. Department of Labor

Office of Job Corps
Washington, D.C. 20210

SEP 18 2008



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

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

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

SUBJECT: Response to the OIG Draft Report on the Performance Audit of
Career Systems Development Corporation,
Report No. 26-08-001-01-370

Thank you for the opportunity to review the Office of Inspector General (OIG) draft report on the Performance Audit of Career Systems Development Corporation (CSD), Report No. 26-08-001-01-370, dated July 30, 2008. Listed below are the OIG's recommendations including the Office of Job Corps (OJC) response:

OIG Recommendation 1

- The OIG recommended the National Director, Office of Job Corps, require CSD to develop corporate-level controls and perform on-site monitoring over all centers to identify and correct systemic non-compliance with Job Corps safety program requirements and periodically test those controls to determine effectiveness.

OJC Response

Concur. On August 18, 2008, the National Director, OJC, forwarded a memorandum addressed to all of the JC Regional Directors to provide quarterly reports for a period of 1 year to the National Office to validate on-site monitoring is being conducted at all CSD centers. This information will be reviewed and maintained on file in the OJC. Upon your request, a copy of the quarterly report will be forwarded to you.

New Haven Job Corps Center Meeting Center Safety Requirements

On August 20, 2008, the Vice President of CSD, provided documentation to the Division Chief of Program Support, Region 1, regarding CSD's established corporate controls, on-site monitoring of the JC safety program, and the quality assurance plan and procedure.

This response includes corrective action taken by CSD and current internal controls that identify and correct issues while ensuring compliance with JC safety program requirements are being met.

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OIG Recommendation 2

- The OIG recommended the National Director, Office of Job Corps, require CSD, to mandate that applicant background checks be conducted for new students in accordance with Job Corps requirements and develop corporate-level controls and perform on-site monitoring over all CSD centers with Outreach and Admissions responsibilities to confirm compliance.

Laredo JCC Background Checks

OJC Response

Concur-In-Part. The issue of not consistently obtaining background checks for incoming students has been previously identified by both the Dallas regional office as well as CSD corporate staff and has since been abated. The center experienced difficulty obtaining background verifications for minors and applicants who didn't possess state identification cards. Currently, background checks for all incoming students are obtained through the Texas Department of Public Safety, the Webb County Sheriffs Department, the Laredo Police Department or the Texas Department of Public Safety online service.

This has been verified through Regional Office Follow-Up Monitoring visits, December 3-5, 2007 and June 10-13, 2008. A sample file review was conducted of five 18-year olds and five 16-17 year-olds from August through October 2007. All of the 18+ year olds files contained a printed copy of the Texas DPS Crime Records Service search. The 16-17 year-olds files contained signed and dated documentation on each application from law enforcement agencies such as Webb County Juvenile Department or City of Laredo Policy Department. In one case an applicant was from a neighboring county, Starr County, Rio Grande, TX. This file contained a document from the Starr County Sherriff's Department. Corrective action taken in this area is completely satisfactory and no longer considered to be a concern but will continue to be monitored on an interim basis and during subsequent follow-ups.

OIG Recommendation 3

- The OIG recommended the National Director, Office of Job Corps, require CSD to periodically validate whether the safety program at New Haven is managed in accordance with Job Corps requirements.

New Haven's Safety Program

OJC Response

Concur. On August 18, 2008, the National Director, OJC, forwarded a memorandum addressed to the Regional Director, Region 1, requesting quarterly reports for a period of 1 year to the National Office to validate whether the New Haven Job Corps Center safety program is in accordance with Job Corps requirements. This information will be reviewed and maintained on file in the OJC. Upon your request, a copy of the quarterly report will be forwarded to you.

OIG Recommendation 4

- The OIG recommended the National Director, Office of Job Corps, require CSD to conduct mold testing at New Haven and evaluate health risks.

Mold Testing at the New Haven Job Corps Center

OJC Response

Concur. In accordance with the memorandum addressed to the Regional Director, Region 1, dated August 18, 2008 from the National Director, a request was forwarded on August 13th to the President/CEO, for the Corporation and Center to conduct mold testing by an independent certified environmental testing company to determine the presence, type, and extent of the mold on the Center. The President and CEO of CSD was also instructed to provide the potential effects on the health of staff and students at the Center, and the methods and associated costs involved in the mold's eradication. The results of the testing are to be provided to the Regional office.

OIG Recommendation 5

- The OIG recommended the National Director, Office of Job Corps, require CSD to establish corporate controls to require SOPs are approved by Job Corps before being implemented at all CSD centers.

OJC Response

Concur. On August 18, 2008, the National Director, OJC, forwarded a memorandum addressed to all of the JC Regional Directors requesting a copy of their established corporate controls that are currently in place to require SOPs to be approved by each Regional office prior to implementing at all CSD's. This information is due in the JC National Office no later than September 22, 2008.

As of August 28, 2008, the corrective action plan has been completed at the CSD Laredo Job Corps Center. CSD requires that Standard Operating Procedures (SOP's) are

submitted to appropriate Regional Offices for approval, within 90 days of contract award, and when updates or revisions take place as they occur, as specified in PRH 5.1-R4. SOP's are developed and submitted for the following areas, at minimum, as detailed in PRH exhibit 5-1:

- Administrative Procedures
- Staff and Student Schedules
- Student Accountability Procedures
- Dormitory Management Procedures
- Standards of Student Conduct Procedures
- Preventive Maintenance Procedures
- Student Benefit Fund Procedures
- Staff Incentive Procedures
- Records Management Procedures
- Admissions and Departure Procedures
- Quality Control Procedures
- Energy Conservation Procedures

SOP's must be approved, in writing, by CSD's Corporate Office and the appropriate Regional Office, prior to center implementation. To ensure policies are appropriately approved and applied, the following processes have been developed:

- All SOP's must be submitted to and approved by CSD's Corporate Office prior to submission to the Department of Labor (DOL) Regional Office.
- Upon receipt of Corporate Office approval, the center will submit procedures to the appropriate Regional Office for written approval.
- Procedures will not be authorized until approved by both CSD's Corporate Office and the Regional Office of Job Corps.
- Approval signatures for the Center Director, CSD Corporate Staff (Executive Director or Vice President of Operations) and a representative from the Department of Labor must be attached to each individual SOP.
- Copies of SOP's are maintained on center as well as in CSD's corporate office.
- SOP's are reviewed annually, as a component of PRH chapter 5 – Center Management, during annual corporate assessments to verify compliance with CSD policy, Regional Office expectations and the PRH.

Laredo Job Corps Center SOPs have been reviewed and approved by the corporate office. These SOPs are on file in the Dallas Regional Office. Due to the voluminous nature of these documents, copies can be provided upon your request.

OIG Recommendation 6

- The OIG recommended the National Director, Office of Job Corps, to require CSD to improve corporate on-site monitoring, including data integrity audits, to effectively identify and correct systemic non-compliance with Job Corps performance reporting requirements.

OJC Response

New Haven Job Corps Center/Corrective Action Plan

Concur. The New Haven Job Corps Center experienced an extended vacancy in the Safety Officer position, which affected the consistency of the overall safety program. Corrective action for this situation included hiring and training a qualified Safety Security Manager who serves as the Safety Officer and has been in place since September 2007, as well as implementing back up procedures at the Center and Corporate level to prevent service interruption in the case of a future vacancy. CSD maintains the following internal controls to identify and correct issues and ensure compliance with JC safety program requirements:

The Safety Officer conducts weekly and monthly inspections of all required center in the following areas: Weekly; Food Service, Culinary Arts, Advanced Pastry, and Recreation. The monthly inspections include: Dormitory, Fire Extinguishers, Exit Signs, and All CTT areas. The inspection reports identify any deficiencies as well as corrective action that are required. An electronic database is being used by the Safety Officer to track the results of the corrective action items. Also, Quarterly Third Party Inspections and Monitoring Trips, DOL Annual Safety Reviews, Corporate Office Center Assessments and AON Risk Assessments are conducted, and deficiencies are addressed on-going. These reports are submitted to the Center Director or CSD Corporate Office monthly or quarterly.

CSD ensures data integrity through its comprehensive Quality Assurance System consisting of three main features: Corporate Director of Quality Assurance, Quality Assurance Plan and Procedure and Internal Controls Auditing, including a section on Documentation of Data Integrity Audits. Each of the aforementioned areas is outlined in the attached document including current action items that are already in place.

Laredo Job Corps Center/Corrective Action Plan

Concur. The CSD operator has created a corporate Director of Quality Assurance; and has developed, refined, and implemented a Quality Assurance Plan and Procedure that is a framework for properly handling and recording student data, especially data connected to performance outcomes. Internal audits and corporate assessment have been performed.

OIG Recommendation 7

- The OIG recommended the National Director, Office of Job Corps, require CSD to validate that student vocational training at New Haven is completed and reported in accordance with Job Corps requirements.

OJC Response

Concur. On August 18, 2008, the National Director, OJC, forwarded a memorandum addressed to the Regional Director, Region 1, requesting a listing of students who completed vocational training requirements at the New Haven Job Corps Center to the National Office no later than Monday, September 22, 2008.

New Haven Job Corps Center/Corrective Action Plan

The Boston Regional Office of Job Corps is committed to ensuring the quality of training for the Job Corps students and in accurate reporting of the centers' performance. As a result, the Boston Regional Office will continue to monitor performance of the New Haven Job Corps Center while using all available tools, procedures and resources to meet this objective.

As part of the regular program assessments, the Boston Regional Office of Job Corps conducted the New Haven Data Integrity Audit in August 2007. The audit included a review a sample of students' GED/HSD, Career Technical Training and leave records which resulted in an assessment of liquidated damages for over \$25,000. Misreported data was found to have resulted from lack of quality assurance resulting in errors and/or omissions by staff in the collection of documentation and recording of information.

Similarly, the Regional Office of Job Corps will request from the center and evaluate all twenty nine (29) records reviewed by the OIG during the 2007 Audit of the New Haven JCC. The Regional Office will apply the same PRH criteria we have used in the data integrity audits for all contracts. The Regional Office will provide the results to the JC National Director within the required 180 days timeframe associated with the issuance of OIG's final report. In addition, the Regional Office will continue to closely monitor the New Haven Career Technical Training programs. The Regional Office will perform desk audits, regular on-site monitoring, and a program assessment in the upcoming fiscal year.

The desk and on-site monitoring will include reviews of targeted and random samples of students training records. The samples will be retrieved from the Job Corps Executive Information System (EIS) and the Center Information System (CIS). Findings will be documented and shared with the National Director. Corrective action plans will be requested of CSD Corporation and liquidated damages will be assessed if negative finding are discovered.

The Regional Office will re-evaluate the centers' compliance in utilizing the PRH-required training tools to include the Training Achievement Records (TAR) and/or other

training providers' curriculum to ensure Job Corps students receive the highest possible quality education. The Regional Office will specifically re-evaluate the Certified Nursing Assistant TAR and/or curriculum developed by the training provider to ensure the skills learned by the New Haven CNA students are applicable not only to the State of Connecticut but the requirements of other states.

All findings will be shared on quarterly basis with the National Director of Job Corps. Upon request, a copy of the quarterly report will be forwarded to your office.

OIG Recommendation 8

- The OIG recommended the National Director, Office of Job Corps, determine the extent of any overstated OBS and vocational completions at each of its centers and pay DOL liquidated damages for the overstatements. This includes paying liquidated damages of \$21,750 for overstated vocational completions at New Haven.

OIG's Clarification Regarding the Recover of Liquidated Damages

On August 29, 2008, the OIG forwarded the following statement to the Office of Job Corps: "although the two reports talk about liquidated damages at Laredo, only the report on Laredo has a direct recommendation to take action on those damages at Laredo. The CSD report recommends Job Corps/CSD determine liquidated damages at each of its centers – which will already have been done at Laredo via the earlier Laredo report. Bottom line is that we would expect action on Laredo only once, in response to the earlier report. The response to the CSD report should refer to the action on the Laredo report."

Laredo

In response to the OIG's Laredo Job Corps Center Final Report, Report Number 09-07-002-01-370, dated September 20, 2007, liquidated damages totaling in the amount of \$96,962, for 1,571 invalid days CSD, submitted an appeal to the Regional Office on October 4, 2007. As a result of a review performed by the Dallas Regional Office on the student's cost per day calculation, in accordance with PRH Chapter 5.1 – R2.d, "Program Management" includes a detailed schedule to assess liquidated damages and subsequent documents provided by the Operator, liquidated damages will be assessed through contract modification. This recommendation has since been incorporated in this report for 1,367 invalid days. The Contracting Officer (OASAM) and the OIG will discuss the liquidated damages portion of the audit(s) and issue the required determination letter(s) to the contractor.

New Haven

To determine the extent of overstated vocational completions at the New Haven Job Corps Center, the Regional Job Corps Office will request from the Center and evaluate all twenty-nine records reviewed by the OIG during the 2007 Audit of the New Haven

JCC. The Regional Office will apply the same PRH criteria we have used in the data integrity audits for all contracts. The Regional Office will provide the results to the JC National Director within the required 180 days timeframe associated with the issuance of OIG's final report.

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

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