

U.S. Department of Labor

Office of Inspector General—Office of Audit

OFFICE OF JOB CORPS



PERFORMANCE AUDIT OF USDA FOREST SERVICE JOB CORPS CENTERS

Date Issued: September 30, 2008
Report Number: 26-08-004-01-370

BRIEFLY...

Highlights of Report Number 26-08-004-01-370, Performance Audit of USDA Forest Service Job Corps Centers to the National Director, Office of Job Corps

WHY READ THE REPORT

This report discusses weaknesses in controls over performance reporting and financial management at three Job Corps centers operated by the United States Department of Agriculture's Forest Service.

WHY OIG CONDUCTED THE AUDIT

Our audit objectives were to answer the following three questions:

1. Did Forest Service ensure compliance with Job Corps requirements for reporting performance?
2. Did Forest Service ensure compliance with Job Corps requirements for managing and reporting financial activity?
3. Did Forest Service ensure compliance with Job Corps requirements for managing center safety programs?

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/2008/26-08-004-01-370.pdf>

WHAT OIG FOUND

Forest Service did not ensure compliance with Job Corps requirements for reporting performance and financial activities for PY 2005 at three Job Corps centers: Schenck Civilian Conservation Job Corps Center (Schenck) in Pisgah Forest, North Carolina; Flatwoods Civilian Conservation Job Corps Center (Flatwoods) in Coeburn, Virginia; and Blackwell Civilian Conservation Job Corps Center (Blackwell) in Laona, Wisconsin.

We estimated that 112 of the 562 vocational completions reported for the three centers were invalid because training tasks had not been

September 2008

PERFORMANCE AUDIT OF USDA FOREST SERVICE JOB CORPS CENTERS

completed; and a former center manager also overstated 14 of the 18 high school diploma completions reported for Flatwoods. All three centers overstated Student On-Board Strength (OBS), a measure of a center's ability to operate at full capacity. We determined 177 of the 716 students served by the three centers should have been separated at an earlier date and should not have been included in the centers' OBS calculations after that date. Additionally, all three centers could not demonstrate that reported student attendance was accurate.

General and Administrative expense reported to Job Corps was understated by \$859,000 for the three centers. Operating expense totaling \$671,000 was reported inaccurately for the three centers. Finally, Forest Service could not provide adequate assurance best value was received for goods and services purchased and the amounts paid to vendors were appropriate and accounted for accurately for \$711,796 of \$1,061,064 vendor payments we reviewed.

During the course of our audit, nothing came to our attention that indicated that Forest Service did not ensure compliance with Job Corps requirements for managing center safety programs.

WHAT OIG RECOMMENDED

We made ten recommendations to the National Director, Office of Job Corps. In general, our recommendations were to require Forest Service to establish standard operating and financial reporting procedures, provide adequate training and supervisory oversight to the staff responsible for following the procedures, conduct periodic performance and financial data integrity audits to test compliance, and implement corrective action plans when non compliance is identified. Additionally, we recommended that the National Director consider the non compliance noted in this report when making future Forest Service budget decisions.

HOW AUDITEE RESPONDED

The National Director, Office of Job Corps concurred with the report's findings and recommendations for improvement.



Three Forest Service Job Corps Centers Were Audited



Table of Contents

Executive Summary	1
Assistant Inspector General’s Report	5
Finding 1 – Forest Service did not ensure compliance with Job Corps requirements for reporting performance.....	6
Finding 2 – Forest Service did not ensure compliance with Job Corps’ requirements for managing and reporting financial activity.....	14
Appendices	21
A. Background	23
B. Objectives, Scope, Methodology, and Criteria	25
C. Acronyms and Abbreviations	29
D. Job Corps’ Response	31

Executive Summary

The Office of Inspector General (OIG) conducted a performance audit of the United States Department of Agriculture's Forest Service (Forest Service) Job Corps program. The Job Corps program operates its 122 centers through service contracts with private sector contractors and agreements with federal government entities. During our audit period (July 1, 2005, to June 30, 2006), Forest Service operated 19 Job Corps centers. Forest Service's Job Corps program has grown to 22 centers in 2008.

The audit objectives were to answer the following questions:

1. Did Forest Service ensure compliance with Job Corps requirements for reporting performance?
2. Did Forest Service ensure compliance with Job Corps requirements for managing and reporting financial activity?
3. Did Forest Service ensure compliance with Job Corps requirements for managing center safety programs?

This report includes the results of our audit of the Forest Service operation of the following Job Corps Centers: Schenck Civilian Conservation Job Corps Center (Schenck) in Pisgah Forest, North Carolina; Flatwoods Civilian Conservation Job Corps Center (Flatwoods) in Coeburn, Virginia; and Blackwell Civilian Conservation Job Corps Center (Blackwell) in Laona, Wisconsin for PY 2005 (July 1, 2005, to June 30, 2006).

Results

Forest Service did not ensure compliance with Job Corps requirements for reporting performance. We estimated that 112 (20 percent) of the 562 vocational completions reported for the three centers visited were invalid because training tasks had not been completed. A former center manager also overstated 14 (78 percent) of the 18 high school diploma completions reported for Flatwoods. All three centers overstated Student On-Board Strength (OBS), a measure of a center's ability to operate at full capacity. We determined 177 (25 percent) of the 716 students served by the three centers should have been separated at an earlier date and should not have been included in the centers' OBS calculations after that date. Additionally, all three centers could not demonstrate that reported student attendance was accurate. Documentation for class attendance, center and morning sign in, and bed checks was inconsistent, not completed, or not always maintained by the three centers.

Also, Forest Service did not ensure compliance with Job Corps requirements for managing and reporting financial activity:

- General and Administrative expense reported to Job Corps was understated by \$859,000 for the three centers; and by \$4.7 million for the 16 additional centers operated by Forest Service in PY 2005.
- Operating expense totaling \$671,000 was reported inaccurately for the three centers because Forest Service's cost accounting practices did not always accrue costs or post amounts to the correct cost category.
- For \$711,796 (67 percent) of \$1,061,064 vendor payments we reviewed, Forest Service could not provide adequate assurance best value was received for goods and services purchased and the amounts paid to vendors were appropriate and accounted for accurately.

These conditions occurred because Forest Service controls over performance and financial reporting were not effective. For example, operating procedures were not established and periodic center audits were not conducted as required. Also, Forest Service told us that they had not provided the necessary management oversight. This lack of controls over performance reporting and financial management undermines the program's integrity and eliminates accountability for ensuring that the program meets stated objectives. Additionally, inaccurate financial and performance data impact operational and funding decisions made by Forest Service, Job Corps, and Congress.

During the course of our audit, nothing came to our attention that indicated that Forest Service did not ensure compliance with Job Corps requirements for managing center safety programs.

Recommendations

We made ten recommendations to the National Director, Office of Job Corps. Foremost among our recommendations was to require Forest Service to:

- establish standard operating and financial reporting procedures,
- provide adequate training and supervisory oversight to the staff responsible for following the procedures,
- conduct periodic performance and financial data integrity audits to test compliance; and
- implement corrective action plans when non compliance is identified.

Additionally, we recommended that the National Director consider the non compliance noted in this report when making future Forest Service budget decisions.

Job Corps Response

The National Office of Job Corps concurs with the reported findings and recommendations. The Job Corps Regional Offices (Philadelphia, Region II; Atlanta, Region III; and Chicago, Region V) will coordinate with the Forest Service to request their written concurrence, non-concurrence, or concurrence in-part to the reported findings and recommendations as related to Schenck, Flatwoods, and Blackwell. Further, the Job Corps Regional Offices will provide a plan of action and milestones for completing the planned Forest Service actions to the reported recommendations. In the interim, Job Corps Regional Offices will stay in communication with the Forest Service to coordinate a written response including a plan of action and milestone(s) which should be forwarded to the OIG no later than October 17, 2008.

The Office of Job Corps will also consider the issues of wasteful spending and financial noncompliance when making future budget decisions impacting the Forest Service's management of its Civilian Conservation Job Corps centers.

OIG Conclusion

The OIG agrees that National Office of Job Corps planned corrective actions were appropriate to the recommendations made. Job Corps will coordinate with the Forest Service to obtain a plan of action and milestones for recommendations 1 through 4 and 6 through 9. Those recommendations were directed at improving Forest Service's controls over performance and financial reporting. At this time, we consider those eight recommendations as **unresolved**. We will resolve those eight recommendations after the Office of Job Corps provides documentation showing the Forest Service has developed a plan of corrective actions and milestones. Subsequently, we can close those eight recommendations after Job Corps provides documentation showing the planned Forest Service corrective actions have been completed.

In addition, we have **resolved and closed** recommendations 5 and 10 made to the National Director, Office of Job Corps, based upon Job Corps plan to consider the issues of financial noncompliance and wasteful spending when making future Forest Service budget decisions.

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U.S. Department of Labor

Office of Inspector General
Washington, D.C. 20210



September 30, 2008

Assistant Inspector General's Report

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The Office of Inspector General (OIG) conducted a performance audit of Job Corps Civilian Conservation Centers (Centers) operated by the United States Department of Agriculture's Forest Service (Forest Service). During PY 2005, Forest Service received over \$100 million from the Department of Labor to operate 19 Centers. Job Corps requires center operators to establish procedures and conduct periodic center audits to ensure data integrity, accountability, and prevention of fraud and program abuse.

The audit objectives were to answer the following questions:

1. Did Forest Service ensure compliance with Job Corps requirements for reporting performance?
2. Did Forest Service ensure compliance with Job Corps requirements for managing and reporting financial activity?
3. Did Forest Service ensure compliance with Job Corps requirements for managing center safety programs?

Results and Findings

Forest Service should take action to improve oversight of its Job Corps centers. Centers did not comply with Job Corps requirements for reporting performance and financial activities. Inaccurate performance and financial reporting impacts operational and funding decisions made by Forest Service, Job Corps, and Congress. These decisions, in turn, impact the quality of services provided to Job Corps students. Nothing came to our attention during our testing to indicate that Forest Service did not comply with Job Corps requirements to ensure center safety.

This report is a summary of our audit work conducted at Forest Service’s headquarters in Lakewood, Colorado; Albuquerque Service Center in Albuquerque, New Mexico; Schenck Civilian Conservation Job Corps Center (Schenck) in Pisgah Forest, North Carolina; Flatwoods Civilian Conservation Job Corps Center (Flatwoods) in Coeburn, Virginia; and Blackwell Civilian Conservation Job Corps Center (Blackwell) in Laona, Wisconsin. Except where noted, we reviewed performance, financial, and center safety data for PY 2005.

We previously issued a report concerning our work at Schenck (Report No. 26-08-002-03-390). That report discussed performance and financial issues and contained 14 audit recommendations to the National Director of Job Corps for corrective action. The National Director concurred with our findings and recommendations.

Additional background information is contained in Appendix A.

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 sufficient basis for our findings and conclusions based on our audit objectives. Our audit scope, methodology, and criteria are detailed in Appendix B.

Objective 1 – Did USDA Forest Service ensure compliance with Job Corps requirements for reporting performance?

Finding 1 – Forest Service did not ensure compliance with Job Corps requirements for reporting performance.

Reported performance for PY 2005 was not accurate at Schenck, Flatwoods, and Blackwell in three areas. First, student achievement was overstated. Based on a statistical sample, we estimate that 112 (20 percent) of the 562 vocational completions reported for the three centers visited were invalid because training tasks had not been completed as required by Job Corps; and a former center manager overstated 14 (78 percent) of the 18 high school diploma completions reported for Flatwoods. Second, all three centers overstated Student On-Board Strength (OBS), a measure of a center’s ability to operate at full capacity. We determined that twenty-five percent of the 716 students served by the three centers should have been separated at an earlier date and should not have been included in the center’s OBS calculation after that date. And third, the three centers could not provide adequate assurance that reported student attendance was reliable. Documentation for class attendance, center and morning sign in, and bed checks was inconsistent, not completed, or not always maintained by the three centers.

These conditions occurred because Forest Service management did not emphasize compliance with Job Corps requirements for reporting performance. Staff did not receive adequate guidance and periodic center audits to identify and correct non

compliance were not conducted as required. Because these are systemic weaknesses in management oversight, it is likely that similar problems existed at other Forest Service centers.

Student Achievement Was Overstated

All three centers reported students with incomplete training as vocational completers; and a center manager at Flatwoods overstated High School Diploma attainments.

Vocational Completions Were Invalid

The three centers reported students with incomplete Training Achievement Records (TARs) as vocational completers in their reported performance for PY 2005. The Job Corps PRH requires centers to ensure student progress is documented on TARs as progress occurs. Instructors are required to document that students are proficient at all tasks listed on the TARs. Changes to the tasks listed on the TARs must be approved by Job Corps.

We statistically sampled 90 of the 562 students reported by the three centers as vocational completers during PY 2005. We found that 18, or 20 percent of the 90 TARs tested were not consistent with PRH requirements because one or more tasks were not completed. Projecting our statistical sample results to the 562 vocational completions reported for PY 2005, we expect with a 95 percent confidence level (sampling error +/- 3.89 percent) that 112 students, or 20 percent, did not complete the vocation as required. Table 1 shows the 18 invalid TARs we identified during testing, by center.

Table 1

18 TARs Were Invalid
(PY 2005)

	Schenck		Flatwoods		Blackwell		Total	
	Tested	Invalid	Tested	Invalid	Tested	Invalid	Tested	Invalid
TARs	30	5 (17%)	30	5 (17%)	30	8 (27%)	90	18 (20%)

Instructors at the three centers state that they received neither formal training nor written guidance on how to complete TARs. We confirmed that standard operating procedures for completing TARs were not included in the Center Operating Procedures manuals provided to staff at Schenck, Flatwoods, and Blackwell.

High School Diploma Attainments Were Overstated

We statistically sampled 90 of the 292 students reported as attaining either a High School Diploma or GED Certificate at the three centers during PY 2005. We found that 6, or 7 percent of the students tested did not have a High School Diploma or GED Certificate in their files to support attainment. Moreover, we found that each of the 6 students without the required supporting documentation supposedly attained High School Diplomas at Flatwoods. We concluded that the number of High School Diploma and GED Certificate attainments reported for Schenck and Blackwell was reliable and expanded our High School Diploma testing at Flatwoods. We reviewed all 18 students reported as attaining High School Diplomas at Flatwoods and determined that 14, or 78 percent, had not graduated. Flatwoods student records showed that 11 of the 14 students had been enrolled in an online high school program at the center but did not graduate and that the remaining three students were never enrolled.

Flatwoods' Record Clerk was responsible for entering High School Diploma attainment into the Job Corps Center Information System (CIS) based on verification of course completion and receipt of the required High School Diploma. We determined that Flatwoods' former Principal Teacher, responsible for managing the center's Education Department, circumvented this control by improperly obtaining "Super User" access to the CIS and entering High School Diploma attainments. The Principal Teacher had obtained "Super User" access by convincing the former Center Director that he needed to enter High School Diploma attainments into CIS because online high schools were slow in sending the diplomas. He told the Center Director that Flatwoods had lost High School Diploma attainment credit in the past because the CIS would not allow a diploma attainment to be entered after a student had been separated from the center for 60 or more days.

We believe the Principal Teacher overstated the High School Diploma attainments to cover up an ineffective center high school program. Only 4 of the 15 students enrolled in Flatwoods' high school program during PY 2005 actually graduated. During the audit, Forest Service management informed us that the Principal Teacher no longer worked for the Federal government and the center's online high school program was discontinued.

OBS Overstated at All Three Centers

Schenck, Flatwoods, and Blackwell overstated student OBS because students were not separated as required when they exceeded Absent Without Leave (AWOL) limits specified in the Job Corps PRH. Job Corps defines OBS as "an efficiency measure that depicts the extent to which centers operate at full capacity". Center staff record student attendance in the Job Corps CIS, which calculates center OBS. Additionally, the three centers could not provide adequate assurance that staff attempted to minimize student AWOL days and separations by contacting the AWOL students as required by Job Corps.

Centers Did Not Comply With Job Corps AWOL Limits

We reviewed the leave records from the 716 students served by the three centers during PY 2005. We found that 177 students, or 25 percent should have been separated at an earlier date and should not have been included in the centers' OBS calculations after that date. We determined that center management retained the 177 students 5,763 days in violation of the PRH, which overstated OBS. Table 2 summarizes the type of PRH violation and the number of students and days in violation.

Table 2
177 Students Were Not Separated As Required
(PY 2005)

PRH Violation	No. of Students and Days in Violation			
	Schenck	Flatwoods	Blackwell	Total
Not separated after exceeding 6 consecutive AWOL days or 12 days in 180-day period	50 (2,410 days)	54 (770 days)	12 (705 days)	116 (3,885 days)
Granted improper Leave instead of separation due to AWOL	24 (334 days)	21 (1,104 days)	16 (440 days)	61 (1,878 days)
Totals	74 (2,744 days)	75 (1,874 days)	28 (1,145 days)	177 (5,763 days)

Based on the budgeted cost per student day at the centers, Forest Service expended \$550,000 (\$95.44 x 5,763 days) in PY 2005 to house and train the 177 students after they should have been separated from Job Corps. These funds could have been put to better use by enrolling new students that would potentially comply with Job Corps attendance requirements and take better advantage of the training provided.

We interviewed key center staff such as the Center Administrative Officers, Supervisors of Counseling, and Records Clerks to determine why students were not separated as required by the AWOL limits specified in the Job Corps PRH. The center staff stated that they could not initiate student separations without approval by the Center Directors and this approval was generally not given. As such, we concluded that center management did not emphasize compliance with Job Corps AWOL requirements.

AWOL Students Were Not Contacted

Schenck, Flatwoods, and Blackwell could not provide adequate assurance that staff attempted to minimize student AWOL days and separations by contacting AWOL students as required by Job Corps. Our review of 314 judgmentally selected student files at the three centers showed that the files for 244 students (78 percent) did not

contain the required AWOL contact documentation. Table 3 shows our test results, by center.

Table 3
Required Contact Documentation Was Missing
For 78 Percent of AWOL Students
(PY 2005)

	Schenck		Flatwoods		Blackwell		Total	
	Tested	Missing	Tested	Missing	Tested	Missing	Tested	Missing
AWOL Contact Documentation	133	117 (88%)	88	83(94%)	93	44 (47%)	314	244 (78%)

According to the Center Records Clerks at all three centers, center staff did try to contact AWOL students but did not always retain the required documentation in the student files. They said, however, that they were not informed that Job Corps required the attempted contacts to be documented. We confirmed that standard operating procedures for documenting the contact attempts were not included in the Center Operating Procedures manuals provided to staff at the three centers. As such, we again concluded that center management did not emphasize compliance with Job Corps AWOL requirements.

Reported Student Attendance Was Not Reliable

Schenck, Flatwoods, and Blackwell could not provide adequate assurance that reported student attendance was reliable. Documentation required by the Job Corps PRH for class attendance, center and morning sign in, bed checks, and Leave was inconsistent, not completed, or not maintained as required by Job Corps.

Job Corps centers track daily student attendance on a Morning Report. Students are identified as present at the center or not present due to Leave, AWOL, or off-center assignments. The Job Corps PRH requires centers to establish a verification system to document each student’s presence at the center. Required components of this system include class attendance rosters; center sign-in logs for students returning to the center after a weekend, holiday break, or Leave; morning sign-in logs to document student presence in the morning; bed check logs to document student presence in the evening, and Leave forms to documents compliance with Job Corps requirements for granting Leave.¹ The PRH also requires centers to maintain this documentation for a minimum of 3 years.

¹Job Corps requirements for granting Leave (Emergency Leave, Administrative Leave With Pay, Administrative Leave Without Pay) are specified in the Job Corps PRH, Chapter 6, Exhibit 6-1.

We judgmentally selected the period January 3, 2006, to January 9, 2006 to determine whether daily student attendance reported in the three centers' Morning Reports was verifiable when compared to class attendance rosters; center and morning sign-in logs, and bed check logs. We also statistically sampled the 61 students from the three centers during PY 2005 to determine whether Leave was granted in compliance with Job Corps requirements. We found that between 47 and 100 percent of the required documents were not consistent with the Morning Report or were not completed or maintained as required by Job Corps. Table 4 summarizes are test results, by center.

Table 4
Between 47 and 100 Percent of the Required Documents
Were Not in Compliance

	Schenck		Flatwoods		Blackwell		Totals	
	Tested	Not Verified	Tested	Not Verified	Tested	Not Verified	Tested	Not Verified
Class Attendance	984	142 (14%)	921	725 (79%)	778	223 (29%)	2,683	1,090 (41%)
Center Sign-in	221	221 (100%)	172	172 (100%)	213	44 (21%)	606	437 (72%)
Morning sign-in	221	221 (100%)	172	172 (100%)	213	213 (100%)	606	606 (100%)
Bed Check	1,547	334 (22%)	1,534	1,534 (100%)	1,477	293 (20%)	4,558	2,161 (47%)
Leave	20	7 (35%)	20	17 (85%)	21	18 (86%)	61	42 (69%)

Based on these test results, we concluded the three centers did not account for students as required by Job Corps; and student attendance reported in the Morning Reports was not reliable. This occurred because center management did not require staff to comply with the Job Corps student attendance requirements. Additionally, we found that standard operating procedures for completing the attendance documentation were not included in the Center Operating Procedures manuals provided to staff at the three centers.

As noted in Table 4, 42 of the 61 students tested (69 percent) had leave granted that was not in compliance with Job Corps requirements. This resulted in 321 improper Leave days. We statistically projected the 321 improper days to the 9,770 total Leave days granted by the three centers during PY 2005. We estimate with a 95 percent confidence level (sampling error +/- 1.74 percent) that the three centers granted as many as 3,335 improper Leave days. Based on the budgeted cost per student day at the centers, Forest Service expended as much as \$318,292 (\$95.44 x 3,335 days) in PY 2005 to house and train the students when they were actually not at the centers. The funds would have been put to better use if the centers complied with Job Corps Leave requirements, thereby ensuring the students were present at the centers and receiving the benefits for which the funds were intended.

Controls Over Performance Reporting Need Improvement

Inaccurate performance reporting impacts operational and funding decisions made by Forest Service, Job Corps, and Congress. These decisions, in turn, impact the quality of services provided to Job Corps students. The inaccurate performance reporting noted in this report occurred because Forest Service controls over performance reporting were not effective. Standard operating procedures were not established for documenting training, contact attempts for AWOL students, and attendance. The Job Corps PRH establishes program management responsibilities for each center operator. These responsibilities include ensuring:

- Effective program organization and management,
- Program integrity and accountability,
- Staff professionalism and development, and
- Services are provided in a cost-effective and financially responsible manner.

Standard operating procedures are a critical management control because they provide center staff specific guidance on responsibilities and procedures for ensuring compliance with the PRH. Center management should also provide adequate training and oversight to ensure the standard operating procedures are followed.

Furthermore, inadequate oversight of center compliance with Job Corps requirements contributed to the inaccurate performance information reported by the three centers. The PRH requires center operators to establish procedures and conduct periodic audits to ensure integrity, accountability, and prevention of fraud and program abuse. Forest Service neither established the procedures nor conducted the audits as required. Forest Service did conduct on-site monitoring at its centers. However, the program managers at the Forest Service stated that these center reviews were focused on student development and career preparedness. Steps to ensure center compliance with Job Corps requirements for reporting performance were not included in the center reviews.

The management oversight weaknesses we identified were systemic. As such, it is likely that similar problems existed at other Forest Service centers. Forest Service management agreed with our conclusions and initiated some corrective actions. Forest Service reorganized the headquarters management team responsible for center operations to improve oversight. Additionally, Forest Service issued new policy mandating compliance with Job Corps performance requirements and initiated a plan for annual data integrity audits at all its centers.

Recommendations

We recommended that the National Director, Office of Job Corps, require Forest Service to increase its emphasis on compliance with Job Corps requirements by implementing the program management responsibilities specified in the Job Corps

PRH. Specifically, we recommend that the National Director require Forest Service to:

1. Establish controls to require SOPs be developed for tracking and reporting performance.
2. Provide adequate training and supervisor oversight to staff responsible for following the SOPs and complying with Job Corp performance reporting requirements.
3. Conduct data integrity audits at each of its centers to effectively identify systemic non-compliance with Job Corps performance reporting requirements. These audits should assess PRH compliance with all elements of performance reporting including student achievement, OBS, and student attendance.
4. Implement corrective actions plans when PRH non-compliance is identified during data integrity audits. The corrective action should include providing Job Corps with any adjustments to previously reported performance.

In addition, we recommend that the National Director:

5. Consider the non-compliance and wasteful spending noted in this report when making future Forest Service budget decisions.

Job Corps Response

The National Office of Job Corps concurs with the reported findings and recommendations. The Job Corps Regional Offices (Philadelphia, Region II; Atlanta, Region III; and Chicago, Region V) will coordinate with the Forest Service to request their written concurrence, non-concurrence, or concurrence in-part to the reported findings and recommendations as related to Schenck, Flatwoods, and Blackwell. Further, the Job Corps Regional Offices will provide a plan of action and milestones for completing the planned Forest Service actions to the reported recommendations. In the interim, Job Corps Regional Offices will stay in communication with the Forest Service to coordinate a written response including a plan of action and milestone(s) which should be forwarded to the OIG no later than October 17, 2008.

The Office of Job Corps will also consider the issues of wasteful spending and financial noncompliance as recommended when making future budget decisions impacting the Forest Service's management of its Civilian Conservation Job Corps centers.

OIG Conclusion

The OIG agrees that the National Office of Job Corps' planned corrective actions were appropriate to recommendations 1, 2, 3, 4, and 5. Job Corps will coordinate with the Forest Service to obtain a plan of action and milestones for recommendations 1, 2, 3, and 4. Until Job Corps provides documentation showing the Forest Service has developed a plan of corrective actions and milestones, we consider those four

recommendations as **unresolved**. We will resolve those recommendations after the Office of Job Corps provides documentation showing the Forest Service has developed a plan of corrective actions and milestones. Subsequently, we will close the recommendations after Job Corps provides documentation showing the planned Forest Service corrective actions have been completed.

In addition, we have **resolved and closed** recommendation 5 made to the National Director, Office of Job Corps, based upon Job Corps plan to consider the issues of financial noncompliance and wasteful spending when making future Forest Service budget decisions.

The Agency's verbatim response to these audit recommendations can be found in Appendix D.

Objective 2 – Did Forest Service ensure compliance with Job Corps requirements for managing and reporting financial activity?

Finding 2 – Forest Service did not ensure compliance with Job Corps' requirements for managing and reporting financial activity.

Financial management and reporting for Schenck, Flatwoods, and Blackwell was inadequate. First, General and Administrative expense was not allocated as required by Job Corps. As a result, the General and Administrative expense reported to Job Corps was understated by \$859,000 for the three centers; and by \$4.7 million for the 16 additional centers operated by Forest Service during PY 2005. Second, operating expense totaling \$671,000 was reported inaccurately for the three centers because Forest Service's cost accounting practices did not always accrue costs or post amounts to the correct cost category. And third, Forest Service could not provide adequate assurance best value was received for goods and services purchased for the three centers and the amounts paid to vendors were appropriate and accounted for accurately. For 54 (40 percent) of 134 vendor payments we reviewed, Forest Service could not provide adequate assurance best value was received for goods and services purchased and the amounts paid to vendors were appropriate and accounted for accurately. Similar to our previous finding on inaccurate performance reporting, inadequate financial management and inaccurate reporting impacts operational and funding decisions made by Forest Service, Job Corps, and Congress. Ultimately, these decisions impact the quality of services provided to Job Corps students. The financial management and reporting weaknesses we identified also occurred because Forest Service management did not emphasize compliance with Job Corps requirements. Standard financial reporting procedures were not established and periodic financial audits were not conducted.

General and Administrative Expense Was Understated

General and Administrative expense was not allocated as required by Job Corps. Job Corps provided Forest Service \$6.4 million in PY 2005 to fund Program Direction costs,

which when allocated to its centers is reported to Job Corps in expense reports as General and Administrative expense. This funding covered Forest Service operations at its Job Corps National Office Headquarters in Lakewood, Colorado and for senior-level personnel in Washington DC working on Job Corps. The Job Corps PRH requires Forest Service to allocate General and Administrative expense to its centers based on each center’s student capacity.

We found that Forest Service had not established standard financial reporting procedures to allocate the General and Administrative expense as required. Instead, Forest Service management allocated arbitrary amounts to each of its centers. Schenck, Flatwoods, and Blackwell were allocated \$50,000 each. As a result, the General and Administrative expense reported to Job Corps was understated by \$859,000 for the three centers; and by \$4.7 million for the 16 additional centers operated by Forest Service during PY 2005. Based on the allocation method specified in the PRH, the three centers should have been allocated over \$300,000 each. Table 5 shows the centers’ student capacity and our calculation for the understated amounts.

Table 5

**General and Administrative Expense
Was Understated by \$5.5 Million
(PY 2005)**

	Schenck	Flatwoods	Blackwell	16 Centers	Total
Student Capacity	224	224	205	3,494	4,147
Allocation based on Capacity	\$346,234	\$346,234	\$316,866	\$5,400,630	\$6,409,964
Amount Reported	\$50,000	\$50,000	\$50,000	\$713,284	\$863,284
Amount Understated	\$296,234	\$296,234	\$266,866	\$4,687,346	\$5,546,680

The accounting staff responsible for the allocation told us they were not aware of the Job Corps requirement to allocate based on center student capacity and the amounts allocated were directed by management. Current Forest Service management could not explain why the General and Administrative expense was not allocated as required by Job Corps.

Reported Operating Expense was Not Accurate

Operating expense was reported inaccurately for the three centers because Forest Service’s cost accounting practices did not comply with Job Corps requirements. The Job Corps PRH requires Forest Service to account for operating expense on an accrual basis and ensure the amounts reported are timely and accurate. Additionally, when expenses are not available for inclusion in the year-end expense report (e.g., June

expenses billed in July), the year-end expense report should be restated when the expenses are known and recorded in the Forest Service General Ledger. We compared Schenck, Flatwoods, and Blackwell’s year-end expense reports to Forest Service’s General Ledger to determine whether the amounts in the corresponding cost categories were consistent. We found that operating expense totaling \$671,000 was reported inaccurately for the three centers because Forest Service’s cost accounting practices did not always accrue costs or post amounts to the correct cost category. Table 6 shows our calculation for the \$671,000 of misstated expense, by center.

Table 6
Operating Expenses Were Misstated
(PY 2005)

	Schenck	Flatwoods	Blackwell	Total
Amount Overstated	\$188,163	\$14,890	\$46,926	\$249,978
Amount Understated	\$102,897	\$236,819	\$81,617	\$421,333
Total Misstated	\$376,326	\$251,709	\$128,543	\$671,311

The accounting staff responsible for recording operating expense told us that standard financial reporting procedures for operating expense were not provided and the expense was sometimes recorded with insufficient information to determine the correct cost category. Current Forest Service management could not explain why the operating expense was not recorded and reported as required by Job Corps.

Vendor Management Needs Improvement

Forest Service could not provide adequate assurance best value was received for goods and services purchased for the three centers and the amounts paid to vendors were appropriate and accounted for accurately. Based on a judgmentally selected sample, we found that \$711,796 (67 percent) of \$1,061,064 vendor payments reviewed were not competed as required by Federal Acquisition Regulations (\$426,710, or 12 payments), supported by invoices and other documentation required by Job Corps (\$126,953, or 25 payments), or posted to the correct cost category (\$158,133, or 17 payments).

Full and Open Competition Was Not Provided

Forest Service did not provide full and open competition when purchasing goods and services for the three centers. Federal Acquisition Regulations (FAR) require all government agencies to solicit bids for planned purchases over \$2,500. The government agencies are then required to select the lowest bid from a qualified vendor or justify selecting a higher bid.

We determined full and open competition was not provided for 12, or 9 percent of the 134 vendor payments reviewed. Instead, the related purchasing process was accomplished after soliciting and negotiating with only one source. Table 7 shows the number of sole-source purchases and the value of the related payments made during PY 2005, by center.

Table 7

**Full and Open Competition Was Not Provided for 12 Purchases
(PY 2005)**

	Schenck	Flatwoods	Blackwell	Total
No. of Sole-source Purchases	3	4	5	12
PY 2005 Payments	\$191,641	\$91,810	\$143,259	\$426,710

We could not determine whether best value was obtained for the noted sole-source purchases. As such, we question the costs associated with the \$426,710 in payments made during PY 2005. Current Forest Service management could not explain why full and open competition was not provided as required by the FAR.

Payments Were Not Supported

Forest Service payments to vendors were not supported by documentation verifying that the goods or services were received by the three centers or the amounts paid were accurate and approved by management.

We reviewed the 134 vendor payments in our judgmental sample to determine whether adequate supporting documentation was maintained. We found that 25 (19 percent) of the 134 payments were not adequately supported. Invoices or receipts of goods were missing for 15 payments (\$68,150) and management approval documentation was missing for 10 payments (\$58,803). Table 8 shows the number of payments and the related dollar amounts that were not adequately supported, by center.

Table 8

**Adequate Support Was Not Maintained For 25 Payments
(PY 2005)**

	Schenck	Flatwoods	Blackwell	Total
No. of Payments	5	15	5	25
Amount	\$9,261	\$83,100	\$34,592	\$126,953

During the audit, we did not determine whether the goods and services associated with these payments were actually received. Instead, we limited our review to an assessment of the management controls and concluded that Forest Service had not placed sufficient emphasis on ensuring vendor payments were adequately supported. Current Forest Service management could not explain why the supporting documentation was not maintained.

Payments Were Not Posted To The Correct Cost Account

Vendor payments were not posted to the correct cost account at the three centers. We found that 17 (13 percent) of the 134 vendor payments reviewed were either posted to the wrong cost account (7 payments) or documentation was not available to support the posting (9 payments). Additionally, one of the incorrectly posted vendors payment (\$69,754) was paid with PY 2006 funds. This was especially significant because covering current program year expenses with another program year funds is a violation of PRH requirement. Table 9 shows the 17 payments that were not posted correctly or adequate supporting documentation was not maintained.

Table 9

**Posting was Inaccurate or Not Supported For 17 Payments
(PY 2005)**

	Schenck	Flatwoods	Blackwell	Total
No. of Payments	3	9	5	17
Amount	\$79,868	\$35,019	\$43,245	\$158,133

Again, we concluded that Forest Service had not placed sufficient emphasis on ensuring vendor payments were accounted for accurately. Current Forest Service management could not explain why these accounting errors were made.

Controls Over Financial Reporting Need Improvement

Similar to our previous finding on inaccurate performance reporting, inadequate financial management and inaccurate reporting impacts operational and funding decisions made by Forest Service, Job Corps, and Congress. Ultimately, these decisions impact the quality of services provided to Job Corps students. The financial reporting weaknesses we identified occurred because Forest Service controls over financial reporting were not effective. Standard financial reporting procedures were not consistently established. As previously noted, standard procedures are a critical management control because they provide center staff specific guidance on responsibilities and procedures for ensuring compliance with the PRH. Adequate

training and oversight should also be provided to ensure the standard accounting procedures are followed.

We concluded that Forest Service management did not carry out these responsibilities effectively. Furthermore, inadequate oversight of the financial management and reporting contributed to the financial problems we identified in this report. As previously noted, the PRH requires center operators to establish procedures and conduct periodic audits to ensure integrity, accountability, and prevention of fraud and program abuse. Forest Service neither established procedures nor conducted financial audits. These audits are needed to ensure compliance with Job Corps requirements for managing and reporting financial activity. Although, Forest Service did conduct on-site monitoring at its centers, the program managers at the Forest Service stated that these center reviews were focused only on student development and career preparedness. Steps to ensure center compliance with Job Corps requirements for financial reporting were not included in the center reviews.

Recommendations

We recommended that the National Director, Office of Job Corps, require Forest Service to increase its emphasis on compliance with Job Corps requirements by implementing the financial management responsibilities specified in the Job Corps PRH. Specifically, we recommend that the National Director require Forest Service to:

6. Establish controls to require SOPs be developed for tracking and reporting Financial activities.
7. Provide adequate training and supervisor oversight to staff responsible for following the SOPs and complying with Job Corp financial reporting requirements.
8. Periodically conduct financial audit at each of its centers to effectively identify systemic non-compliance with Job Corps financial reporting requirements. These audits should assess PRH compliance with all elements of financial reporting including the implementation of accrual accounting, account reconciliation, and follow Job Corps policy and Federal Acquisition Regulations when Centers record and make payments to vendors.
9. Implement corrective actions plans when PRH non-compliance is identified during audits. The corrective action should include providing Job Corps with any adjustments to previously reported financial activities.

In addition, we recommend that the National Director:

10. Consider the financial non-compliance noted in this report when making future Forest Service budget decisions.

Job Corps Response

The National Office of Job Corps concurs with the reported findings and recommendations. The Job Corps Regional Offices (Philadelphia, Region II; Atlanta, Region III; and Chicago, Region V) will coordinate with the Forest Service to request their written concurrence, non-concurrence, or concurrence in-part to the reported findings and recommendations as related to Schenck, Flatwoods, and Blackwell. Further, the Job Corps Regional Offices will provide a plan of action and milestones for completing the planned Forest Service actions to the reported recommendations. In the interim, Job Corps Regional Offices will stay in communication with the Forest Service to coordinate a written response including a plan of action and milestones, which should be forwarded to the OIG no later than October 17, 2008.

The Office of Job Corps will also consider the issues of wasteful spending and financial noncompliance as recommended when making future budget decisions impacting the Forest Service's management of its Civilian Conservation Job Corps centers.

OIG Conclusion

The OIG agrees that the National Office of Job Corps' planned corrective actions were appropriate to recommendations 6, 7, 8, 9, and 10. Job Corps will coordinate with the Forest Service to obtain a plan of action and milestones for recommendations 6, 7, 8, and 9. Until Job Corps provides documentation showing the Forest Service has developed a plan of corrective actions and milestones, we consider those four recommendations as **unresolved**. We will resolve those recommendations after the Office of Job Corps provides documentation showing the Forest Service has developed a plan of corrective actions and milestones. Subsequently, we will close the recommendations after Job Corps provides documentation showing the planned Forest Service corrective actions have been completed.

In addition, we have **resolved and closed** recommendation 10 made to the National Director, Office of Job Corps, based upon Job Corps plan to consider the issues of financial noncompliance when making future Forest Service budget decisions

Objective 3 – Did Forest Service ensure compliance with Job Corps requirements for managing center safety programs?

Nothing came to our attention to indicate that Schenck, Flatwoods, and Blackwell did not comply with Job Corps requirements for managing center safety programs. Our methodology for evaluating Forest Service safety programs at the three centers and headquarters is summarized in Appendix B.


Elliot P. Lewis

Appendices

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Appendix A

Background

Job Corps is a national residential program authorized by Title I-C of the Workforce Investment Act (WIA) of 1998. Job Corps objective is to provide education and training to low income youth between the ages of 16 to 24 years in order to further education, and to provide them the skills they needed to hold employment or enter the Armed Forces. Section 670.310 (e) of the WIA authorizes the Secretary to enter into interagency agreements with other Federal agencies for funding, establishment, and operation of Civilian Conservation Centers (CCC) provided these Federal agencies comply with the regulations. Forest Service has an Interagency Agreement (updated in July 2008) with the Department of Labor (DOL) to operate 22 of the 28 CCCs nationwide.

The Job Corps Director has been delegated the authority to carry out the responsibilities of the Secretary under Subtitle I-C of the Act. The Job Corps Director administers the program with support by National Office staff and a network of six Regional Offices. The DOL formulates the budgets of federally operated centers annually on a cycle that coincides with Job Corps' Program Year (PY), July 1 through June 30. Cost information is reported to Job Corps on quarterly Forms 2110F reports by the USDA FS through its financial management system. These reports are used by Job Corps in its compilation of nationwide Job Corps cost data for inclusion in its annual report to the Congress, to the public, and for comparison with other centers. In PY 05 (July 1, 2005, through June 30, 2006), the USDA FS received approximately \$16 million to fund the operations of Schenck, \$6M; Flatwoods, \$5M; and Blackwell \$5M.

Job Corps centers are required to record information related to student accomplishments and accountability in the CIS. This information is used by Job Corps to report center performance, based on outcomes of graduates (defined in the Act as those who obtain a General Educational Development (GED) or high school diploma or complete a vocational training program), and the information is also made available to Congress in accordance with WIA legislation.

During our audit period (July 1, 2005, to June 30, 2006), Forest Service operated 19 Job Corps centers. Forest Service's Job Corps program has grown to 22 centers in 2008. The centers report financial and performance data to the DOL National Job Corps Office through DOL's CIS maintained in Austin, Texas. Oversight responsibility for these centers is with both the USDA FS assigned Project Managers in Lakewood, and the DOL Regional Job Corps Program Managers.

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Appendix B

Objectives, Scope, Methodology, and Criteria

Objectives

The audit objectives were to answer the following questions:

1. Did USDA Forest Service ensure compliance with Job Corps requirements for reporting performance?
2. Did USDA Forest Service ensure compliance with Job Corps requirements for managing and reporting financial activity?
3. Did USDA Forest Service ensure compliance with Job Corps requirements for managing center safety programs?

Our audit objective was to determine whether the Forest Service management monitors and tracks operations of its centers as required by Job Corps' Policy and Requirements Handbook (PRH) Chapter 5, R.5.1 and Section III of their Interagency Agreement, and to determine the accuracy of reported financial and performance data.

Scope

This report is a summary of our audit work conducted at Forest Service National Job Corps Headquarters in Lakewood, Colorado and three centers operated by Forest Service; the Schenck Job Corps Center in Pisgah Forest, North Carolina, the Flatwoods Job Corps Center in Coeburn, Virginia, and the Blackwell Job Corps Center in Laona, Wisconsin. Except where noted, we reviewed center safety, and performance and financial data for FY2005.

We previously issued a report concerning our work at Schenck (Report No. 26-08-002-03-390). That report discussed performance and financial issues and contained 14 audit recommendations to the National Director of Job Corps for corrective action. The National Director concurred with our findings and recommendations.

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 sufficient basis for our findings and conclusions based on our audit objectives.

Methodology

To accomplish our audit objectives, we obtained an understanding of applicable laws, regulations and Job Corps policies and procedures. We also internal controls for

managing center safety and reporting financial and performance information to Job Corps. Finally, we reviewed Standard Operational Procedures (SOP) at Forest Service Job Corps Headquarter located in Lakewood, Colorado. We also interviewed Forest Service Job Corps management as well as the various program managers who were responsible for monitoring the three Centers we visited.

Performance Reporting In order to determine if Job Corps' performance reporting complied with PRH requirements, we reviewed Student Accomplishments for GED/High School Diploma, and Vocational Training, Student AWOL, Student Accountability, and Student Leave described in detail as follows;

Student GED/High School Diploma, and Vocational Training – we examined the PY 2005 OMS-20 reports that show student accomplishments at each of the three centers. We statistically selected 30 students at each center or a total of 90 educational accomplishments of the 292 GED credits claimed for students earning GED Certificates certificate/diploma inside the students' personnel file. In addition, we statistically selected 90 of 562 vocational credits claimed as shown on the Center's OMS-20 to determine whether each student met the criteria necessary to be recorded as having and High School Diplomas and verified these outcomes by reviewing the actual student completed a vocation.

Student AWOL – using a universe of 716 students in PY 2005 that demonstrated AWOL activity at the three centers, we selected 314 students to determine whether they exceeded the PRH established AWOL limits. From the sample of these students, we identified whether students exceeded either the PRH AWOL 6 consecutive training day rule, or had violated the PRH AWOL 12-day rule (within a 180 consecutive day period). Further, we identified the date each student should have been separated if the PRH AWOL rule had been enforced, and determined the number of days the Center retained each student after their mandatory separation date. Lastly, we analyzed the 314 student records to verify whether the center staff documented their contacts/follow-ups of AWOL students.

Student Accountability – we interviewed Forest Service personnel to gain understanding of their policies and procedures of monitoring its Centers' operations to ensure program accountability, accuracy and integrity as required by PRH Chapter 5, R.2. We further evaluated the Center's SOPs to determine whether they were developed and implemented effectively to know the whereabouts of every student at all times. We examined the sign in/out register logs used to record students' entry and exit from the Center, and SOPs governing daily bed checks and students' sign-in rosters. Class attendance data were examined by judgmentally selecting the 7-day period (January 3, 2006 to January 9, 2006) after the winter break and tested compliance with the Centers' rules and the PRH. We then compared each bed check, sign-in/out logs, and class attendance reports to the Centers Morning Report to determine whether the student accountability at each Center was reported correctly. In effect, this test compared the internal controls supporting each student's status at the Center to the student's status reported to Job Corps.

Student Leave – using two-stage, stratified cluster sampling techniques, we randomly selected 61 PY 2005, Center students and reviewed 608-leave days taken to determine whether each of the 608 leave days were reasonable, supportable, or allowable per criteria and limitation rules prescribed in the PRH Chapter 6, Exhibit 6-1. The total universe of leave days at the three centers for PY 2005 was 9,770. We projected our sample results with the assistance of the OIG Statistician using a statistical technique with a 95 percent confidence level.

Financial Management and Reporting In order to determine if Job Corps' was in compliance with PRH requirement for Financial Management and Reporting, we evaluated by comparing the three Centers' PY 2005 Net Center Operations Expenses reported on Form 2110F page 2 to the expenses shown in the General Ledger account balances for the Schenck, Flatwoods, and Blackwell Job Corps Centers, respectively. These general ledger transactions are maintained at the US Forest Service's Albuquerque Service Center. In addition to examining overall reported expenses, we also reviewed all line entries on the Form 2110F, such as a food expense, by tracing them to the corresponding general ledger accounting codes (job codes).

We evaluated all 29 expense categories on the 2110F. (5 of the lines were not used by the US Forest Service to report expenses). In order to determine whether Center expenses were supported with proper documentation, properly processed (to include compliance with the FAR), and appropriately authorized for payment, we judgmentally sampled 134 Center payments at the three centers. These payments included expenditures for both contracts and non-personnel service items.

We requested the amount of 6% general administration funding received by the Forest Service by inquiry to the USDA Albuquerque Service Center. We made inquiries at the Forest Service Job Corps National Office regarding how the Forest Service reports these funds on the 2110F.

Center Safety In order to determine if Job Corps Centers' safety complied with PRH requirements, we reviewed Student Drug Testing Program, Student Safety and Health Associated with Job Corps Facilities and Internet Security described in detail as follows:

Drug Testing Program – we examined by randomly selecting the files of 120 newly enrolled students at Schenck, Flatwoods and Blackwell from a universe of 1,057 in PY 2005 to determine whether each was drug tested in accordance with the PRH, and whether students that tested positive were tested again after 45 days.

Safety and Health Associated with Job Corps Facilities – we interviewed the Centers' staff and reviewed the Centers' facility maintenance reports to understand the process implemented by the Centers. Specifically, we reviewed the Centers' four most recent Environmental Health Inspection, the annual safety and health reviews performed by Link Technologies (under contract with DOL), the quarterly reports conducted by the State, and weekly inspections conducted by the Centers to determine

whether Schenck, Flatwoods and Blackwell management acted expeditiously to address open items and to understand the overall rating for safety and health inspections of all Job Corps facilities.

Internet Security – we evaluated each centers' internet security by developing an internal control questionnaire and interviewed Center staff to gain an understanding of their processes established by each Center regarding its internet security. In addition, we observed the procedures implemented by the each Center and we physically tested selected computers in various locations for unauthorized access.

Oversight Activities at Forest Service Job Corps – we reviewed Standard Operational Procedures (SOPs) at Forest Service Job Corps Headquarter located in Lakewood, Colorado to determine if these SOPs were adequate per PRH requirements. We also interviewed Forest Service Job Corps management as well as the various program managers who were assigned to monitor three Centers we visited.

Criteria

We used the following criteria to perform this audit:

- Federal Acquisition Regulation
- Job Corps Policy and Requirements Handbook
- USDA Forest Service and Department of Labor Interagency Agreement of 1974
- Government Auditing Standards

Appendix C

Acronyms and Abbreviations

AWOL	Absent With Out Leave
CCC	Civilian Conservation Center
CIS	Center Information System
DOL	Department of Labor
FAR	Federal Acquisition Register
FY	Fiscal Year
GAO	Government Accountability Office
GED	General Education Development
GLPD	Government Lost or Destroyed Property
HSD	High School Diploma
OIG	Office of Inspector General
OMS	Outreach Measurement System
PRH	Policy and Requirements Handbook
PY	Program Year
SOPs	Standard Operating Procedures
TAR	Training Achievement Record
USDA	United States Department of Agriculture
USDA FS Service	United States Department of Agriculture Forest Service
WIA	Workforce Investment Act

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Appendix D

Job Corps' Response

U.S. Department of Labor

Office of Job Corps
Washington, D.C. 20210



SEP 26 2008

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

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

SUBJECT: Response to the OIG Draft Report on the Performance Audit of
USDA Forest Service Job Corps Centers,
Report No. 26-08-002-01-370

Thank you for the opportunity to review the Office of Inspector General (OIG) draft report on the Performance Audit of USDA, dated September 9, 2008.

The National Office of Job Corps concurs with the reported findings and recommendations. The Job Corps Regional Offices (Philadelphia, Region II, Atlanta, Region III, and Chicago, Region V) will coordinate with the USDA Forest Service to request their written concurrence, nonconcurrence, or concurrence in part to the reported findings and recommendations as related to the Schenck, Flatwoods, and Blackwell Civilian Conservation Job Corps Centers. Further, the Job Corps Regional Offices will provide a plan of action and milestones for completing the planned USDA Forest Service actions to the reported recommendations. In the interim, Job Corps Regional Offices will stay in communication with the USDA Forest Service to coordinate a written response including a plan of action and milestone(s) which should be forwarded to your office no later than October 17, 2008.

The Office of Job Corps will consider the issues of wasteful spending and financial non-compliance for recommendations 5 and 10 of the draft report by the USDA Forest Service when making future budget decisions impacting the USDA Forest Service's management of the USDA Forest Service Conservation Centers.

SEP 26 2008

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