

## BRIEFLY...

Highlights of Report Number 26-09-002-01-370,  
*Performance Audit of Dynamic Educational Systems,  
Incorporated Job Corps Center Operator 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 the Montgomery Job Corps Center (Montgomery), located in Montgomery Alabama, which is operated by Dynamic Educational Systems, Incorporated (DESI).

### WHY OIG CONDUCTED THE AUDIT

Our audit objectives were to answer the following questions:

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

In addition, in response to two hotline complaints, we added an objective:

4. Were the hotline complaints alleging improper practices relating to DESI's construction contractor procurement, accounting, high school diploma attainment, personnel hiring and termination, clothing distribution, and travel reimbursement valid?

Our audit work was conducted at DESI headquarters in Phoenix, Arizona and at the Montgomery Job Corps Center in Montgomery, Alabama.

### 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/2009/26-09-002-01-370>

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### WHAT OIG FOUND

DESI did not ensure compliance with Job Corps requirements for reporting performance in one of four areas tested – student attendance and accountability. Specifically, leave days taken by Montgomery students were not consistently supported by the required leave forms and appropriate center staff approvals. The center also did not consistently comply with the requirement to attempt to contact students or their parents (for minor students) when the students were missing from the center. Furthermore, the center did not accurately report student participation in the center's off-site Work-Based Learning (WBL) program, and did not provide adequate assurance that the participating students were in attendance at their work sites or received the intended WBL program benefits.

Additionally, DESI had control weaknesses in two areas relating to financial management and reporting. DESI did not consistently verify timesheets were reliable. Timesheets submitted by center staff had supervisor signature dates prior to staff signature dates or were not dated by employees. Furthermore, the controls established to ensure appropriate government vehicle use were not effective. Required trip request and approval forms, trip reports, and daily vehicle inspection sheets were not completed.

These weaknesses occurred because of inadequate center procedures, staff not following procedures, and the lack of training and supervision over student leave, contacting missing students, WBL, timesheets, and the use of government vehicles. The control weaknesses lessen program accountability in these areas and could impact operational decisions made by DESI and Job Corps.

Nothing came to our attention indicating that DESI did not ensure compliance with Job Corps requirements for managing center safety programs. We also concluded that the hotline complaint allegations did not have merit.

### WHAT OIG RECOMMENDED

We made four recommendations to the National Director, Office of Job Corps. In summary, we recommended that Job Corps direct DESI to develop and implement corporate and center oversight, procedures, and training to ensure its centers comply with Job Corps requirements in each of the areas we identified control weaknesses (student leave, contacting missing student or their parents, Work-Based Learning, timesheet verification, and use of government vehicles). The National Director, Office of Job Corps concurred with the report's findings and recommendations for improvement.