

U.S. Department of Labor

Office of Inspector General—Office of Audit

VETERANS' EMPLOYMENT AND TRAINING SERVICE



VETS NEEDS TO STRENGTHEN MANAGEMENT CONTROLS OVER THE TRANSITION ASSISTANCE PROGRAM

Date: September 30, 2010
Report Number: 06-10-002-02-001

BRIEFLY...

Highlights of Report Number 06-10-002-02-001, to the Assistant Secretary for Veterans' Employment and Training Service.

WHY READ THE REPORT

The Office of Inspector General (OIG) conducted a performance audit of the Veterans' Employment and Training Service's (VETS) management controls over the Transition Assistance Program (TAP). TAP was established in 1990 to provide employment assistance — such as resume preparation and interviewing techniques — to separating and retiring military personnel and their spouses during their period of transition from military service to the civilian workplace. Title 10, United States Code, Section 1144, requires the Department of Labor (DOL) to enter into a Memorandum of Understanding with partner agencies to provide TAP workshops.

WHY OIG CONDUCTED THE AUDIT

Due to the severe economic recession, the unemployment rate of separating and retiring military personnel rose from 9.8 percent in 2009 to 11.8 percent in 2010. The rate of unemployment among returning soldiers aged 18-24 is approximately 22 percent.

We conducted an audit of VETS TAP to answer the question: Did VETS' TAP have effective management controls to ensure it provided employment assistance to veterans?

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/2010/06-10-002-02-001.pdf>

September 2010

VETS NEEDS TO STRENGTHEN MANAGEMENT CONTROLS OVER THE TRANSITION ASSISTANCE PROGRAM

WHAT OIG FOUND

The OIG found VETS did not have effective management controls to ensure TAP participants received the employment assistance needed to obtain meaningful employment. VETS could not substantiate the 124,700 participants that it reported as having attended TAP workshops with participant attendance documents and monitoring of 117 of 247 (47 percent) domestic and overseas TAP sites. We found a lack of consistent evaluation criteria and resolution tracking in VETS monitoring.

VETS also did not use measurable performance goals and outcomes to evaluate program effectiveness and lacked adequate controls over contracting for TAP workshop services. These deficiencies resulted in undermining VETS' ability to ensure it was providing a high-quality program, as required, to meet the assistance needed to ensure veterans succeed in obtaining meaningful employment, and may impact critical program decisions by Congress, VETS, and other stakeholders. In addition, deficiencies resulted in \$2.3 million in unsupported and other questioned costs; and \$713,000 that may have been put to better use.

WHAT OIG RECOMMENDED

We made six recommendations to the Assistant Secretary for Veterans' Employment and Training. In summary, we recommended VETS develop and implement procedures to ensure accurate participant attendance, an effective monitoring process, measurement and reporting of outcome goals and appropriate controls over contract activities and administration. We also recommended recovery of unsupported and questioned contract costs.

The Assistant Secretary of Veterans' Employment and Training agreed VETS controls need to be strengthened and pointed to current and planned improvements.

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U.S. Department of Labor

Office of Inspector General
Washington, D.C. 20210



September 30, 2010

Assistant Inspector General's Report

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Due to the severe economic recession, the unemployment rate of military personnel separating and retiring from conflicts such as Iraq and Afghanistan has risen from 9.8 percent in 2009 to 11.8 percent in 2010. The rate of unemployment among returning soldiers aged 18-24 is approximately 22 percent. The Transition Assistance Program (TAP) was established in 1990 to meet the needs of separating and retiring military personnel and their spouses during their period of transition from military service to the civilian workplace.

Title 10, United States Code (10 USC), Section 1144, requires the Department of Labor (DOL) to offer TAP workshops that provide employment assistance in required areas such as job search, resume preparation, and interviewing techniques. In September 2006, DOL entered into a 2-year Memorandum of Understanding (MOU) to provide assistance. Although the MOU is expired, DOL continues to follow the guidance to report on participant attendance and monitor TAP workshops and facilitators. For Fiscal Year (FY) 2009, DOL reported delivery of TAP services to 124,700 participants with reported funding of \$7.2 million. Veterans' Employment and Training Service (VETS) indicated these participants attended 4,426 workshops at 247 sites.

We conducted an audit of VETS TAP to answer the following question:

Did VETS' TAP have effective management controls to ensure it provided employment assistance to veterans?

Our audit focused on TAP activities for FY 2009, the most recent period available for audit. We reviewed laws and regulations, and the most current policies and procedures; and interviewed contractors and VETS personnel. Initially, we obtained a judgmental sample of 11 states for an analysis of VETS monitoring of TAP sites and based on weaknesses identified we expanded our analysis to include a statistical sample of 10 states. Our statistical sample of 10 states was used in our analysis of VETS' reporting of participant attendance. Due to weaknesses in contract monitoring, we expanded our analysis to include VETS oversight of the TAP contractor from FYs 2007 to 2009.

We conducted this performance audit in accordance with generally accepted 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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

RESULTS IN BRIEF

VETS did not have effective management controls to ensure TAP participants received employment assistance needed — such as resume preparation and interviewing techniques — to obtain meaningful employment. VETS could not substantiate the 124,700 participants that it reported as having attended TAP workshops with participant attendance documents and monitoring of 117 TAP sites. VETS' did not consistently use evaluation criteria in its monitoring of TAP workshops and did not track resolution of issues identified. In addition, VETS did not use measurable performance goals and outcomes to evaluate program effectiveness. We attribute these deficiencies to the lack of VETS policies and procedures to ensure proper controls were in place for reporting TAP participants, monitoring TAP sites, and retaining participant information in order to measure program effectiveness. These deficiencies resulted in undermining VETS' ability to ensure it is providing a high-quality program, as required, to meet the assistance needed to ensure veterans succeed in obtaining meaningful employment, and may impact critical program decisions by Congress, VETS, and other stakeholders.

VETS also lacked adequate controls over the contract for TAP workshops conducted from FYs 2007 to 2009. Contract services were not properly authorized by the Contracting Officer (CO) as required by the Federal Acquisition Regulation (FAR), and contract supporting documentation was not maintained for FY 2007 contract payments. VETS cost comparisons of grant versus contract facilitators did not ensure the best value to the government using TAP funds. We attribute these deficiencies to VETS' lack of controls in processing contract changes, retention of records and methods for performing contract cost comparisons. The breakdown in these controls resulted in \$2.3 million in unsupported and other questioned contract costs and \$713,000 that may have been put to better use.

In summary, we recommend the Assistant Secretary for Veterans' Employment and Training to (1) develop and implement procedures to report participant attendance, a monitoring process, and controls for contract activities and administration; (2) ensure VETS personnel adequately monitor TAP workshops; (3) retain participant information needed to measure and report outcome goals; (4) recover unsupported and questioned contract costs; (5) revise methods for contractor cost justification cost comparisons; and (6) establish a new MOU with its partner agencies.

In response to our draft report, the Assistant Secretary of Veterans' Employment and Training agreed that program controls need to be strengthened and pointed to current and planned improvements. Specifically, the primary reporting system, VOPAR, is now back in operation for reporting of TAP participant numbers and should improve the verification and identification of errors in reporting program data collection. In addition, he stated VETS intends to redesign the TAP Employment Workshop that will produce a significantly improved workshop experience and will incorporate an evaluation and customer satisfaction feedback loop, which will be a significant improvement over the current practice of paper participant critique forms.

The Assistant Secretary's entire response is contained in Appendix D.

RESULTS AND FINDINGS

Objective — Did VETS TAP have effective management controls to ensure it provided employment assistance to veterans?

VETS lack of effective management controls undermines its ability to ensure DOL meets its responsibility under TAP; and resulted in \$2.4 million in questioned costs and funds that may have been put to better use, and may impact critical program decisions by Congress, VETS, and other stakeholders.

Finding 1 — VETS lack effective management controls for the TAP

VETS did not have effective management controls to ensure TAP participants received the employment assistance needed — such as resume preparation and interviewing techniques — to obtain meaningful employment. VETS' controls did not enable the agency to substantiate its reporting, monitoring, and oversight of contract activities. In addition, VETS did not use measurable performance goals and outcomes to evaluate program effectiveness. The Government Accountability Office (GAO) Standards for Internal Controls in the Federal Government, and Office of Management and Budget (OMB) Circular A-123 (A-123) provide standards for the overall framework for establishing and maintaining internal controls.

VETS could not substantiate DOL reported program participation.

The DOL FY 2009 Performance and Accountability Report reported that 124,700 participants attended VETS TAP workshops. We found that TAP participant information VETS provided to support program attendance was incomplete and could not be relied on. Based on our analysis of VETS process for reporting TAP attendance, VETS did not require attendance records to be retained to support attendance but rather relied on spreadsheets obtained from the state and regional levels. VETS National and Regional Office required the VETS State Directors to only provide supporting spreadsheets for reported TAP attendance. In our review of 8 of the 10 states VETS was unable to provide the supporting spreadsheets for reported numbers. Additionally, unexplained

variances existed between state and regional totals reported in spreadsheets for the 2 states that VETS did provide. For example, VETS provided only participant attendance data for the second and fourth quarters of FY 2009 for the Chicago and Philadelphia regional offices.

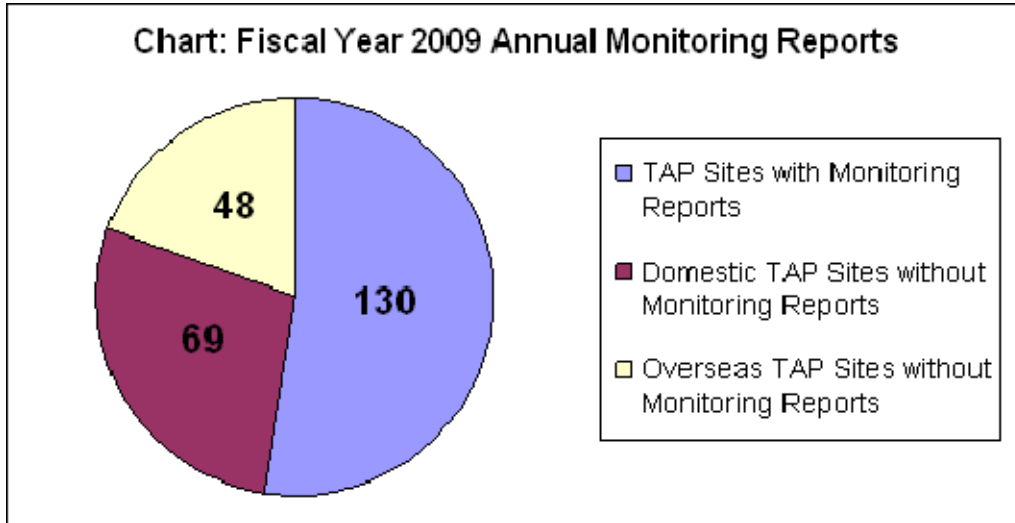
Finally, our analysis of the VETS National Office TAP attendance data spreadsheet found that VETS did not provide the breakdown of participant information as required by the MOU. The MOU required VETS to categorize participants in their reporting, such as the total number of participants for each class; number of retirees, separating military personnel, number of spouses for each class; gender and service branch. VETS did not report participants by gender for the reported TAP workshops.

According to OMB A-123, Management's Responsibility for Internal Control, management should have a clear, organized strategy with well-defined documentation processes that contain an audit trail, verifiable results, and specify document retention periods so that someone not connected with the procedures can understand the assessment process.

We attribute the reason for these deficiencies to VETS' policies and procedures not addressing methods for reporting TAP participants; requirements for retaining participant attendance records; directions on when TAP participant attendance should be recorded, and how to record attendance for National Guard and Reserve members and veterans attending TAP who had separated within the previous 6 months. As a result, VETS' reporting on TAP attendance may be inaccurate because personnel responsible for recording participant attendance did not receive needed directions, and VETS did not verify recorded participant attendance to ensure completeness and accuracy. The lack of reliable reporting of TAP participation undermines VETS' ability to ensure DOL has met its responsibility under the program and may impact critical program decisions by Congress, VETS, and other stakeholders.

VETS did not effectively monitor TAP workshops conducted.

VETS did not adequately perform required annual monitoring to ensure the delivery of quality TAP workshops and program improvements. 10 USC, Section 1144, requires DOL VETS to provide workshop curriculum concerning employment and training assistance, such as developing a job resume, job search techniques, and job interview techniques. Of the 247 TAP sites, VETS did not have documentation to substantiate that it had monitored 117 sites, or 47 percent. Specifically, VETS did not monitor any of the 48 overseas TAP sites, but rather, relied on the contractor to self monitor its performance. By doing so, VETS did not ensure the segregation of responsibilities needed to provide it assurance that the overseas TAP workshops were meeting program requirements. In addition, VETS could not substantiate any monitoring efforts for 69 (35 percent) of the 199 domestic TAP sites. See Chart below for the number of monitoring reports provided and not provided.



Of the monitoring reports that were available for our review, the information they contained was inconsistent. This occurred because VETS did not require the monitor to use the standard monitoring report, review documentation, and observe the facilitator and the workshop curriculum; follow up on resolution of issues; and have the region conduct accountability reviews.

Specifically, the most current standard monitoring report was not updated to include the new required program curriculum, resume writing, and job interviewing exercises mandated by 10 USC, Section 1144. In addition, the standard monitoring report did not accomplish all the goals of a site visit by not determining if there were adequate materials, supplies, and equipment available and if any involved staff had concerns or complaints about the program.

Furthermore, for the 130 TAP sites that provided monitoring reports we analyzed 67 non statically selected sites and found 48 monitoring reports did not use the standard monitoring report. Of these 48 monitoring reports, 40 did not consistently use the evaluation criteria to ensure if all of the goals of a TAP site were accomplished. For example, 19 monitoring reports did not evaluate the program curriculum, such as job resume and interviewing techniques, to ensure it was being taught. See Table 1 below for the elements of the workshops that were not evaluated.

Elements	Monitoring Reports
Program Curriculum	19
Effectiveness of Disabled Transition Assistance Program	27
Promotion of the Program	26
Parties Upholding the MOU	13
Facilities	1
Total Elements	86¹

However, 11 monitors identified issues in their monitoring reports regarding the facilitators not teaching the required program curriculum. To that end, VETS did not cite follow up or resolution of the matter. See Table 2 for the monitoring deficiencies identified without evidence of resolution.

Deficiencies Identified	Monitoring Reports	Resolution
Resume Not Developed	4	0
Manual Not Followed	6	0
Job Search Techniques Not Covered	2	0
Job Interviewing Techniques Not Covered	1	0
SBA Not Covered	1	0
Total Deficiencies	14²	0

Consequently, without proper resolution, the facilitators may continue to “not teach” the required program curriculum and participants may not be receiving the assistance needed to obtain meaningful employment.

VETS management attributed these program oversight deficiencies to the lack of adequate management controls to track, retain, and analyze monitoring documentation. In addition, VETS officials stated its regional personnel had not provided the oversight needed of the VETS State personnel who were assigned to conduct the local-level monitoring. Finally, VETS management stated they received minimal funding for TAP in comparison to other VETS programs and therefore, did not place as much emphasis on TAP. As a result, VETS cannot not ensure it is providing a high-quality program, as required, and participants are receiving the assistance needed in obtaining meaningful employment.

¹Of the 40 monitoring reports that did not consistently use the evaluation criteria, 31 reports did not evaluate more than one of the goals of a TAP site visit.

²There was one monitoring report at Vance Air Force Base, Oklahoma that identified 4 issues.

VETS did not review and consider participant feedback to identify program weaknesses.

VETS did not have documentation to substantiate that it had obtained participant feedback forms for 55 of 95 TAP sites. Of the remaining 40 sites, we obtained and analyzed 903 participant feedback forms and found participants identified 576 concerns for 38 of the 40 TAP sites. In summary, 58 percent of the participants cited the required program curriculum was not taught, problems with facilitators presentations, or concerns over areas of the curriculum, including needing more time for resumes and job interviewing. The remaining 42 percent of the participants cited problems with their local workshops, such as the lack of updated handouts and available computers; and the organization of the workshop, such as the order of presentation of the curriculum being taught.

VETS policy did not require a trend analysis of participant feedback forms. However, the MOU requires the participant feedback forms to be used to improve the program at the local level and to elevate participants' issues of broad scope to the national level. In addition, VETS officials stated they tried to conduct a program analysis for the participant feedback forms at the national level and found it was too cumbersome. Without considering participant feedback, VETS lost an opportunity for addressing program weaknesses and making program improvements.

VETS did not use measurable performance goals and outcomes to evaluate program effectiveness.

VETS did not use performance goals and outcomes, as required by GPRA, to evaluate program effectiveness to determine whether participants applied the skills to obtain meaningful employment. Instead, VETS referred to Department of Defense's (DOD) goal of providing TAP workshop to 85 percent of separating military personnel, and reported only the total number of TAP workshops conducted and participants served in its annual report to Congress. VETS management stated they believe performance measures would enhance the program; however, they disagreed that they were required to report outcomes because they contended that they did not have a specific authorizing statute and a separate program budget. Furthermore, VETS did not retain the participant information needed to measure and report outcome goals or obtain a waiver from OMB on the GPRA requirements.

According to an OMB representative, VETS TAP is included in the Jobs for Veterans State Grant (JVSG) budget and is held to JVSG outcome goals. JVSG outcome goals include the number of veterans that entered employment, the enter employment rate and employment retention rate. VETS' approach to focus on outputs rather than outcomes does not ensure the effectiveness of TAP providing the employment assistance needed.

Finding 2 — VETS lacked adequate controls over the contract for TAP workshops.

VETS lacked adequate controls over the contract for TAP workshops conducted from 2007 through 2009 in accordance with FAR resulting in unsupported and other questioned contract costs and funds that may have been put to better use. Specifically, the CO did not review and approve changes to the scope of work for issued task orders and approved task orders for contractor services in Italy, which was outside the scope of approved services in the existing contract. In addition, VETS did not maintain supporting documentation as required by the Department of Labor Manual Series (DLMS) for payment of contractor TAP services performed in FY 2007. These deficiencies existed due to lack of VETS controls over contract activities and administration, such as the required communication between VETS and the CO and record retention requirements. The breakdown in these controls resulted in \$2.3 million in unsupported and other questioned contract costs and \$713,000 that may have been put to better use.

VETS could not provide contract payment documentation for TAP service resulting in unsupported questioned contract costs.

VETS was unable to provide invoices and related documentation for contract payments totaling \$1.6 million made in FY 2007. VETS lacked policies and procedures for the retention of supporting documentation. Personnel responsible for maintaining contract payment documentation told us the supporting documentation for the payments was not available and may have been lost or misplaced.

DLMS, Chapter 6, Section 926, Disbursements, requires documents supporting disbursement transactions, including purchase orders, contracts, receiving reports, invoices, bills, statements of accounts, etc., may be in hard copy, electronic, or machine-readable source records and must show sufficient information to adequately account for the disbursements. The documentation should link all supporting records, enable audit of the transactions, and ensure settlement with the Certifying or Disbursing Officers.

The Contracting Officer (CO) Did Not Review and Approve Changes to the Scope of Work for Issued Task Orders as Required by the FAR Resulting in Other Questioned Contract Costs.

The Contracting Officer's Technical Representative (COTR) exceeded his authority in authorizing and approving the contractor invoiced 99, 3-day domestic and 20, 2-day domestic and TAP overseas workshops totaling \$221,831. The TAP COTR did not obtain approval from the CO of the needed changes to the TAP workshop delivery. Accordingly, the CO did not approve these TAP workshops and their related contractor invoices; however, VETS approved payment to the contractor. These unapproved changes to the scope of work were due to the COTR not following the COTR Letter of Appointment in immediately advising the CO of the proposed change since it affected

the cost and delivery schedule. The TAP COTR was aware of this requirement as he was required to read and sign the COTR Letter of Appointment and similar breakdowns in controls occurred in FY 2007 involving COTR unauthorized approval of contract services.

The COTR Letter of Appointment states:

the COTR "cannot authorize the contractor to stop work, and ... delete, change, waive, or negotiate any of the technical requirements or other terms and conditions of the contract." In addition, "should a change ... must be put in writing by the contractor to the contracting officer for action; and you (the COTR) should immediately advise the contracting officer ... of the proposed change since it may affect the contract price, cost, or delivery/performance schedule."

VETS stated the CO did not provide sufficient guidance on the handling of the TAP contract in providing TAP Employment Workshops and believed the changes were in line with the contract and did not require CO approval. However, similar contract issues in FY 2007 occurred that resulted in \$650,000 requiring ratification for approval.

The CO Approved Task Orders for Contractor Services Outside of The Scope of the Contract Resulting in Questioned Costs.

The CO approved task orders for the contractor to provide TAP workshops in Italy, which was outside the scope of approved services in the TAP contract. VETS did not ensure Italy was identified in the contract before services were approved and paid. The contract defines the locations and cost of all TAP sites the contractor is to facilitate. The contract states that the contractor was required to facilitate 34 TAP sites domestically and 48 TAP sites overseas. The contract identified countries outside of the U.S. that included Germany, Japan, United Kingdom, Guam, Korea, and Benelux, and refers to anticipated expansions to Turkey, Bahrain, Iceland, and Portugal.

Italy was not identified as a country authorized for TAP workshops services under the contract; yet, VETS approved and paid for TAP workshops in Italy in FYs 2008 and 2009. According to FAR, Section 43.201, modifications to the contract are required. Furthermore, VETS paid the TAP contractor twice the overseas approved amount for TAP workshops at the Italy sites. To ensure services at a reasonable cost, VETS should have competed for these services as required by the FAR, Section 8.405. We attribute these deficiencies to VETS management not following internal policies requiring review and approval of needed services. As a result, VETS paid unauthorized services of \$524,508 for FYs 2008 and 2009.

VETS Did Not Conduct Required Oversight of Contract Services and Timely Processing of Contract Payments.

The TAP COTR did not effectively monitor the TAP contractor performance as required. VETS COTR did not visit contract locations, review contractor activities or provide written reports of contractor performance to the CO. As a result of the absence of monitoring and oversight of the contractor, VETS is unaware of whether the contractor met contract requirements in providing quality facilitation at TAP workshops at the best price.

According to Title 48, Code of Federal Regulations, Chapter 2901.603-71, and the COTR Letter of Appointment, the COTR is required to make periodic visits to the contractor's location to (1) evaluate the contractor's performance; (2) evaluate changes in the technical performance affecting personnel, the schedule, deliverables, and price or costs; ... and (4) ensure that contractor employees being charged to the contract are actually performing the work under the contract. In addition, the COTR was required to complete a trip report documenting the above activities and provide this report to the CO. In the absence of contractor oversight, VETS may be paying more than necessary for contract services without the ability to determine contractor performance.

In addition, VETS did not properly process request for changes in contract services. Changes are required by the contract Statement of Work to be submitted to the State Director and approved by the COTR and contractor. Changes requested are required to be submitted on program approved request forms within 2 weeks of the scheduled TAP workshop. Of 198 changes in contract services occurring in FY 2009, we determined that 54 changes were not properly documented and appropriately approved; and 18 changes were not submitted timely. VETS did not have proper review and approval controls in place to ensure request for changes were properly authorized. The request for change of service is the support for contract modification and should appropriately be documented and approved.

In addition, VETS did not process invoices timely to avoid interest charges. VETS complied with the Prompt Payment Act, which requires Federal agencies to pay interest on late payments. VETS paid interest payments to the TAP contractor totaling \$5,345 for late payments made in FY 2009. It was necessary for VETS to pay interest on late contract payments due to weak internal controls over contract payment processing. VETS did not have policies and procedures in place to provide direction to personnel with stated consequences for failure to comply with policies. This resulted in \$5,345 of funds not put to best use.

VETS' basis for cost comparison used in obtaining TAP services did not ensure best value to the government.

VETS funds workshop facilitators using set-aside funding under JVSG, which is four percent of the annual funding for Disabled Veterans' Outreach Program Specialist (DVOP), Local Veterans' Employment Representative (LVER) and contract facilitators.

VETS award a contract to facilitate domestic and overseas TAP workshops. In supporting contract decisions VETS provided cost comparisons of costs related to JVSG facilitators versus the use of contractors. VETS method was flawed in that it did not use the same basis in comparing JVSG and contract facilitator costs. Specifically, VETS used a lesser-than-actual contractor cost and a higher-than-actual JVSG facilitator cost in its comparison. VETS officials explained that they considered the time JVSG personnel facilitated a TAP workshop was time they could have used them in their DVOP and LVER positions under JVSG. Therefore, an additional cost was applied to represent “the cost of lost services” or the lost value while the DVOP/LVER was conducting TAP workshops. However, as DVOP/LVER positions are funded separately through the State grant program as is TAP facilitator cost, adding an additional cost to actual JVSG facilitator cost for purpose of cost comparison is not valid.

In determining whether VETS received best value under the contract we identified the total amount of actual contractor billings of \$1,561,579 for 839 related TAP workshops contracted at an average cost of \$1,862 per workshop. In our calculations for JVSG facilitator cost we applied the total annual JVSG cost of \$3,073,000 for 3,038 related TAP workshops at an average cost of \$1,011 per workshop. The difference between the average contracted cost of \$1,862 and JVSG cost of \$1,011 was \$851. We estimate that for the 839 contract workshops VETS paid almost \$713,000 — 10 percent of VETS’ annual funding for TAP workshop services — in excess of what it would have paid had the services been provided through the JVSG. This resulted in not ensuring VETS obtained services at the best value to the government.

Recommendations

We recommend that the Assistant Secretary for Veterans’ Employment and Training take action to:

1. Develop and implement procedures to report and document participant attendance, a monitoring process, and controls for contract activities and administration.
2. Ensure VETS personnel adequately monitor TAP workshops.
3. Retain participant information needed to measure and report outcome goals.
4. Establish a new MOU with its partner agencies.
5. Revise methods for contractor cost justification cost comparisons.
6. Recover unsupported and questioned contract costs.

We appreciate the cooperation and courtesies that VETS' personnel extended to the Office of Inspector General during this audit. OIG personnel who made major contributions to this report are listed in Appendix E.



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Appendices

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Background

Due to the severe economic recession, the unemployment rate of military personnel separating and retiring from conflicts such as Iraq and Afghanistan has risen from 9.8 percent in 2009 to 11.8 percent in 2010. The rate of unemployment among returning soldiers aged 18-24 is approximately 22 percent. TAP was established in 1990 to meet the needs of separating and retiring military personnel and their spouses during their period of transition from military service to the civilian workplace with less difficulty and overall cost to the government.

10 USC, Section 1144, requires DOL, DOD, Department of Veterans Affairs (VA), and Department of Homeland Security (DHS) to enter into an agreement to establish and maintain TAP workshops. DOL is to provide employment and training assistance in required areas such as job search, resume preparation, and interviewing techniques. In September 2006, DOL and partner agencies entered into a 2-year MOU agreement that defined agency roles and responsibilities for TAP. VETS is responsible for ensuring DOL meets its responsibilities under 10 USC and the MOU. Although the MOU is expired, VETS continues to apply the MOU roles and responsibilities throughout their operations.

The MOU required VETS to report on participant attendance and monitor TAP workshops and facilitators. VETS is responsible for reporting participant attendance and providing this information to DOD, VA, and DHS quarterly. VETS is required to categorize participants in their reporting, such as the total number of participants for each class; number of retirees, separating military personnel, number of spouses for each class; gender and service branch. Also, VETS is responsible to monitor the TAP workshop delivery and the effectiveness of the workshop facilitator to maintain a high-quality program. VETS are to perform annual site visits and conduct an evaluation of participant feedback to ensure quality of workshops.

VETS TAP workshops are facilitated by JVSG personnel DVOP, and the LVER, and the TAP contractor personnel. The TAP workshops typically cover 2-1/2 days of instruction delivered in a classroom setting to veterans and spouses who are transitioning from military service to civilian life within the next year, 2 years in the case of retirees.

The number of TAP workshops conducted is based on projections made by each of the Armed Services and the DHS. In DOL's FY 2009 Congressional Budget Justification, VETS estimated TAP would serve approximately 185,000 departing service members. Subsequently, DOL PAR disclosed delivery of TAP services to 124,700 participants with funding of \$7.2 million for FY 2009. VETS indicated these participants attended 4,426 workshops at 247 sites.

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Objective, Scope, Methodology and Criteria

OBJECTIVE

Did VETS' TAP have effective management controls to ensure it provided employment assistance to veterans?

SCOPE AND METHODOLOGY

Our audit period focused on TAP monitoring and reporting for FY 2009, the most recent FY available for audit. We expanded our scope to include TAP contract activities for FYs 2007 through 2009 based on weaknesses identified in VETS monitoring.

A performance audit includes an understanding of internal controls considered significant to the audit objective and testing compliance with significant laws, regulations, and other compliance requirements. In order to plan our performance audit, we considered whether internal controls significant to the audit were properly designed and placed in operation. We confirmed our understanding of these controls and procedures through interviews, and analysis. Auditors reviewed relevant laws and regulations, VETS policies and procedures, interviewed VETS TAP contractors, Coast Guard representatives, the TAP CO, and VETS personnel at the state, regional and national office level to gain an understanding of the program requirements, policies over reporting, monitoring of TAP sites, and contract oversight.

In performing our audit work we visited VETS National Office in Washington, D.C.; Dallas Regional Office; state offices located in Denver, Colo.; and Austin, Texas; and visited the TAP contractor in Virginia. We documented VETS process for reporting and monitoring.

For monitoring, we requested VETS provide monitoring documentation to determine whether VETS monitoring for FY 2009 was complete. We tracked monitoring documentation VETS provided to determine whether VETS was able to demonstrate their monitoring of TAP sites.

Initially, we obtained a judgmental sample of all 11 states in the Dallas region for an analysis of VETS monitoring of TAP sites. These states were: Oklahoma, Texas, Louisiana, Arkansas, Wyoming, Utah, Montana, New Mexico, Colorado, and South and North Dakota.

For further analysis we obtained a statistical sample of 10 states and 5 regions, and requested VETS provide information they relied on for their reporting of TAP participants, and documentation supporting VETS monitoring of TAP sites for FY 2009 for locations in our statistical sample. Our statistical sample states were: California, Colorado, Delaware, Florida, Hawaii, Louisiana, Missouri, Oregon, Texas, and Virginia.

Our statistical sampling plan is a stratified random sample with a 90 percent confidence level. The statistical sample was extracted from a universe of VETS domestic TAP sites. VETS provided data identifying 3,877 TAP Workshops at 222 TAP sites. Upon examination of the data provided by VETS, we found that not all sites were used for TAP workshops in FY 2009. Therefore, we adjusted our universe to reflect the sites used to conduct TAP workshops in FY 2009. Our adjustment to the universe resulted in 199 domestic TAP sites in FY 2009. The universe for TAP overseas included 48 TAP sites representing 568 workshops in FY 2009.

TAP participant attendance information VETS relied on for their reporting was provided for our analysis, which included information that was incomplete and periods outside of our audit period. VETS process for reporting TAP attendance is based on spreadsheets from the state and Regional level into a National Office spreadsheet. VETS National Office could not provide the supporting spreadsheets to substantiate the reported TAP attendance of 8 of the 10 sample states.

VETS provided some monitoring information for 8 of 10 states in our statistical sample. Delaware and Oregon did not provide any monitoring documentation and only Missouri, Louisiana, Colorado, and Texas provided all monitoring reports requested. Out of 10 states, Texas was the only state to provide all participant feedback forms for statistically sampled states. We obtained a replacement statistical sample; however, VETS did not have information for the replacement states either. Since we did not receive monitoring documentation to substantiate VETS monitoring we were not able to project our audit results. Yet, monitoring documentation provided was sufficient for auditors to answer the audit objective for VETS monitoring of TAP sites. Our reporting on VETS monitoring of TAP sites refers to locations in our judgmental sample and our statistical sample. In all, our analysis included 95 TAP sites in 18 states.

Our analysis of VETS monitoring of TAP sites included a comparison of VETS monitoring reports to VETS internal policies and practices, such as their TAP Operations Manual, VETS roles and responsibilities stated in the MOU, and program requirements identified in 10 USC. We used VETS participant feedback forms to complete a trend analysis by documenting the participants rating for each question VETS asked on the participant feedback forms. Finally, we compared participants' comments on the participant feedback forms to what VETS monitors documented in the monitoring reports. We repeated this methodology in our substantive testing of VETS monitoring using our statistical sample of 10 states.

We conducted this performance audit in accordance with generally accepted 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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

CRITERIA

- Code of Federal Regulations, Title 48, Chapter 29 Part 2901 - Department of Labor Acquisition Regulation System
- COTR Letter of Appointment
- DLMS, Chapter 6, Section 926 Disbursements
- FAR
- GAO/AIMD-00-21.3.1, Standards for Internal Control in the Federal Government
- GPRA of 1993
- MOU for TAP – September 19, 2006
- OMB Circular A-123, Management’s Responsibility for Internal Control
- TAP Operations Manual
- 10 USC, Chapter 58, Section 1144

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Appendix C

Acronyms and Abbreviations

10 USC	Title 10 United States Code
CO	Contracting Officer
COTR	Contracting Officer's Technical Representative
DHS	Department of Homeland Security
DLMS	Department of Labor Manual Series
DOD	Department of Defense
DOL	Department of Labor
DVOP	Disabled Veterans' Outreach Program Specialist
FAR	Federal Acquisition Regulation
FY	Fiscal Year
GAO	Government Accountability Office
GPRA	Government Performance and Results Act
JVSG	Jobs for Veterans State Grants
LVER	Local Veterans' Employment Representative
MOU	Memorandum of Understanding
OMB	Office of Management and Budget
TAP	Transition Assistance Program
VA	Department of Veterans' Affairs
VETS	Veterans' Employment and Training Service

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VETS Response to Draft Report

U.S. Department of Labor

Assistant Secretary for
Veterans' Employment and Training
Washington, D.C. 20210



September 30, 2010

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

FROM: Raymond M. Jefferson *Raymond M. Jefferson*

SUBJECT: VETS Written Response to Audit of VETS
Transition Assistance Program Draft Report No.
06-10-002-02-001

This memorandum is the Veterans' Employment and Training Service (VETS) written response to the draft report on the audit of VETS Transition Assistance Program (TAP).

Finding 1 – VETS lack effective management controls for the TAP

In August of 2010, VOPAR was brought back into operation for reporting of TAP participant numbers. While this will not entirely address the verification of attendance data, it will reduce the potential for error in the data collection process. TAP attendance data will be input directly into VOPAR by the DVET on the quarterly reporting basis. The previous steps of consolidating the reports at regional and then national level will be eliminated thus reducing opportunities for human error.

VETS is also exploring the capability of documenting site visit and monitoring reports into VOPAR. This will allow for greater oversight of monitoring from the National Office and establish a standard reporting format and function.

VETS is completing a procurement action to award a contract for the redesign of the TAP Employment Workshop. This will produce a significantly improved workshop experience for the Transitioning Service Members and Veterans. One key element of the redesign will be the incorporation of an evaluation and customer satisfaction feedback loop. TAP Employment Workshop quality and effectiveness will be assessed at three "moments of truth"; 1) upon completion of the TAP Employment Workshop, 2) while the participants are applying the principles learned during their job search, and 3) after obtaining employment. This will be a significant improvement over the current practice of paper participant critique forms.

The TAP Steering Committee has begun the process of reviewing and rewriting the Memorandum of Understanding that governs the TAP Employment Workshop. One area the committee is addressing is the capture and reporting of attendance data that includes participant name and SSN. DoD wants to be able to verify and track Transitioning Service Members as they progress through the TAP process. The intent is to capture the information and share it between partners. The Department of Labor recommended a type of “card swipe” system to reduce labor hours, data entry error, and PII security issues. DoD’s IT sub working group on their TAP redesign task force is presently exploring options to fulfill this new requirement.

Finding 2 – VETS lacked adequate controls over the contract for TAP workshops.

Beginning in April 2010, under the direction of the Contracting Officer, VETS has implemented improved process controls over the request for changes to the delivery schedule of workshops. The Task Orders for the scheduled workshops now include contingency workshops to account for additions, cancellations, and changes to the workshops scheduled for that time period. VETS tracks the number of workshops delivered and if a change or addition will go over the Task Order amount, the Contracting Officer must approve the change request. This eliminates the issue of the Contracting Officer’s Technical Representative making unauthorized changes to the Task Order.

Appendix E

Acknowledgements

Key contributors to the report were Michael Yarbrough, Kathy Vochatzer, Sarah Pentecost, and Aaron Talbert.

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