

# U.S. Department of Labor

Office of Inspector General—Office of Audit

**OFFICE OF JOB CORPS**



## **PERFORMANCE AUDIT OF DEL-JEN, INCORPORATED JOB CORPS CENTERS**

**Date: November 3, 2009**  
**Report: 26-10-004-01-370**

## **BRIEFLY...**

Highlights of Report Number 26-09-004-01-370, *Performance Audit of DEL-JEN, Incorporated Job Corps Centers* to the National Director, Office of Job Corps.

### **WHY READ THE REPORT**

This report discusses weaknesses in addressing student safety and health and in performance reporting at the Gainesville Job Corps Center operated by DEL-JEN, Incorporated (DEL-JEN).

### **WHY OIG CONDUCTED THE AUDIT**

Our audit objectives were to answer the following questions:

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

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

4. Did the hotline complaints alleging improper management practices pertaining to staff hiring and firing decisions, student recreation funds, student government funds, student background checks and felon admissions, student medication used by staff, and center dental services provided to staff have merit?

Our audit work was conducted at DEL-JEN's corporate administrative office in Gardena, California; Gainesville Job Corps Center (Gainesville) in Gainesville, Florida; and the Albuquerque Job Corps Center (Albuquerque) in Albuquerque, New Mexico.

### **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/2009/26-09-004-01-370.pdf>

November 2009

### **WHAT OIG FOUND**

DEL-JEN did not ensure compliance with Job Corps requirements for safety inspections, safety committee meetings, and student misconduct. While at Gainesville, we observed multiple safety- and health-related deficiencies. We also found that Gainesville did not report significant incidents, such as physical assault, weapons possession, and narcotics possession to Job Corps as required.

Additionally, DEL-JEN did not ensure compliance with Job Corps requirements for reporting performance in each of the four areas we reviewed – Career Technical Training (CTT) completions, General Educational Development (GED)/High School Diploma (HSD) attainment, student Onboard Strength (OBS), and student accountability. Specifically, DEL-JEN did not ensure that students completed all of the CTT tasks as required by Job Corps, high school diplomas were documented in students' records as required, Gainesville maintained required support for leave days taken by students immediately prior to separation, or Gainesville accurately reported student participation in its off-center Work-Based Learning (WBL) program.

DEL-JEN generally ensured compliance with Job Corps requirements for managing and reporting financial activity.

Two of seven hotline complaint allegations had some merit. Those two allegations were (1) an Albuquerque manager inappropriately ordered student medications for personal use, and (2) an Albuquerque staff member inappropriately received dental services.

### **WHAT OIG RECOMMENDED**

In summary, we recommended the interim National Director, Office of Job Corps, direct DEL-JEN to improve corporate-level controls and monitoring over all its centers to identify and correct any non-compliance with Job Corps' safety and health program and performance requirements. We also recommended that the interim National Director assess liquidated damages against DEL-JEN related to the overstatement of OBS and CTT completions. The Job Corps interim National Director concurred with our recommendations and stated that Job Corps will work with DEL-JEN to improve controls over the Gainesville and Albuquerque Job Corps Centers. DEL-JEN agreed that it can improve its oversight of center operations, but disagreed with the number of CTT exceptions we identified and with our conclusion that OBS had been overstated at Gainesville.

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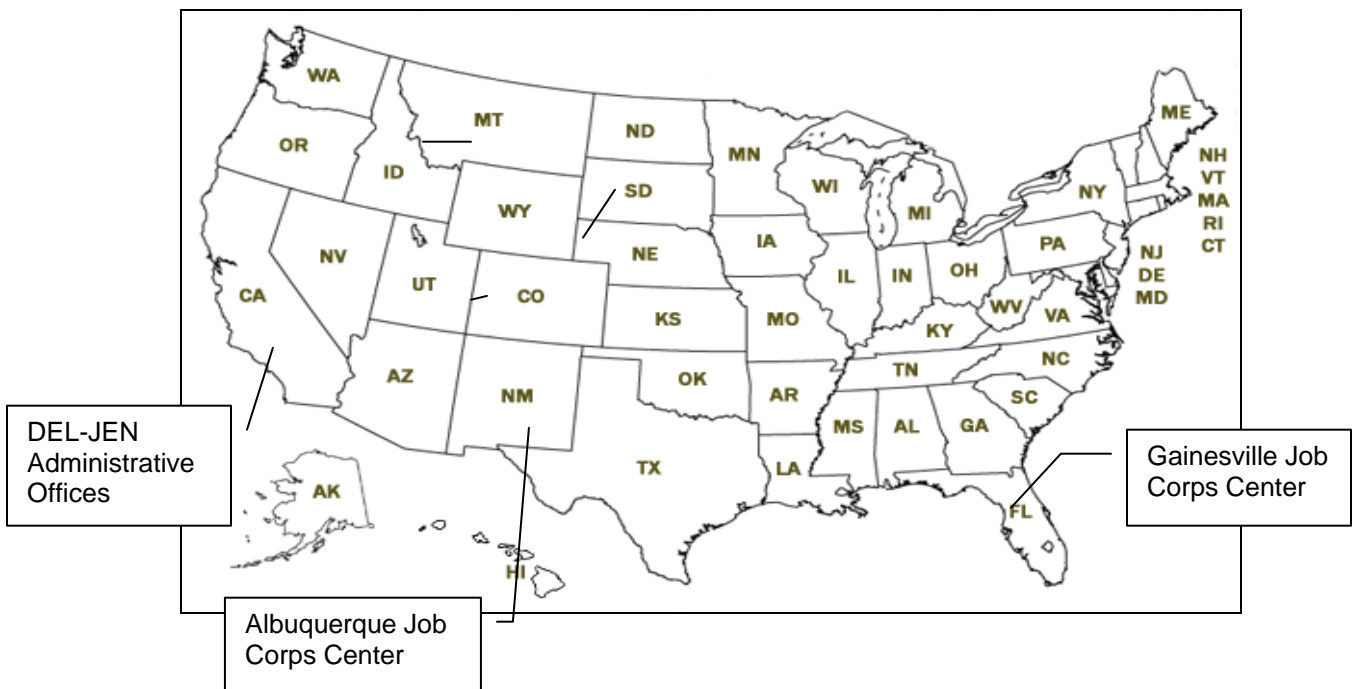
**DEL-JEN Administrative Office  
Gardena, California**



**Gainesville Job Corps Center  
Gainesville, Florida**



**Albuquerque Job Corps Center  
Albuquerque, New Mexico**



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**U.S. Department of Labor**

Office of Inspector General  
Washington, D.C. 20210



November 3, 2009

**Assistant Inspector General's Report**

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The Office of Inspector General (OIG) conducted a performance audit of DEL-JEN, Incorporated (DEL-JEN). DEL-JEN is under contract with Job Corps to operate four Job Corps centers for the Department of Labor (DOL). Job Corps requires its center operators to establish procedures and conduct periodic center audits to ensure integrity, accountability, and prevention of fraud and program abuse. We had initially planned to pursue three audit objectives at the Gainesville Job Corps Center. However, in response to two hotline complaints, we added a fourth objective to determine the validity of allegations that DEL-JEN officials engaged in improper practices at the Gainesville and Albuquerque Job Corps Centers.

The audit objectives were to answer the following questions:

1. Did DEL-JEN ensure compliance with Job Corps requirements for managing center safety programs?
2. Did DEL-JEN ensure compliance with Job Corps requirements for reporting performance?
3. Did DEL-JEN ensure compliance with Job Corps requirements for managing and reporting financial activity?
4. Did the hotline complaints alleging improper management practices pertaining to staff hiring and firing decisions, student recreation funds, student government funds, student background checks and felon admissions, student medication used by staff, and center dental services provided to staff have merit?

This report covers our audit work conducted at DEL-JEN corporate administrative office in Gardena, California; Gainesville Job Corps Center (Gainesville) in Gainesville, Florida; and the Albuquerque Job Corps Center (Albuquerque) in Albuquerque, New Mexico. Our audit work at Albuquerque was limited to validating the hotline complaint allegations directed at Albuquerque. Additional background information is contained in Appendix A.



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 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.

## **RESULTS IN BRIEF**

DEL-JEN did not ensure compliance with Job Corps requirements for safety in each of the three areas we reviewed – safety inspections, safety committee meetings, and student misconduct. While at Gainesville, we observed multiple safety- and health-related deficiencies. Gainesville identified some of these deficiencies while performing the center’s required weekly and monthly safety inspections, and noted them during monthly Safety and Health Committee meetings. However, the inspections, meetings, and resulting corrective action did not effectively eliminate the deficiencies we observed. We also found that Gainesville did not report significant incidents, such as physical assault, weapons possession, and narcotics possession to Job Corps as required.

Additionally, DEL-JEN did not ensure compliance with Job Corps requirements for reporting performance in each of the four areas we reviewed – Career Technical Training (CTT) completions, General Educational Development (GED)/High School Diploma (HSD) attainment, student Onboard Strength (OBS), and student accountability. For CTT completions, DEL-JEN did not ensure students completed all of the training tasks as required by Job Corps. For GED/HSD attainment, DEL-JEN did not ensure high school diplomas were documented in students’ records as required. For student OBS, DEL-JEN did not ensure Gainesville had required support for leave days taken by students immediately prior to separation. For student accountability, DEL-JEN did not ensure Gainesville accurately reported student participation in its off-center Work-Based Learning (WBL) program and did not provide adequate assurance that the participating students were in attendance, or received the intended WBL benefits. In both the CTT and GED/HSD areas, we also identified segregation of duties and system access control weaknesses that need to be corrected.

DEL-JEN generally ensured compliance with Job Corps requirements for managing and reporting financial activity. However, procurement responsibilities for supplies and materials need to be segregated and payroll system access needs to be limited to minimize the risk of error or fraud.

Two of seven hotline complaint allegations had some merit. Those two allegations were (1) an Albuquerque manager inappropriately ordered student medications for personal use, and (2) an Albuquerque staff member inappropriately received dental services. We did not substantiate the other five allegations, all directed to Gainesville — (3) management intentionally under-ran student recreational services in order to cover discretionary administrative over-runs, and this contributed to a riot at the center;

(4) student government association funds were misused; (5) the center stopped performing required student background checks in Program Year (PY) 2007 and improperly accepted students with felony records; (6) a manager circumvented DEL-JEN's human resources process and hired an unqualified former colleague; and (7) a manager engaged in racially discriminatory hiring and firing practices.

We attributed weaknesses to inadequate center procedures, staff not following established center procedures, and lack of supervision. Also, DEL-JEN's corporate center assessment at Gainesville did not consistently identify or address the deficient areas discussed in this report. These control weaknesses compromise program accountability in these areas and could impact operational decisions made by DEL-JEN and Job Corps.

The Interim National Director, Office of Job Corps, concurred with our reported findings and stated Job Corps will coordinate with the DEL-JEN Corporate Office to improve corporate-level controls and monitoring over the Gainesville and Albuquerque Job Corps Centers.

DEL-JEN agreed that it can improve its oversight to ensure better compliance with Job Corps requirements for managing center safety and health programs, and that oversight of Job Corps performance reporting can be strengthened. However, DEL-JEN disagreed with the number of CTT exceptions we identified and with our conclusion that OBS had been overstated at Gainesville.

We disagree with DEL-JEN's contention that the TARs we reviewed met the Department of Labor's established guidelines for CTT completion. The deficiencies we noted, such as task performance ratings not documented and tasks shown as completed prior to students beginning training, clearly violate PRH requirements. We also note that in response to our finding, DEL-JEN improved its center TAR audit process by implementing an SOP requiring the instructor, CTT manager, and records supervisor to audit all TARs for completeness and accuracy. The new SOP incorporated a TAR audit checklist designed to ensure PRH compliance and to eliminate the types of deficiencies we identified.

Our finding regarding overstated OBS at Gainesville remains unchanged, as the additional supporting documentation provided by DEL-JEN did not comply with applicable Job Corps requirements.

## **Recommendations**

In summary, we recommended the National Director, Office of Job Corps, direct DEL-JEN to improve controls and monitoring over all its centers to identify and correct any non-compliance with Job Corps safety and health program and performance requirements. We also recommended the National Director assess liquidated damages against DEL-JEN for any performance overstatements, as appropriate.

## RESULTS AND FINDINGS

### **Objective 1 – Did DEL-JEN ensure compliance with Job Corps requirements for managing center safety programs?**

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#### **Finding 1 – For all three areas reviewed, DEL-JEN did not always ensure compliance with Job Corps requirements for managing center safety and health programs.**

DEL-JEN can improve its oversight to ensure compliance with Job Corps requirements for managing safety and health programs. Gainesville was not always in compliance with Job Corps requirements for safety in all three areas reviewed – safety inspections, safety committee meetings, and student misconduct. While at Gainesville, we observed multiple safety- and health-related deficiencies, including expired food available for use in the cafeteria freezer, dead cockroaches in common areas, and dirty floors in the wellness center. Gainesville did conduct the weekly and monthly safety inspections required by Job Corps and identified some of these deficiencies. However, the inspections and resulting corrective action did not effectively eliminate the deficiencies we observed. Safe and healthy conditions are critical to ensuring students maintain the wellness necessary to participate fully in their training and to maximize their benefit from the program. DEL-JEN was also not able to provide documentation that monthly safety and health committee meetings were consistently conducted at Gainesville during July 2007 through May 2009. We also found that Gainesville did not report significant incidents, such as physical assault, weapons possession, and narcotics possession, as well as less serious behavioral incidents to Job Corps as required. Consequently, this hindered Job Corps' ability to monitor center safety, to ensure significant student misconduct was handled appropriately, and to respond to negative press regarding such incidents.

These deficiencies occurred, in part, because DEL-JEN did not ensure Gainesville established policies and procedures for implementing effective corrective actions over safety inspections, documenting safety committee meetings, and reporting significant and other less serious incidents to Job Corps. In addition, DEL-JEN did not provide adequate monitoring to ensure these required safety program activities were conducted at the center. As a result, there was an increased likelihood that serious safety and health hazards could have existed in the training, living, and working environment that were not identified and corrected at the earliest opportunity.

#### Gainesville Safety Inspections Did Not Result In Effective Corrective Action

While we found that Gainesville conducted the weekly and monthly safety inspections required by Job Corps, the inspections and resulting corrective action did not effectively eliminate the deficiencies we observed. We conducted walkthroughs of nine of Gainesville's 13 buildings in June 2009 to observe conditions at the center. These buildings were comprised of (1) administration, education, career technical training, and

male dormitory; (2) food service, wellness center, and career technical training; (3) flammable storage; (4) career transition; (5) maintenance and storage; (6) biohazard storage; (7) gymnasium; (8) women’s dormitory; and (9) recreation. We noted the following unsafe or unhealthy conditions:

- Expired food in the cafeteria freezer (including a can of refried beans, dated January 1, 2000; two cans of tuna dated January 22, 2000; nine bags of tortilla chips dated March 27, 2009; six tubs of ricotta cheese dated May 18, 2009; and a package of sliced roast beef dated May 28, 2009);
- Large pile of loose garbage attracting flies and emanating a stench outside the female dormitory, and loose garbage behind the center’s bio-hazardous waste storage site;
- Dead cockroaches left for several days on the floor of the female staff restroom, across from the storage room of the administrative building, and in a utility drawer of the concession stand in the recreation center;
- Dirty floors and walls in the wellness center and cafeteria kitchen;
- Dirty bathrooms near the cafeteria with overflowing garbage cans;
- Power cords, power strip, and wiring connected to the basketball scoreboard hanging down to the floor of the gymnasium and accessible to students;
- Light switch with exposed wiring in a classroom hallway; and
- Water and ice on the floor of the cafeteria.

Gainesville identified similar deficiencies during its weekly and monthly safety inspections. In fact, monthly Safety and Health Committee meeting minutes from July 2007 through May 2009 show that expired food, roaches, and trip hazards were identified and discussed. Similarly, one year prior to our observations, DEL-JEN’s June 2008 corporate center assessment resulted in a report to Gainesville management that stated:

- In the area of inspections, the multitude of deficiencies noted indicates that center inspections were not effective;
- In the area of food storage, not all food was dated and labeled. The most recent local health inspection violations had not been corrected. Maintaining cleanliness was not a priority;
- In the area of food handling, food service practices did not meet local, state, and U.S. public health service food codes – trash can was not covered, flour container was not labeled, some refrigerator and freezer food was not labeled and dated, an ice tripping hazard in the walk-in freezer, and
- In the area of food service, cafeteria cleanliness needed to be upgraded.

The unsafe and unhealthy conditions we observed occurred because center and corporate oversight did not place adequate emphasis on ensuring safety inspections identified deficiencies effectively, and deficiencies that were identified were corrected to prevent reoccurrence. It is critical at each DEL-JEN center to ensure students and staff members are protected through timely identification and correction of unsafe or unhealthy conditions. Conducting effective safety inspections and ensuring corrective

actions are also effective and fully implemented are essential tools for management in the maintenance of safe and healthy facilities.

DEL-JEN generally concurred with our conclusion and acknowledged that controls need to be improved. However, they noted the large pile of garbage was an isolated incident due to a change of contractor, and the dead cockroaches were the result of the center's ongoing pest control service.

#### Gainesville Was Not in Compliance with Safety Committee Meeting Requirements

PRH Appendix 505 requires centers to establish a Safety and Health Committee to:

- Review reported accidents, injuries, and illnesses;
- Consider the adequacy of actions to prevent recurrence of such accidents, injuries, or illnesses;
- Plan, promote, and implement DOL and Job Corps safety and occupational health programs; and
- Meet monthly and maintain records of the minutes for at least three years.

DEL-JEN was not able to provide documentation that all required monthly Safety and Health Committee meetings were conducted at Gainesville during July 2007 through May 2009. The center did not maintain the required Safety and Health Committee meeting minutes for 12 of the 23 months. These deficiencies occurred, in part, because DEL-JEN had not established Standard Operating Procedures (SOPs) for conducting and documenting the meetings at Gainesville. While Job Corps does not require SOPs for committee meetings, SOPs at Gainesville would have provided center staff with the guidance needed to comply with the Job Corps requirements. Additionally, DEL-JEN corporate and center management did not provide adequate oversight to ensure the committee meetings were held and documented as required. Regular Safety and Health Committee meetings, along with effective inspections and corrective actions, will increase the center's ability to identify and correct safety and health concerns at the earliest opportunity.

DEL-JEN generally concurred with our conclusion and acknowledged that controls need to be improved. In addition, they stated the deficiencies noted were due to poor management of the center's safety and health program.

#### Significant Incidents of Student Misconduct Were Not Reported to Job Corps

Gainesville did not take appropriate actions to ensure all significant incidents of student misconduct were reported to Job Corps. The PRH Chapter 5.5 requires centers to report all significant incidents to Job Corps, including:

- Physical assault;
- Indication that a student is a danger to himself/herself or others;
- Incident involving police involvement;

- Incident involving illegal activity; and
- Incident attracting potentially negative media attention.

We reviewed records for 100 percent of the 84 Gainesville students who were separated from the center due to level I infractions during PY 2007.<sup>1</sup> From this population, we identified 38 significant incidents reportable to Job Corps (positive drug tests are not reported). We found that 29 (76 percent) of these 38 significant incidents were not reported to Job Corps as required. The significant incidents involved a total of 42 students and included physical assault, weapons possession, and narcotics possession. This information is summarized in Table 1.

**Table 1: Significant Incidents Not Reported to Job Corps**

<b>Incident Description</b>	<b>No. of Incidents</b>	<b>No. of Students</b>
Physical assault that caused bodily harm to student or staff	11	18
Possession of gun or other weapon on center or under center supervision	2	2
Possession, distribution, or sale of drugs on center or under center supervision	16	22
<b>Totals</b>	<b>29</b>	<b>42</b>

Underreporting of significant incidents impacts Job Corps' ability to

- adequately provide data for analysis of trends to support management and policy decisions;
- allow the National and Regional Offices to monitor compliance with policy and regulations regarding serious incidents;
- respond to the press regarding serious incidents; and
- ensure the centers take appropriate action regarding the incidents being reported.

Gainesville's underreporting of significant incidents occurred because DEL-JEN lacked sufficient oversight to ensure compliance with the Job Corps requirement. Both DEL-JEN and Gainesville did not have procedures in place to ensure that the center reported significant incidents to Job Corps. Moreover, DEL-JEN's June 2008 corporate assessment of Gainesville incorrectly concluded that, "all reportable events are recorded and entered appropriately" and "the center manages these incidents and reporting very well." DEL-JEN told the OIG that the underreporting of significant incidents we identified was due to poor oversight on the part of a former center manager and that he was the only center designated staff member that reported incidents in the Significant Incident Reporting (SIR) system. Gainesville has since taken immediate

<sup>1</sup> Job Corps centers rate student misconduct based on the seriousness of the infraction using a scale of Level I (e.g. physical assault that causes bodily harm) to Level III (e.g. gambling), with Level I as the most serious.

corrective action to ensure SIRs are reported in a timely manner. Also, the center has implemented a quality control feature in the SIR system by designating a primary and secondary staff member responsible for reporting and documenting SIRs to Job Corps. According to DEL-JEN, the center director will review and audit a SIR summary report monthly to ensure SIRs are reported in a timely manner to Job Corps.

In response to our draft report, both Job Corps and DEL-JEN concurred with our audit results for safety inspections, safety committee meetings, and significant incident reporting. The National Office of Job Corps concurred with our reported findings and recommendations. Job Corps will coordinate with the DEL-JEN Corporate Office to improve corporate-level controls and monitoring over the Gainesville and Albuquerque Job Corps Centers. This will include identifying and correcting any non-compliance issues with Job Corps' safety and health program. DEL-JEN concurred that it can improve its oversight to ensure better compliance with Job Corps requirements for managing center safety and health programs.

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**Objective 2 – Did DEL-JEN ensure compliance with Job Corps requirements for reporting performance?**

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**Finding 2 – For all four areas reviewed, DEL-JEN did not always ensure compliance with Job Corps requirements for reporting performance.**

DEL-JEN can improve its centers' performance reporting to Job Corps for all four of the areas we reviewed for Gainesville - CTT completions, student OBS, student accountability, and GED/HSD attainment.

For CTT completions, students at Gainesville did not complete all of the training tasks required by Job Corps. Incomplete tasks could impact a student's ability to obtain and maintain employment in the vocation in which the student was trained. For student OBS, staff at Gainesville did not consistently ensure leave days taken by students immediately prior to separation were supported as required. Documenting approved leave is critical to ensuring students are accounted for. For student accountability, DEL-JEN did not ensure Gainesville accurately reported student participation in its off-center WBL program and did not provide adequate assurance that the participating students were in attendance, or received the intended WBL benefits. For GED/HSD attainment, DEL-JEN did not ensure high school graduations were supported by diplomas or transcripts and certificates as required. In both the CTT and GED/HSD areas, we also identified segregation of duties and system access control weaknesses that need to be corrected.

These deficiencies occurred because DEL-JEN's controls over these areas need improvement. The control weaknesses included inadequate center procedures, staff not following established center procedures, and lack of supervision. Additionally, DEL-JEN's corporate oversight at Gainesville did not effectively address the deficiencies we identified in these areas.

### CTT Completions Not in Compliance at Gainesville

Gainesville reported students with incomplete Training Achievement Records (TARs) as CTT completers in their reported performance for PY 2007. PRH Chapter 3.13 requires centers to (1) ensure student progress is documented on TARs as progress occurs; and (2) document that students are proficient at all tasks listed on the TARs.

We reviewed a statistical sample of 81 out of the 277 students reported by Gainesville as CTT completers during PY 2007. Our review showed that 7 (or about 9 percent) of the 81 TARs tested were not consistent with PRH requirements because one or more tasks were not completed as required. The TAR deficiencies found included:

- One TAR (pantry cook) was missing from the student's record;
- One TAR (phlebotomy technician) had a page missing (9 tasks) and contained an additional 17 tasks that were shown as completed prior to the student starting the CTT program;
- Two TARs (pantry cook and carpentry helper) contained a total of 4 tasks that were not documented as completed; and
- Three TARs (pantry cook, nurse assistant, and phlebotomy technician) contained a total of 25 tasks that were shown as completed prior to the students starting the CTT programs.

Incomplete tasks could impact a student's ability to obtain and maintain employment in the vocation in which the student was trained.

While DEL-JEN had established internal controls to ensure proper TAR completion, it did not place adequate emphasis on ensuring the controls were working and effective. These controls included periodic corporate audits of center performance data and TAR audits conducted by center management and key staff. In addition, during its annual on-site June 2008 corporate assessment, DEL-JEN found that separations were being completed in Job Corps' Center Information System (CIS) without the presence of the TAR to authenticate the level of completion and dates of participation in the career technical class. As a corrective action, Gainesville implemented a new policy to ensure TARs were submitted to the records department prior to students' separation.

DEL-JEN acknowledged that five of the incomplete TARs we identified were not acceptable, but also believed that two met Job Corps' established guidelines for vocational completions. We continue to assert that the TARs for all seven of our exceptions were not completed as required for the reasons previously noted. In response to our finding, DEL-JEN improved its center TAR audit process by implementing an SOP, effective June 22, 2009, for the instructor, CTT manager, and records supervisor to audit all TARs for completeness and accuracy. The new procedure incorporated a TAR audit checklist designed to ensure PRH compliance and to eliminate the types of deficiencies we identified.



The PRH also stipulated liquidated damages of \$750 be assessed for each invalid CTT completion. PRH Chapter 5.1 allows Job Corps discretion when assessing liquidated damages. As such, DEL-JEN may owe DOL \$5,250 for the 7 students we identified as having incomplete TARs of the 81 students sampled. Projecting these statistical sample results to the 277 CTT completions reported for PY 2007, we are 90 percent confident that between 12 and 36 of the 277 students did not complete the vocation as required and between \$9,000 and \$27,000 may be owed to DOL for Gainesville students with incomplete TARs.<sup>2</sup>

Table 2 shows the incomplete TARs we identified at Gainesville and our calculation of potential liquidated damages.

<b>Vocational Occupation</b>	<b>No. of Students With Incomplete TARs</b>	<b>Liquidated Damages (No. of Students x \$750)</b>
Pantry Cook	3	\$2,250
Phlebotomy Technician	2	\$1,500
Carpentry helper	1	\$750
Nurse Assistant	1	\$750
<b>Totals 7</b>		<b>\$5,250</b>

The Office of Job Corps stated that it appeared we applied Job Corps policy appropriately, and that our results have led Job Corps to strengthen and clarify current policy that involves the CTT completion issues we identified. During the audit, Job Corps issued revised policy that is intended to ensure students receive the required training while reducing the documentation requirements for CTT completions. Given Job Corps' discretion in assessing liquidated damages, and the new policy, Job Corps needs to determine the amount of liquidated damages DEL-JEN owes the government.

Segregation of Duties and CIS Access Controls Are Needed for CTT Completions

DEL-JEN did not ensure compliance with internal control standards for segregating the duties of the CTT manager. Government Accountability Office (GAO) Standards for Internal Control in the Federal Government (November 1999) state that key duties and responsibilities need to be divided or segregated among different people to reduce the risk of error or fraud. We found that at least one CTT completion credit was entered in CIS by the CTT manager during PY 2007. This occurred due to a lack of SOPs for segregating the duties of the CTT manager, and may lead to an increased risk of error or fraud since the performance of the CTT manager is linked to the number of CTT credits earned by the center. In response to our finding, DEL-JEN developed an SOP, effective June 22, 2009, to ensure that only the records supervisor and records specialist enter CTT completion credits in CIS.

<sup>2</sup>The point estimate is 24 students.

Furthermore, DEL-JEN did not ensure compliance with internal control standards for providing adequate access restrictions to CIS. The GAO internal control standards state that access to resources and records should be limited to authorized individuals, and accountability for their custody and use should be assigned and maintained. As of June 12, 2009, a total of 198 Gainesville staff members had access to enter CTT completion credits in CIS. This occurred due to a lack of an SOP on access restrictions to enter CTT completion credits in CIS, and may lead to an increased risk of errors, fraud, misuse, or unauthorized alteration of CTT completion credits. In response to our finding, DEL-JEN restricted access to enter CTT completion credits to the records supervisor and records specialist.

### Student OBS and Student Accountability Were Not Properly Reported

DEL-JEN did not consistently comply with Job Corps requirements in two areas relating to student OBS and student accountability – (1) documenting and supporting student administrative leave, Present for Duty Off-Center (PDOF), and off-center WBL immediately prior to separation; and (2) providing support for attendance at off-center WBL activities.

#### *Student OBS Overstated at Gainesville*

Gainesville did not report student attendance as required by PRH Chapter 6.1. Specifically, Gainesville did not provide assurance that student administrative leave, PDOF, and WBL were documented and approved as required by Job Corps. The leave used was not consistently supported by the required leave forms, appropriate staff approvals, or did not adhere to other PRH requirements.

The PRH established criteria for student attendance and leave and required students to be separated from the program if unauthorized leave exceeds certain standards. Student attendance was recorded in CIS, which calculated center OBS. Job Corps defined OBS as “an efficiency measure that depicts the extent to which centers operate at full capacity.” The PRH also requires center operators to separate students from the program if students were absent from training in excess of certain standards.

We reviewed a judgmental sample of 26 out of 98 student files for students separated during PY 2007 whose leave records indicated a pattern of at least 6 consecutive days or who were placed on off-center WBL immediately prior to separation. We found that 9 (or 35 percent) of the 26 students should have been separated at an earlier date and should not have been included in the center’s OBS calculation after that date. Table 3 summarizes the reasons for the PRH violations.

**Table 3 Reasons for PRH Violations**

<b>Leave Type</b>	<b>No. of Exceptions</b>	<b>Reasons for PRH Violations</b>
PDOF	4	Missing interview or appointment documentation
Medical Leave	2	Missing third party verification
WBL	2	Missing WBL agreement, signed timecards, or performance evaluations
Administrative Leave	1	Missing approval signature

We determined Gainesville retained the 9 students for a total of 183 days in violation of the PRH, which overstated OBS. Gainesville's contract with DOL states that liquidated damages will be assessed for failure to comply with requirements for separating students. DEL-JEN may need to pay a refundable cost to DOL for each day a student is retained in violation of Job Corps requirements. This daily cost for Gainesville during PY 2007 was \$9.51. In total, DEL-JEN owes DOL \$1,740 (183 days X \$9.51) for the 9 students with separation violations we identified during our testing.

This occurred because DEL-JEN did not place adequate emphasis on ensuring that reported leave was properly supported. In addition, during its annual on-site corporate assessment in June 2008, DEL-JEN did not identify any deficiencies in the area of student leave. In fact, DEL-JEN reported a positive observation, indicating that all leave requests had appropriate signatures, and required DEL-JEN leave verification forms were attached.

#### *WBL Not Supported at Gainesville*

Gainesville did not accurately report student participation in the center's off-site WBL program and did not provide adequate assurance that the students were in attendance at their work sites or received the intended WBL program benefits. Job Corps requires students participating in off-center WBL to obtain a written agreement with employers detailing the student-specific provisions required for successful completion and supervisory evaluations providing feedback about the student's performance. Centers are also required to obtain weekly timesheets from employers to ensure students were in attendance at their work sites.

Gainesville provided us with a list of 75 students that participated in off-center WBL during PY 2007. We judgmentally selected 11 of the 75 students and determined that DEL-JEN did not ensure compliance with the Job Corps requirements for WBL. Our results for the 11 student records reviewed are summarized as follows:

- None of the 11 students had a written agreement with their employer detailing the student-specific provisions required for successful completion. The agreement would have included provisions for the employer to (1) provide direct supervision and workplace mentors to the student, (2) assist the student in achieving agreed upon career technical and academic skills, (3) document the student's achievements and competencies, and (4) provide a safe work environment for the student.
- None of the 11 students had weekly timesheets or evaluations completed by their employers. The timesheets provide assurance that participating students were in attendance at their work sites. The evaluations provide performance feedback to the center and students, and document that the students received the intended benefits of the WBL program.

Gainesville had SOPs that were consistent with Job Corps' WBL requirements. However, the noted deficiencies occurred because center management reviews of the center's compliance were not conducted. In addition, DEL-JEN did not provide adequate oversight to ensure center staff followed the procedures. During its June 2008 corporate assessment of Gainesville, DEL-JEN identified similar program weaknesses, such as incomplete WBL agreements, and missing WBL time cards and student evaluations. However, DEL-JEN did not ensure its corrective actions and follow-up efforts were effective in addressing and preventing these deficiencies from occurring in the future.

In response to our finding, Gainesville implemented a WBL folder review process, in which the student services manager would review each student's WBL folder weekly to ensure it consists of a signed WBL agreement; a signed time card for a selected week worked; and a performance evaluation. Effective implementation of this control is needed to ensure students are in attendance at their work sites and receive the intended WBL program benefits.

#### Academic Completions Were Not Always Supported

Nothing came to our attention to indicate academic completions were overstated. However, Gainesville did not always ensure high school diploma and GED attainments were supported in the students' records as required. PRH Chapter 3.11 requires that each academic completion be supported by a high school diploma or GED certificate maintained in the students' records.

We statistically sampled 69 of the 174 students reported as attaining either a high school diploma or GED certificate at Gainesville during PY 2007. We found that 26 (38 percent) of the students reviewed did not have a high school diploma or GED certificate in their records to support attainment. Specifically, we found:

- 25 student records did not contain copies of diplomas or transcripts received from SIATech, a public charter high school program that operates out of Gainesville; and
- One student record did not contain a copy of a GED certificate.

We attributed this to a lack of an SOP to ensure academic completions were documented as required. Specifically, the records department did not track the receipt of high school diplomas received from SIATech or any of the online high school programs offered by Gainesville to ensure they were documented in the students' records. Thus, the noted deficiencies occurred because center management reviews of the center's compliance were not conducted. In addition, DEL-JEN did not provide adequate oversight to ensure center staff adhered to PRH requirements. During its June 2008 corporate assessment, DEL-JEN did not identify any weaknesses pertaining to the documentation of academic completions.

Adequate assurance that students graduated from the center's academic programs is not provided when the required supporting documentation is missing. During our audit, Gainesville obtained and provided the OIG with official state certified copies of all missing documentation, including the 25 SIATech high school diplomas and individual transcripts, and the GED certificate.

#### Segregation of Duties and CIS Access Controls Are Needed

DEL-JEN did not comply with the GAO internal control standards for segregating the duties of the academic manager. The academic manager entered GED and online HSD completion credits in CIS, and the SIATech principal and registrar entered SIATech high school completion credits in CIS. This occurred due to a lack of SOPs for segregating the duties of the academic manager and SIATech principal and registrar, and may lead to an increased risk of error or fraud since the performance of the academic manager and SIATech principal is linked to the number of academic credits earned by the center. However, nothing came to our attention to indicate HSD completions were overstated. In response to our finding, DEL-JEN developed an SOP, effective June 22, 2009, to ensure that only the records supervisor and records specialist enter both GED and HSD completion credits in CIS.

Furthermore, DEL-JEN did not ensure compliance with the GAO internal control standards for ensuring adequate access restrictions to CIS. As of June 12, 2009, 197 Gainesville staff members had access to enter academic completion credits in CIS. This occurred due to a lack of SOPs providing for access restrictions to enter academic completion credits in CIS, and may lead to an increased risk of errors, fraud, misuse, or unauthorized alteration of academic completion credits. In response to our finding, DEL-JEN restricted access to enter academic completion credits to the records supervisor and records specialist.

In response to our draft report, Job Corps concurred with our audit results for CTT completions, student OBS and accountability, and academic completions (including

segregation of duties and CIS access). The National Office of Job Corps concurred with our reported findings and recommendations. Job Corps will coordinate with the DEL-JEN Corporate Office to improve corporate-level controls and monitoring over the Gainesville and Albuquerque Job Corps Centers. This will include developing and implementing a corrective action plan to address performance requirements. The Atlanta Regional Office in coordination with the Regional Contracting Officer will determine the extent of any liquidated damages resulting in overstated CTT and/or OBS completions at the Gainesville Job Corps Center.

DEL-JEN agreed that oversight of Job Corps performance reporting can be strengthened. However, DEL-JEN disagreed with the number of CTT exceptions we identified. DEL-JEN acknowledged that 5 TARs were invalid but believed that the remaining 14 exceptions met DOL's established guidelines for vocational completion. DEL-JEN also believed student OBS was not overstated at Gainesville. We continue to believe the TARs did not provide sufficient evidence to show the students were proficient at all the required tasks. We also disagreed that student OBS was not overstated at Gainesville because the additional supporting documentation provided by DEL-JEN did not comply with applicable Job Corps requirements.

**Objective 3 – Did DEL-JEN ensure compliance with Job Corps requirements for managing and reporting financial activity?**

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**Finding 3 – For all three areas reviewed, DEL-JEN generally ensured compliance with Job Corps requirements for managing and reporting financial activity. However, controls over segregation of duties in the procurement of supplies and materials and payroll system access can be improved.**

DEL-JEN and Job Corps generally ensured compliance with Job Corps requirements for managing and reporting financial activity. However, we noted two internal control weaknesses pertaining to a lack of segregation of duties in the area of expendable supplies and materials procurement, and inadequate access control in the area of payroll. Our methodology for evaluating DEL-JEN's financial activities is summarized in Appendix B.

**Segregation of Duties and Payroll Access Controls Are Needed**

DEL-JEN can improve its controls to ensure procurement for expendable supplies and materials is appropriate. DEL-JEN did not comply with the GAO internal control standards for segregating the duties of the Gainesville inventory clerk. The inventory clerk was responsible for ordering, receiving, and conducting inventory for expendable supplies and materials to be stored in the center's warehouse. These multiple responsibilities assigned to one individual increased the risk of errors or fraud since the inventory clerk was responsible for the entire procurement process. This occurred due to a lack of SOPs for segregating the duties of the inventory clerk. During our audit, DEL-JEN developed an SOP, effective June 22, 2009, to ensure that purchase

requisitions for expendable supplies and material orders are initiated by the center finance department.

Additionally, DEL-JEN did not ensure appropriate access to automated payroll information as required by the GAO internal control standards. The DEL-JEN corporate payroll clerk and tax accountant both had the ability to enter and change their personal payroll information in the Job Cost Accounting Management Information System. The potential for inappropriate access increased the risk of errors, fraud, misuse, or unauthorized alteration of staff payroll information. This occurred due to a lack of SOPs and system controls to limit the ability of payroll department staff to alter their own payroll information. During our audit, DEL-JEN contacted its software vendor and requested a security update in their next release, which would prevent any employee from accessing and altering their own payroll information. In the meantime, DEL-JEN will periodically monitor any changes made to employees' pay information using an audit report program, which identifies the initiator of any payroll changes.

In response to our draft report, both Job Corps and DEL-JEN concurred with our audit results for the hotline compliant allegations, including the segregation of duties and documentation issues we identified. The National Office of Job Corps concurred with our reported findings and recommendations. The Atlanta and Dallas Regional Job Corps Offices will coordinate with the DEL-JEN Corporate Office to improve corporate-level controls and monitoring over the Gainesville and Albuquerque Job Corps Centers. DEL-JEN concurred with our findings and has segregated the duties of the buyer and revised access to its payroll system.

**Objective 4 – Did the hotline complaints alleging improper management practices pertaining to staff hiring and firing decisions, student recreation funds, student government funds, student background checks and felon admissions, student medication used by staff, and center dental services provided to staff have merit?**

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**Finding 4 – Two of seven hotline complaint allegations had some merit.**

The allegations that an Albuquerque manager inappropriately ordered student medications for personal use, and an Albuquerque staff member inappropriately received dental services had some merit. We did not substantiate the remaining five allegations.

Albuquerque Manager Ordered Student Medications for Personal Use

The allegation that an Albuquerque manager used Job Corps funds to purchase at least two prescription medications, including one controlled substance, for personal use had some merit. DEL-JEN provided us with documentation that it discovered the manager used medication intended for students in January 2008 and required the manager to resign and self-report to the State of New Mexico Board of Nursing, which she did. However, controls at the center need strengthening to ensure medications are properly

accounted for. We identified two control weaknesses pertaining to a lack of segregation of duties in the area of prescription medication management, and a lack of documentation supporting appropriate prescription medication purchases.

#### *Lack of Segregation of Duties*

DEL-JEN did not ensure compliance with the GAO internal control standards relating to the segregation of duties. The Albuquerque wellness manager had the ability to both order and receive prescription medications without involving another wellness staff member to ensure accountability. As such, the center risked inappropriate medication purchases going undetected. This occurred due to a lack of an SOP for segregating the duties of the wellness manager. During our audit, DEL-JEN revised its February 2007 SOP to ensure that all medications are logged by two medical personnel; two medical staff sign and date when they receive medications, prescriptions, or purchase orders; and the administrative director conducts a weekly audit of all medications to review the supporting documents for ordering and receiving the medications.

#### *Lack of Documentation*

DEL-JEN did not ensure documentation was maintained to support appropriate prescription medication purchases. The GAO internal control standards state that all transactions and other significant events need to be clearly documented and the documentation should be readily available for examination. We found that purchase requests for student prescription medications were not supported by any documentation and therefore not traceable to the student requiring the medication. The lack of supporting documentation increased the risk that inappropriate medication purchases could go undetected. This occurred because center SOPs for purchasing prescription medications did not require an audit trail be created for the purchases. During our audit, Albuquerque revised its SOP to require documentation to support appropriate prescription medication purchases.

#### Albuquerque Staff Received Dental Services at the Center

The allegation that an Albuquerque staff member improperly received dental services at the center in July 2007 had merit. DEL-JEN provided us with documentation that it discovered the problem in August 2007 and required the staff member to refund to the center the cost of the service provided, which she did. DEL-JEN identified the problem timely and we found no indication of control weaknesses in this area.

#### Five Allegations Did Not Have Merit

The remaining five hotline complaint allegations were not substantiated. The specific allegations were as follows:



- Gainesville management intentionally under-ran student recreational services in order to cover discretionary administrative over-runs, and this contributed to a riot at the center.
- Gainesville management used student government association funds to inappropriately purchase center equipment.
- Gainesville stopped doing background checks during PY 2007 and accepted students with felony records.
- A Gainesville manager circumvented DEL-JEN's human resources process and hired an unqualified former colleague.
- A Gainesville manager engaged in racially discriminatory hiring and firing practices.

During the audit, we found no evidence that Gainesville or DEL-JEN engaged in these five improper practices, as alleged. Our methodology for validating the merit of the complaint allegations is summarized in Appendix B.

DEL-JEN acknowledged that two of the seven hotline complaint allegations had some merit and stated that corrective action has already been initiated by the Albuquerque Job Corps Center to prevent the improprieties from reoccurring.

## **RECOMMENDATIONS**

We recommend that the National Director, Office of Job Corps, require DEL-JEN to:

1. Introduce and improve controls (such as SOPs) and monitoring over all centers to identify and correct any non-compliance with Job Corps safety and health program requirements and periodically test those controls to determine effectiveness. The controls and monitoring should ensure safety and health inspections are thorough and result in timely identification and correction of unsafe and unhealthy conditions.
2. Improve the effectiveness of supervisory oversight to staff responsible for complying with Job Corps performance reporting requirements.
3. Improve the effectiveness of data integrity audits conducted at each DEL-JEN center to identify any systemic non-compliance with Job Corps performance reporting requirements. These audits should continue to assess PRH compliance with all elements of performance reporting including student achievement, student OBS, and student attendance.

4. Implement corrective action plans when PRH non-compliance is identified during data integrity audits. The corrective actions should include providing Job Corps with any adjustments to previously reported performance data.
5. Improve controls and monitoring over the segregation of duties in the procurement of supplies and materials.
6. Improve controls and monitoring over payroll system access.

Also, we recommend that the National Director:

7. Determine the extent of any liquidated damages resulting from overstated CTT completions and OBS at each Job Corps Center operated by DEL-JEN and require DEL-JEN to pay liquidated damages for any overstatements. This includes liquidated damages we estimated to be in the range of \$9,000 to \$27,000 at a 90 percent confidence level for incomplete CTT completions<sup>3</sup> at Gainesville, and \$1,740 for not separating students at Gainesville as required by Job Corps.

We appreciate the cooperation and courtesies extended to us by Job Corps and DEL-JEN personnel during the audit.

OIG personnel who made major contributions to this report are listed in Appendix E.



Elliot P. Lewis  
Assistant Inspector General  
for Audit

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<sup>3</sup>The point estimate based upon the sample is \$18,000 for overstated CTT completions.

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## Appendices

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## Appendix A

### Background

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Job Corps is authorized by Title I-C of the Workforce Investment Act (WIA) of 1998 and is administered by the Department of Labor, Office of the Secretary, Office of Job Corps, under the leadership of the national director, supported by a national office staff and a field network of regional offices of Job Corps.

The purpose of Job Corps is to assist the nation's at-risk youth ages 16 through 24 who need and can benefit from a comprehensive program, operated primarily in the residential setting of a Job Corps center, to become more responsible, employable, and productive citizens.

As a national primarily residential training program, Job Corps' mission is to attract eligible young adults, teach them the skills they need to become employable and independent, and place them in meaningful jobs or further education. Education, training and support services are provided to students at Job Corps center campuses located throughout the United States and Puerto Rico. Job Corps centers are operated for DOL by private companies through competitive contracting processes, and by inter-agency agreements with other Federal agencies.

The WIA legislation authorizing Job Corps requires the Secretary of Labor to provide a level of review of contractors and service providers over a 3-year period. The Code of Federal Regulations (CFR) states all Job Corps centers are to be reviewed over the 3-year period. Job Corps requires its center operators to establish procedures and conduct periodic center audits to ensure integrity, accountability, and prevention of fraud and program abuse.

DEL-JEN's corporate headquarters are located in Clarksville, Tennessee. The company also has an administrative office located in Gardena, California; and an Education and Training Group headquarters located in Phoenix, Arizona. DEL-JEN operates four Job Corps centers – Gainesville (Gainesville, Florida), Albuquerque (Albuquerque, New Mexico), Mississippi (Crystal Springs, Mississippi) and Kittrell (Kittrell, North Carolina) – under contract with DOL. The four centers serve residential and non-residential students. DEL-JEN provides career technical training and job placement services to more than 6,000 students annually. More than 1,500 of these students live and study on-campus. The company's responsibilities include career technical training, academic education, social development, employability skills, counseling, and work-based learning. DEL-JEN has responsibility for Job Corps' students 24-hours a day and seven days a week; and provides housing, food service, security, facility maintenance, and medical services.

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## Appendix B

### Objectives, Scope, Methodology, and Criteria

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#### Objectives

The audit objectives were to answer the following questions:

1. Did DEL-JEN ensure compliance with Job Corps requirements for managing center safety programs?
2. Did DEL-JEN ensure compliance with Job Corps requirements for reporting performance?
3. Did DEL-JEN ensure compliance with Job Corps requirements for managing and reporting financial activity?
4. Did the hotline complaints alleging improper management practices pertaining to staff hiring and firing decisions, student recreation funds, student government funds, student background checks and felon admissions, student medication used by staff, and center dental services provided to staff have merit?

#### Scope

This report is a summary of our audit work conducted at DEL-JEN's administrative office in Gardena, California; the Gainesville Job Corps Center in Gainesville, Florida; and the Albuquerque Job Corps Center in Albuquerque, New Mexico. We reviewed center safety, and performance and financial data for PY 2007<sup>4</sup>. Audit work for objectives 1-3 was performed at the Gainesville Job Corps Center, and audit work for objective 4 was performed at both the Gainesville and Albuquerque Job Corps centers. We had initially planned to pursue three audit objectives at the Gainesville Job Corps Center. However, in response to two hotline complaints, we added a fourth objective to determine the validity of allegations that DEL-JEN officials engaged in improper practices at the Gainesville and Albuquerque Job Corps Centers.

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 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 obtained an

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<sup>4</sup>July 1, 2007, through June 30, 2008.



understanding of DEL-JEN's processes, policies, and procedures for managing center safety and reporting financial and performance information to Job Corps. We interviewed DEL-JEN's corporate officials at DEL-JEN's administrative office in Gardena, California, and conducted interviews with various DEL-JEN corporate management officials at several different field sites.

At the administrative office, we performed walkthroughs of DEL-JEN's corporate processes and identified and evaluated DEL-JEN's internal controls over center safety, performance, and financial reporting. We assessed risks related to financial and performance misstatement and evaluated DEL-JEN's overall control environment.

We selected one DEL-JEN center location – Gainesville – for detailed testing of center safety, financial activity, and performance data. We selected Gainesville based on a risk assessment, which considered a number of variables, including size of operations, the results of a prior Job Corps regional office assessment, hotline complaints, and OIG and Job Corps management concerns. We selected Albuquerque based on a hotline complaint we received in August 2007. We assessed the reliability of related data for the applicable audit period and determined that the data were sufficiently reliable to accomplish our audit objectives. We used a combination of statistical and judgmental sampling to select the items tested at these centers. Judgmentally selected items, which cannot be projected to the intended population(s) were chosen based on a number of factors including known deficiencies (i.e., related audit concerns identified in prior OIG, DOL, and DEL-JEN reports), inquiries of and information provided by Job Corps, DEL-JEN, and center personnel; and the nature of certain transactions (e.g., high dollar value, and susceptibility to theft or manipulation). Our methodology is described as follows:

### Gainesville

#### *Center Safety and Health*

To gain a better understanding of the center's safety and health program, we interviewed key DEL-JEN and center officials and staff, reviewed applicable policies and procedures, performed walkthroughs, and conducted a physical review of the center's facilities. We also evaluated the results of corporate and DOL regional office assessments of center safety and health processes, safety and health committee meeting minutes, inspection reports, and center buildings to determine whether Gainesville effectively identified and corrected safety and health deficiencies. We also performed physical inspections to ensure that there were no apparent facility safety and health issues and to ensure that problems identified by center, corporate, and DOL reviews were corrected.

We reviewed 100 percent of the population of 84 students who incurred level I infractions resulting in disciplinary separations during PY 2007 to identify students who were involved in significant incidents reportable to Job Corps. We then compared the names and descriptions associated with these students and incidents to the student

names and incident descriptions documented in the 18 SIRs reported to Job Corps during PY 2007 to determine whether any significant incidents involving students with level I infractions were not reported to Job Corps as required.

We also judgmentally reviewed student files for students who separated during PY 2007 and PY 2008, and who incurred level I, II, and III disciplinary infractions. Specifically, we selected students with level I infractions with the top 10 longest enrollment periods, all students with level II infractions involving sexual harassment, all students with level III infractions involving overt sexual behavior, and all students who were separated as a result of their involvement in the May 2, 2009, riot on center. Our review was to determine if Gainesville met the PRH requirements for convening fact-finding boards and behavior review panels. To accomplish this, we reviewed the student records and disciplinary files to identify infractions committed by the students and compared the actions Gainesville took regarding the infractions to the requirements for convening fact-finding boards and behavioral review panels.

In addition, we reviewed 100% of the population of 5,207 entries contained in Gainesville's security logbook for July 2007 to determine whether all behavioral infractions were reported in Job Corps' CIS.

#### *Performance Reporting*

We interviewed key DEL-JEN and center officials and staff, reviewed applicable policies and procedures, reviewed prior audit reports, and performed walkthroughs to gain a better understanding of the center's system for collecting, recording, processing, and reporting performance data. We reviewed corrective actions taken by DEL-JEN for instances noted on corporate assessment reports. We used a combination of random and judgmental sampling to examine performance reporting.

To determine if reported CTT completers had supporting TAR documentation in compliance with PRH requirements, we reviewed a statistical sample of 81 out of the 277 students reported by Gainesville as CTT completers. We reviewed each student TAR for a number of attributes, including tasks not documented as having been completed (that is, lacked required instructor/student sign-offs, completion dates, proficient performance ratings); task completion dates occurring outside of student's trade enrollment; tasks excluded without proper approval; and the reasonableness of time noted to complete tasks.

To determine if controls over student leave and attendance were in place, we reviewed 100 percent of the population of 98 students separated during PY 2007 whose records indicated a pattern of at least 6 consecutive days of administrative leave and Absent Without Leave (AWOL) immediately prior to separation. We calculated leave days taken for unsupported leave. We reviewed student records to identify (1) whether a student placed on leave had a leave request form completed, and (2) whether student leave request forms located in student records had proper signature approvals or authorizations consistent with the leave status type as required by the PRH (Exhibit 6-1). We also reviewed the population to determine if attempts were made to contact AWOL students. We did this by

reviewing student records to determine whether counselor case note documentation was present for each incident an AWOL was reported on the Employment and Training Administration (ETA) form 640. We further reviewed this population to determine whether the center adhered to PRH requirements for placing students on PDOF status. We did this by reviewing student records for students who were on 10 training days of PDOF either immediately or one day immediately prior to separation to determine whether there was evidence of pre-arranged and verifiable job interviews, appointments to visit or contact the Career Transition Services specialist, and approval of PDOF leave. Finally, we reviewed leave, AWOL, and sign-in documentation to ensure that a selected morning report was fully supported.

To determine whether controls over students on WBL were in place, we reviewed a judgmental selection of students who separated from Gainesville during PY 2007 and who were placed on off-center WBL. We reviewed a judgmental selection of 11 students by selecting one student from each month<sup>5</sup> during PY 2007 who worked for a different WBL employer and during a selected work week to determine whether there was evidence of signed time cards, performance evaluations, and signed WBL agreements with student-specific provisions.

To determine whether students reported as GED/HSD completers were accurately reported, we reviewed a statistical sample of student records (69 out of a population of 174) that Gainesville claimed as earning GED certificates and High School Diplomas during PY 2007. To verify GED/HSD attainment, we reviewed each student file for copies of certificates/diplomas and score reports/transcripts.

### *Financial Reporting*

We interviewed key DEL-JEN and center officials and staff, reviewed applicable policies and procedures, analyzed prior audit and Job Corps monitoring reports, and performed a walkthrough with selected transactions to gain a better understanding of the center's system for financial reporting.

For non-personnel expenses, we reviewed a judgmental sample of 18 from a population of 268 transactions chosen from the Gainesville Job Corps Center's detail job cost report. The sample was selected based on the following criteria: payments made in operating cost line items where overruns were identified, payments that appeared to be paid to unusual vendors, payments for items that appeared to be personal items, payments that appeared to be for unallowable expenses, and payments that appeared to be unusual in nature. This review of transactions was to determine if the expenses reported were reasonable, allocable, supported, and had proper approval documentation, and included tracing the expenses to the detail job cost report.

For personnel expenses, we performed a review of payroll expenditures and judgmentally selected and reviewed 13 employees from a population of 26 employees on payroll at Gainesville during PY 2007. This sample was selected based on

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<sup>5</sup>One month of off-center WBL information was missing.

management officials who were employed during March 2008. Additionally, we included three staff members to mask a hotline complainant. This review was to determine if expenditures were for actual and allowable work done by valid employees at their authorized rates, and included tracing the selected expenditures to authorized timesheets, leave, and pay rates.

For public voucher and ETA Form 2110 reporting, we recomputed all Contract Year (CY) 2007 voucher reimbursable monthly expenses to verify reported calculated expenses were correctly recorded. We compared all CY 2007 results to voucher reimbursable total monthly expenses reported on the Form 2110 to verify calculated expenses were consistent and accurate. We recalculated all reimbursed expenses reported on the monthly voucher and submitted for payment and compared it to the contract year-end total reported as reimbursable expenses on the Form 2110. Finally, we reviewed reported Form 2110 variances to determine whether they were allowable and reasonable.

### Gainesville and Albuquerque

#### *Hotline Complaints*

To determine whether the complainant's allegation that a Gainesville manager hired unqualified individuals who were former colleagues, we interviewed DEL-JEN's vice president for human resources and Gainesville's current human resources manager to obtain an overview of the hiring process as well as information on the operations of Gainesville's human resources department during the time the former education manager was hired. We also reviewed the personnel records, which contain education and experience information, of the individual hired as well as other staff members who report directly to the center director in conjunction with applicable position descriptions.

To determine whether the complainant's allegation that the former Albuquerque manager used Job Corps funds to purchase prescription medications for personal use, we interviewed the Albuquerque center director, reviewed the former manager's human resources file, and analyzed purchase requests and invoices in conjunction with information on students who were on medications paid for by the center during 2006-2007.

To determine whether the complainant's allegation that an Albuquerque staff member received dental services at the center on July 20, 2007, for which a custom dental appliance was ordered from a laboratory and invoiced to the center, we interviewed the staff and bookkeeper, and obtained copies of the invoice and cancelled check for the transaction.

To determine whether the complainant's allegation that student recreational services were intentionally under-run to cover discretionary administrative over-runs and linked to a May 2, 2009, riot at Gainesville, we interviewed the administrative director, recreational manager, and recreational aides. We also analyzed detailed job cost reports for on- and off-site recreational activities, recreational events calendars, and

student satisfaction surveys. In addition, we obtained a copy of all ETA 2110 reports covering the period June 2008 through March 2009, as well as detailed job cost reports detailing ETA 2110 operating expense transactions charged over the same time period. We compared reported expenses to expenses charged for accuracy. We analyzed the Form 2110 over-run explanations for reasonableness and tested a judgmental sample of at least 5 selected transactions from each of the 7 expense categories that were associated with over-runs. These categories are (1) other support services, (2) other medical expense, (3) communications, (4) utilities and fuel, (5) motor vehicle expense, (6) administrative personnel expense, and (7) facilities maintenance personnel expense. This review of transactions was to determine if the expenses reported were reasonable, allocable, supported, and had proper approval documentation.

To determine whether the complainant's allegation that student government association funds were misused to purchase center equipment, we interviewed the deputy center director, accountant, and student government association leaders. We also reviewed copies of student government association checks, including voided checks for purchases not ultimately made.

To determine whether the complainant's allegation that Gainesville stopped doing background checks two years prior to May 2009 and accepted students with felony records, we reviewed a statistical sample of 45 student records selected from a population of 578 students enrolled at Gainesville during PY 2007. In our review, we determined whether there was documentation to support background checks and felony records.

To determine whether the complainant's allegation that a center manager engaged in racially discriminatory hiring and firing practices, we interviewed DEL-JEN's vice president for human resources, and reviewed the disposition of two Equal Employment Opportunity Commission complaints filed during November 2008 through February 2009 against the center manager by current and former Gainesville staff for race and color discrimination and retaliation.

## **Criteria**

We used the following criteria to perform this audit:

- Code of Federal Regulations.
- Federal Acquisition Regulations.
- Job Corps Policy and Requirements Handbook.
- DEL-JEN SOPs.
- GAO Standards for Internal Control in the Federal Government.

**Appendix C**

**Acronyms and Abbreviations**

Albuquerque	Albuquerque Job Corps Center
AWOL	Absent With Out Leave
CFR	Code of Federal Regulations
CIS	Center Information System
CTT	Career Technical Training
CY	Contract Year
DEL-JEN	DEL-JEN, Incorporated
DOL	Department of Labor
ETA	Employment and Training Administration
Gainesville	Gainesville Job Corps Center
GAO	General Accountability Office
GED	General Educational Development
HSD	High School Diploma
OBS	On-Board Strength
PDOF	Present for Duty Off-Center
PRH	Policy and Requirements Handbook
PY	Program Year
SIR	Significant Incident Report
SOP	Standard Operating Procedure
TAR	Training Achievement Record
WBL	Work-Based Learning
WIA	Workforce Investment Act

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**DEL-JEN Response to Draft Report**

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DEL-JEN, INC.  
Response To: Draft Audit Report -  
Performance Audit of DEL-JEN, Incorporated  
Job Corps Centers  
Report Number 26-09-004-01-370



**Objective 1 – Did DEL-JEN ensure compliance with Job Corps requirements for managing center safety programs?**

Finding 1 – For all three areas reviewed, DEL-JEN did not always ensure compliance with Job Corps requirements for managing center safety and health programs.

Del-Jen, Inc. (DJI) concurs that we can improve our oversight to ensure better compliance with all Job Corps and corporate requirements for managing Center safety and health programs. Safety and health are two key components of a successful Job Corps Center’s operations. As such, DJI realizes that we must provide our staff with the necessary training, guidance and oversight to ensure strict compliance. While safety and health programs were in place, we did not always provide consistent local on-site monitoring and follow-up to ensure that appropriate follow up was taking place. Also, we recognize a need to provide better corporate oversight and assistance to our local management. Unsafe and unsanitary conditions must be quickly identified and corrected to ensure that our students and staff are protected.

**Objective 2 – Did DEL-JEN ensure compliance with Job Corps requirements for reporting performance?**

Finding 2 – For all four areas reviewed, DEL-JEN did not always ensure compliance with Job Corps requirements for reporting performance.

Del-Jen agrees that we can strengthen our oversight of Job Corps performance reporting. Proper maintenance of student records is critical. While all of our records were available for review they were not always available in the student’s official file maintained in the Students Record area. An SOP has been developed to ensure proper records maintenance.

Del-Jen still believes that we have provided the OIG adequate documentation (TARs) to validate Career Technical completion as mandated by the PRH. Of the 19 TARs in question we believe that all but 5 of them meet DOLs established guidelines for vocational completion. We still believe that our original documentation clearly shows the validity of the trade completion. DJI staff is available to discuss our rationale with Job Corps officials, if necessary. DJI concurs that four of the Tars are invalid, and 1 TAR was missing from the students file.

We also believe that our OBS was not overstated at the Gainesville JCC. We provided our rationale in our original submittal to the OIG and we will provide additional rationale/justification if necessary.

DJI respectfully requests an opportunity to further discuss our rationale with Job Corps officials.

**Objective 3 – Did DEL-JEN ensure compliance with Job Corps requirements for managing and reporting financial activity?**

Finding 3 – For all three areas reviewed, DEL-JEN generally ensured compliance with Job Corps requirements for managing and reporting financial activity. However, controls over segregation of duties in the procurement of supplies and materials and payroll system access can be improved.

Del-Jen concurs with the OIG’s findings and we have segregated the duties of the buyer and revised the system access to our payroll system.

**Objective 4 – Did the hotline complaints alleging improper management practices pertaining to staff hiring and firing decisions, student recreation funds, student government funds, student background checks and felon admissions, student medication used by staff, and center dental services provided to staff have merit?**

Finding 4 – Two of seven hotline complaint allegations had some merit.

While we acknowledge that two of the seven hotline complaint allegations had some merit we would like to reiterate that corrective action had already been initiated by the Center to ensure that the situations which occurred can not be repeated.

**Auditee Response:**

Del-Jen believes that the OIG auditors conducted very thorough audits and their recommendations to the National Office are reasonable. Del-Jen management will work with the National and Regional Office to determine the extent of any liquidated damages.

Appendix E

Job Corps Response to Draft Report


U.S. Department of Labor

Office of Job Corps  
Washington, D.C. 20210



SEP 30 2009

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

FROM: LYNN A. INTREPIDI   
Interim National Director

SUBJECT: Response to the OIG Draft Report on the Performance  
Audit of DEL-JEN, Incorporated Job Corps Centers,  
Report No. 26-09-004-01-370

Thank you for the opportunity to review the Office of Inspector General (OIG) draft report on the Performance Audit of DEL-JEN, Incorporated Job Corps centers, Report No. 26-09-004-01-370.

The National Office of Job Corps concurs with the reported findings and recommendations. The Atlanta and Dallas Regional Job Corps Offices will coordinate with the DEL-JEN Corporate Office to improve corporate-level controls and monitoring over the Gainesville and Albuquerque Job Corps Centers. This will include identifying and correcting any non-compliance issues with Job Corps safety and health program and developing and implementing a corrective action plan to address performance requirements.

The aforementioned Job Corps Regional Offices will be instructed to advise DEL-JEN to develop and implement procedures and oversight for validating student accomplishments. DEL-JEN will also be required to implement a corrective action plan in accordance with Job Corps Policy and Requirement Handbook based on non-compliance issues during data integrity audits. The Atlanta Regional Office in coordination with the Regional Contracting Officer will determine the extent of any liquidated damages resulting in overstated CTT and/or OBS completions at the Gainesville Job Corps Center.

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**Appendix F**

**Acknowledgements**

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Key contributors to this report were Ray Armada (Audit Director), S. Marisela Sookraj, Norma Estrada, Carmen Wilson, Angela Stewart, and Charmane Miller.

**TO REPORT FRAUD, WASTE, OR ABUSE, PLEASE CONTACT:**

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