

BRIEFLY...

Highlights of Report Number 26-10-004-01-370, to the Assistant Secretary for Employment and Training.

WHY READ THE REPORT

This report discusses MINACT, Incorporated (MINACT) control weaknesses related to managing and reporting financial activity and managing center safety and health programs. MINACT is under contract with the Office of Job Corps (Job Corps) to operate 10 Job Corps centers for the U.S. Department of Labor (DOL).

WHY OIG CONDUCTED THE AUDIT

Our audit objectives were to answer the following questions:

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

Our audit work was conducted at MINACT headquarters in Jackson, Mississippi; and Excelsior Springs Job Corps Center (Excelsior Springs) in Excelsior Springs, Missouri.

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/2010/26-10-004-01-370.pdf>

August 2010

PERFORMANCE AUDIT OF MINACT, INC., JOB CORPS CENTER OPERATOR

WHAT OIG FOUND

MINACT did not always ensure compliance with Job Corps requirements for managing and reporting financial activity in each of the two areas reviewed — non-personnel and personnel expenses. MINACT and Excelsior Springs lacked sufficient oversight over the center's non-personnel expenses. As a result, the center could not demonstrate goods and services for non-personnel expense transactions tested were always properly approved, received, or processed in accordance with the Federal Acquisition Regulation, center's sub-contractor agreements, Job Corps requirements, and MINACT's standard operating procedures. As a result, we questioned costs totaling \$203,921 because the center could not show payments for services were always appropriate. Required support such as detailed invoices, time records, and copies of advertisements were not provided.

MINACT also did not ensure compliance with Job Corps requirements for managing center safety and health programs in each of the three areas we reviewed — student misconduct, and safety and health inspections and committee meetings. Specifically, Excelsior Springs did not always convene fact finding boards as required for students suspected misconduct, such as physical assault with intent to cause bodily harm to a student and threat of assault.

In addition, MINACT was not able to demonstrate all required safety and health inspections and committee meetings were conducted. For example, Excelsior Springs' records indicated that the center did not conduct 6 percent of its weekly inspections, 15 percent of its monthly inspections, and 83 percent of its quarterly inspections.

WHAT OIG RECOMMENDED

We made seven recommendations to the Assistant Secretary for Employment and Training (ETA). In summary, we recommended Job Corps direct MINACT to improve corporate-level controls and monitoring over all centers for financial managing and reporting, student misconduct, and center health and safety requirements; identify and correct non-compliance with Job Corps requirements; improve effectiveness of training and oversight to staff; and provide documentation to support questioned costs identified during our audit.

The Assistant Secretary for ETA concurred with our recommendations and stated Job Corps will instruct MINACT to improve its controls and will determine the extent of any reimbursements resulting from unsupported questioned costs.