

ETA's Response to Draft Report

U.S. Department of Labor

SEP 29 2010

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



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

FROM: JANE OATES *Jane Oates*
Assistant Secretary

SUBJECT: Response to the Office of the Inspector General's (OIG's) Draft
Report, Hotline Complaint Against the Sierra Nevada Job Corps
Center, Draft Report Number 26-10-007-01-370

Thank you for the opportunity to review the OIG draft report entitled, *Hotline Complaint Against the Sierra Nevada Job Corps Center*, dated September 9, 2010. Listed below are the OIG's recommendations as well as the response by the Employment and Training Administration, Office of Job Corps (OJC):

- **OIG Recommendation 1** – *“Require Sierra Nevada to establish procedures that verify the center's compliance with Job Corps' requirements for reporting significant incidents within 24 hours of the center being made aware of the incident.”*

OJC Response - Concur. The National Director of Job Corps will forward a memorandum through the San Francisco Regional Office to instruct Management and Training Corporation (MTC), the center operator, to establish procedures at the Sierra Nevada Job Corps Center for verifying the center's compliance in accordance with the Policy and Requirements Handbook (PRH), Chapter 5: Management, 5.5, Management and Reporting of Significant Incidents, R2., Reporting Timeframes and Format, *“report significant incidents within 24 hours of the center being made aware of the incident (6 hours in the case of student or a reportable staff death).”* The San Francisco Regional Director will also be instructed to inform MTC to instruct the Sierra Nevada Job Corps Center to revise its current Center Operating Procedures (COPs) and policies to ensure corporate oversight and center level controls are in compliance with established significant incident reporting. In the event non-compliance issues are identified through data integrity audits, a corrective action plan will be required from MTC to address these issues.

On July 6, 2010, the Sierra Nevada Job Corps Center Director, MTC's Vice-President, the San Francisco Regional Director, the Contracting Officer's Technical Representative (COTR), and the San Francisco Regional Division Chief met to discuss the OIG's findings applicable to this recommendation. As a result, MTC officials acknowledge that all significant incidents should have been reported within the 24-hour time frame in accordance with Job Corps' established policies and procedures. In addition, on October 11, 2010, at the Regional Leadership Conference in Oakland, California, a roundtable discussion will be held to discuss significant incident reporting with all center operators in the San Francisco Region.

We consider this recommendation resolved.

- **OIG Recommendation 2** – *“Require Sierra Nevada to establish procedures that verify the center’s compliance with its own requirements for Activity Reports and for the Dispatch Log.”*

OJC Response - Concur. The National Director of Job Corps will forward a memorandum through the San Francisco Regional Office to instruct MTC to establish procedures at the Sierra Nevada Job Corps Center for verifying the center’s compliance with its own requirements for Activity Reports and for the Dispatch Log. The San Francisco Regional Director will also be instructed to inform MTC that the Sierra Nevada Job Corps Center must revise its current Center Operating Procedures and policies to ensure corporate oversight and center level controls are in place, based on the OIG’s finding applicable to this recommendation.

In the event non-compliance issues are identified through the next monitoring trip and center assessment scheduled for October 2011, a corrective action plan will be required from MTC to address these issues.

We consider this recommendation resolved.

- **OIG Recommendation 3** – *“Require Sierra Nevada to establish procedures that provide adequate assurance that center work hours reported for salaried employees represent actual hours worked.”*

OJC Response – Concur-In-Part. The San Francisco Regional Office, in coordination with the Regional Contracting Officer, will review time sheets of security staff and exempt employees based on the sampling method utilized by the OIG. In the event that deficient controls are determined, the National Director of Job Corps will forward a memorandum through the San Francisco Regional Office to instruct MTC to establish procedures at the Sierra Nevada Job Corps Center for verifying the center’s compliance based on PRH, Chapter 5.7, R4 (a) 2-3, and the Government Accountability Office’s Standards for Internal Control in the Federal Government.

If applicable, the San Francisco Regional Director will also direct MTC to instruct the Sierra Nevada Job Corps Center to revise its current COPs and policies to ensure corporate oversight and center level controls are in compliance with properly recording work hours for salaried employees.

We consider this recommendation resolved.

Based on the forgoing responses, we anticipate that the audit report’s recommendations will be resolved and can be closed upon completion of the corrective actions.

cc: Edna Primrose, Office of Job Corps

MTC's Response to Draft Report



Scott Marquardt
President

September 21, 2010

500 N. Marketplace Dr.
P.O. Box 10
Centerville, UT 84014
Direct: 801.693.2800
Fax: 801.693.2900
www.mtc trains.com

Mr. Elliot P. Lewis, Assistant Inspector General
200 Constitution Avenue, NW
Room S-5512
Washington, DC 20210

RE: Hotline complaint Against the Sierra Nevada job Corps Center
Response to Draft Audit Report No. 26-10-007-01-370

Dear Mr. Lewis,

This document contains MTC's responses to the findings and recommendations issued in the draft OIG Report referenced above as a result of a hotline complaint received by the OIG. It is noted that the complainant had not used MTC's available resources to lodge a complaint with MTC prior to contacting the OIG. These resources include a center problem solving procedure, corporate level problem solving and an ethics hotline.

MTC is appreciative of the acknowledgments in the draft report that OIG found no evidence that Sierra Nevada engaged in improper practices for five of the eight allegations, that we took appropriate action on two additional allegations and that the center conducted investigations, held fact finding boards and took appropriate disciplinary action for student misconduct as expected by DOL.

Below are the responses to the two findings which had three recommendations.

Finding 1 – the center took appropriate disciplinary actions in response to two confirmed cases of student or staff misconduct, but did not always report significant incidents to Job Corps.

Recommendation 1 – Require Sierra Nevada to establish procedures that verify the center's compliance with Job Corps' requirements for reporting significant incidents within 24 hours of the center being made aware of the incident.

Response to Recommendation 1

All of the Category I Significant Incidents were reported as required. While handled correctly in the behavior management system as acknowledged in the report, at issue are the 28 Category II offenses which the center did not believe required reporting, it is more a matter of interpretation as to what constitutes a "significant incident". The Category II offenses are mostly physical assaults/threats which did not require medical treatment and, in some cases, were miscategorized as "assaults"(12 incidents), citations for shoplifting in which no arrests were

Mr. Elliot Lewis
OIG Audit Response
Page 2 of 3

made (9 incidents), and suicide ideation (danger to self or others) which were deemed not to be suicide ideations by qualified mental health consultants (3 incidents). We believe that 24 of the 28 incidents mentioned in the report are not "significant incidents". MTC has requested clarification and guidance from the DOL Regional Office on which of these incidents are in fact reportable significant incidents. We will comply with clarifying directive from the DOL as we want to ensure compliance at all times with the significant incident reporting requirements. In the interim, the Sierra Nevada center's management team has reviewed and modified the center's significant incident report (SIR) system to make sure that all reportable incidents are reported per the PRH within 24 hours of the center being made aware of the incident. The SIR Standard Operating Procedure (SOP) was reviewed to make sure it complied with requirements. To provide additional resources in ensuring the SIR reports are prepared in a timely manner, additional staff who work evenings, nights and weekends were trained on the SOP, PRH, the SIR User Guide, report writing and the electronic SIR reporting system. This training was provided on 7/28/2010 by the center director, student personnel officer (SPO) and residential living manager. In attendance were center duty officers (CDO), dorm coordinators, security supervisor, senior mobile advisors and the safety and security manager. Documentation for this training is on record and has been submitted to the MTC corporate office.

All incident reports are now reviewed daily by the directors, security manager, student personnel officer, wellness manager and CDOs against the requirements to determine if an SIR is required. A log of SIRs is maintained in the center director's office to ensure supplemental and final SIRs are submitted in the required 30 day time frame. The SIRs are reviewed by the corporate office. From now on, as part of the assessment and audit process, the corporate office will expand the review process to include Sierra Nevada's incidents and student disciplinary records to ensure oversight and required recording and reporting. This review/audit will be recorded in the assessment reports and audit documents prepared by the corporate office.

Finding 2 – OIG could not conclude on the merit of the complaint allegation that a security supervisor compensated staff for hours not worked, not the accuracy of reported work hours for employees paid a salary because supporting documentation was missing, incomplete or not required.

Recommendation 2 - Require Sierra Nevada to establish procedures that verify the center's compliance with its own requirement for Activity Reports and the Dispatch Log.

Recommendation 3 - Require Sierra Nevada establish procedures that provide quality assurance that center work hours reported for salaried employees represent actual hours worked.

Response to Recommendation 2

Sierra Nevada management staff reviewed the administrative practices concerning the shift Activity Sheets and time keeping procedures in the security department to ensure accurate accounting of mobile advisor activities and time worked. The process is now included in a Standard Operating Procedure. The new process utilizes Activity Sheets for both the mobile advisors and senior mobile advisors. The Dispatch Log has been deleted from the process to make a more uniform system.

Mr. Elliot Lewis
OIG Audit Response
Page 3 of 3

Training for all Safety and Security Department staff on the new procedures was provided by Mr. Ed Hockman, Safety and Security Manager, the week of September 13, 2010. Activity Sheets are now required by each mobile advisor for every shift worked. The security supervisor and senior mobile advisors also include in their Senior Shift Activity Sheets, each mobile advisor's starting, break and ending times. The Activity Sheets are now reviewed by the manager on a daily basis and discrepancies or errors are corrected prior to filling in the weekly time cards for accuracy. The logs and time cards are cross referenced for accuracy. The safety and security manager will use a checklist to verify that each and every person assigned to the department submits an Activity Sheet for each day worked in the week. The manager's checklist will be turned into the center director weekly with any comments or discrepancies in time keeping or other issues noted by the manager. These checklists will be maintained on file. The center director will periodically audit the Activity Sheets against the checklist. The accounting manager will audit time keeping and payroll compliance using the Activity Sheets.

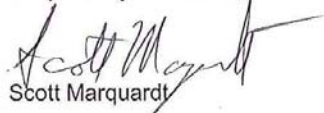
The MTC corporate office will provide oversight and monitor compliance during assessments. A sampling of the activity sheets/ time cards/payroll will also be conducted during the financial audits by the corporate internal auditor.

Response to Recommendation 3

We have not been able to locate any laws, FAR clauses, standards, rules, or directives that require exempt employees to record the number of hours they work. While we respectfully disagree with OIG that recording hours for exempt staff is necessary, we do agree with the premise that the Sierra Job Corps center exempt employees should be providing direct value to the contract. We have a series of systems in place to make sure this happens. Each exempt staff member has a supervisor at Sierra Nevada with the center director being supervised by the corporate office regional vice president. Each supervisor is tasked with overseeing his/her direct reports to ensure they are working toward the common goal of meeting the extensive Job Corps performance standards and MTC's internal code of conduct and disciplining any report who is not meeting these standards. Each staff member is required to be at work as scheduled, unless on sick leave, vacation, holiday or bereavement. MTC's leave policies further require exempt employees to provide adequate documentation of their need for the types of leave mentioned above to ensure that leave is being used properly. Additionally, each staff member is required to respond to any emergencies that occur. Thus, in general, exempt staff average more than 40 hours of work each week. The MTC corporate office employees make several visits a year to the center to ensure the center is meeting the extensive Job Corps performance standards and take corrective action as needed.

Please let me know if you need additional information or clarification. We want to ensure that we are responding fully to your findings and recommendations.

Respectfully Submitted,


Scott Marquardt