

**U.S. Department of Labor
Office of Inspector General
Office of Audit**

BRIEFLY...

Highlights of Report Number **26-11-003-03-370**, issued to the Assistant Secretary, Employment and Training Administration (ETA).

WHY READ THE REPORT

Education and Training Resources (ETR) operates the Turner Job Corps Center (ETR Turner). This report discusses how ETR Turner did not ensure best value was received by the government when awarding sub-contracts and purchase orders. We questioned costs, totaling \$1,029,415, due to non-compliance with applicable sections of the Federal Acquisition Regulations (FAR). The report also discusses process improvements ETR Turner, ETA, and Job Corps need to make to ensure ETR Turner's future sub-contracts and purchase order awards comply with applicable sections of the FAR.

ETR's current contract with Job Corps to operate the center covered the 5-year period from July 1, 2005, to June 30, 2010. ETR Turner's contract was extended to cover the 6-month period July 1, 2010, to December 31, 2010. The contract value totaled approximately \$107 million, including \$40 million for two base years, \$21 million for each of three option years, and \$4.6 million for the contract extensions.

WHY OIG CONDUCTED THE AUDIT

Our audit objective was to answer the following question:

Did ETR Turner award sub-contracts and claim costs in accordance with the FAR?

Our audit work was conducted at the ETR Turner Job Corps Center located in Albany, Ga., and at the Atlanta Regional Office of Job Corps in Atlanta, Ga.

READ THE FULL REPORT

To view the report, including the scope, methodology, and full ETA and ETR responses, go to:

<http://www.oig.dol.gov/public/reports/oa/2011/26-11-003-03-370.pdf>.

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ETR DID NOT ENSURE BEST VALUE IN AWARDING SUB-CONTRACTS AT THE TURNER JOB CORPS CENTER

WHAT OIG FOUND

ETR Turner improperly awarded all 3 of the sub-contracts managed during our review period. For the three sub-contracts, we questioned \$467,640 because cost or price analysis and responsibility checks of the sub-contractors' ability to satisfactorily perform the sub-contracts were not performed. The three sub-contracts were for physician services for students. As such, it was critical for the center to ensure its students received adequate care by evaluating the bids based on the quality of services to be provided as well as cost. We also questioned \$10,803 for two sub-contracts awarded by ETR corporate because the sub-contracts had not been competitively bid and advertised.

Issues were found in the award of purchase orders to vendors for 44 of the 71 expenditures more than \$3,000 we statistically selected. For 26 of these expenditures, which were covered by blanket purchase agreements (BPA) awarded by Turner, required responsibility checks were not used to award the BPAs; for 10 expenditures, the center could not justify why the invoices were split below the micro purchase threshold of \$3,000; for 4 expenditures, the center did not adequately justify sole-source procurement; and for 4 expenditures, the center circumvented competitive bidding by using improper bids. The 44 expenditures totaled \$550,972.

These conditions occurred because ETR Turner had not established a control environment, including procedures and oversight, to ensure compliance with applicable sections of the FAR. In addition, neither ETA contracting personnel nor Job Corps regional staff adequately monitored ETR Turner procurement activities.

WHAT OIG RECOMMENDED

We recommended the Assistant Secretary for Employment and Training recover questioned costs as appropriate, and direct ETR and the center to establish procedures, training, and oversight to ensure compliance with the FAR. We also recommended that ETA contract personnel and Job Corps regional staff review all future ETR Turner sub-contracts for FAR compliance and approval prior to award, and review ETR corporate contracts to determine if they are in compliance with FAR.

ETA generally agreed with our findings and accepted in full or in part all of our recommendations. ETR disagreed with our findings and stated that the FAR pertains to contract award decisions by government contracting officers, and not to sub-contract award decisions by ETR.