

BRIEFLY...

Highlights of Report Number 26-12-002-03-370, issued to the Assistant Secretary for Employment and Training.

WHY READ THE REPORT

Management and Training Corporation (MTC) operates the Paul Simon Job Corps Center (MTC Paul Simon). This report discusses how MTC Paul Simon did not ensure best value was received by the government when awarding sub-contracts and purchase orders. While MTC is not required to specifically comply with the Federal Acquisition Regulation (FAR), DOL policy requires MTC's procedures to be consistent with FAR principles for fair and open competition. We questioned costs totaling \$1.3 million due to MTC Paul Simon's non-compliance with its own procurement Standard Operating Procedures (SOP). The report also discusses process improvements MTC, ETA, and Job Corps need to make to ensure MTC Paul Simon future sub-contract and purchase order awards comply with its own procurement guidance.

MTC's current contract with Job Corps to operate the center covers the five-year period from August 1, 2008, to July, 31 2013. The contract value totals approximately \$49 million, including \$19 million for the base 2-year period and \$30 million over three option years.

WHY OIG CONDUCTED THE AUDIT

Our audit objective was to answer the following question:

Did MTC Paul Simon ensure best value when awarding sub-contracts and claiming costs?

Our audit work was conducted at the MTC Paul Simon Job Corps Center in Chicago, IL, and at the Chicago Regional Office of Job Corps in Chicago, IL.

READ THE FULL REPORT

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

<http://www.oig.dol.gov/public/reports/oa/2012/26-12-002-03-370.pdf>.

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MANAGEMENT & TRAINING CORPORATION DID NOT ENSURE BEST VALUE IN AWARDING SUB-CONTRACTS AT THE PAUL SIMON JOB CORPS CENTER

WHAT OIG FOUND

MTC Paul Simon improperly awarded 8 of the 10 sub-contracts managed during our review period. For the eight sub-contracts, we questioned \$1,101,414 because MTC Paul Simon did not comply with its own SOPs. Specifically, cost or price analysis and responsibility checks of the sub-contractors' ability to satisfactorily perform the sub-contracts were not performed.

Issues were also found in the award of purchase orders to vendors for 23 of the 50 expenditures more than \$3,000 that we statistically selected. For 16 of these expenditures, MTC Paul Simon did not adequately justify sole source procurements as required by its own SOPs; and for 7 expenditures the center improperly claimed costs for a grant awarded by the city of Chicago. We questioned \$224,198 for the 23 expenditures.

These conditions occurred because MTC Paul Simon had not established a control environment, including training and oversight, to ensure consistent compliance with its SOPs. In addition, neither ETA contracting personnel nor Job Corps regional staff adequately monitored MTC Paul Simon procurement activities.

WHAT OIG RECOMMENDED

We recommended the Assistant Secretary for Employment and Training recover questioned costs as appropriate and direct MTC and MTC Paul Simon to strengthen procurement procedures, training, and oversight to ensure compliance with its own procurement criteria. We also recommended that ETA contract personnel and Job Corps regional staff review all future MTC Paul Simon sub-contracts for procurement compliance and approval prior to award.

ETA generally agreed with our findings, fully or partially accepted our recommendations, and will require MTC Paul Simon to request ETA approval before any future sub-contracting awards. MTC disagreed with our draft report, including our use of the FAR as criteria for sub-contracting awards made by MTC. Based on the responses of MTC and ETA, we adjusted the report to reflect that MTC must comply with its own procurement SOPs, which must be consistent with the FAR principles to ensure best value.