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

BRIEFLY…

Highlights of Report Number 26-13-001-03-370, issued to the Assistant Secretary for Employment and Training.

WHY READ THE REPORT

From March 31, 2011, through June 22, 2012, we issued a series of performance audit reports on sub-contracting for six Job Corps centers operated by private contractors. This report summarizes our findings, recommendations, and the corrective actions the Employment and Training Administration (ETA) is making to improve guidance and oversight.

Job Corps is a residential training program for disadvantaged youth where employability skills are developed. Its training activities and living facilities are housed within 125 centers throughout the country. The Job Corps program is administered by the Employment and Training Administration (ETA). Job Corps' annual program budget is about $1.7 billion.

Job Corps' 125 centers are operated for the U.S. Department of Labor by private companies through competitive contracting processes, and by other Federal agencies through interagency agreements.

WHY OIG CONDUCTED THE AUDIT

Our six audits addressed the following question:

> Did the centers and respective center operators ensure best value to the Federal government when awarding sub-contracts and claiming costs?

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/2013/26-13-001-03-370.pdf.

NOVEMBER 2012

SUMMARY REPORT OF SUB-CONTRACTING AT SIX PRIVATELY OPERATED JOB CORPS CENTERS

WHAT OIG FOUND

All six centers audited and their respective center operators – Los Angeles (Young Women's Christian Association of Greater Los Angeles); Red Rock (Adams and Associates, Inc.); Turner and Oneonta (Education and Training Resources, Inc.); and Clearfield and Paul Simon (Management and Training Corporation, Inc.) – did not always ensure best value to the Federal government when awarding sub-contracts and purchase orders. Additionally, two centers (Clearfield and Paul Simon) did not support claimed costs by consistently obtaining required documentation. In aggregate, we identified $8.7 million in questioned costs – the total value of the sub-contracts and purchase orders awarded without ensuring best value.

These conditions occurred because the center operators were not aware of the Federal and contractual requirements applicable to their procurement activities and did not establish the necessary controls to ensure compliance with their own procurement standard operating procedures. Additionally, ETA did not effectively enforce the center operators' adherence to the procurement requirements for Job Corps centers and did not provide adequate oversight of their sub-contracting practices.

WHAT OIG RECOMMENDED

We recommended ETA and the center operators both improve guidance and oversight over center sub-contracting to ensure best value to the government. Furthermore, we recommended ETA recover any monetary differences between the fair value of the services received and our questioned costs. The center operators audited generally did not agree they had to comply with Federal procurement requirements because they were private contractors.

ETA generally agreed with our findings and recommendations and indicated it has made programmatic changes to improve its own guidance and oversight over center sub-contracting.