

BRIEFLY...

Highlights of Report Number: 26-14-001-03-370, issued to the Assistant Secretary for Employment and Training.

WHY READ THE REPORT

From July 1, 2011, through June 30, 2012, the Office of Job Corps (Job Corps) spent \$21.2 million on student travel expenses for initial trips to Job Corps centers, admissions, transitions (e.g., transfers and separations), and winter and summer break. This report highlights instances where hundreds of thousands of dollars in government funds were misused or wasted because Job Corps lacked basic internal controls over its student travel expenses, and opportunities where funds could be put to better use.

WHY OIG CONDUCTED THE AUDIT

In May 2012, the Assistant Secretary for Employment and Training (ETA) requested the OIG review allegations that a center employee used hundreds of prepaid debit cards, intended for students, to pay for personal purchases. In response to this request, we conducted an audit to answer the following question:

- Were all student travel expenses claimed by Job Corps centers allowable and in accordance with applicable policies and requirements?

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/2014/26-14-001-03-370.pdf>.

April 2014

JOB CORPS NEEDS TO IMPROVE CONTROLS OVER STUDENT TRAVEL FUNDS

WHAT OIG FOUND

We identified \$249,477 in questioned costs due to center staff and students using prepaid debit cards for personal gain and \$116,633 in wasteful spending on unnecessary merchant fees for the cards and unused card balances. We also identified frequent suspensions of center government purchase card accounts due to delinquency or non-payment, costing Job Corps at least \$496,258 in lost discounts on government airfares and merchant fees; \$39,747 in questioned costs due to unsupported travel expenses (projected to \$4.2 million based on our statistical testing); and non-compliance with competitive bidding requirements.

These conditions occurred because basic internal controls over centers' prepaid debit cards and purchase card transactions (e.g., regular oversight, requiring signed supervisor approvals and documentary support for claimed costs) were lacking. In total, we believe improved internal controls could result in better use of an estimated \$5.1 million in Job Corps funds.

WHAT OIG RECOMMENDED

We recommended the Assistant Secretary for Employment and Training require centers and Job Corps management to improve internal controls, including processes and oversight, to ensure center student travel expenses are allowable, necessary, prudent, and competitively bid. Additionally, the OIG recommended Job Corps determine why centers' government purchase card accounts were suspended and collect \$289,224 in questioned costs from applicable center operators.

The Assistant Secretary agreed with our results and recommendations and stated ETA has taken steps to address the issues identified in the report and will take additional steps to ensure all student travel expenses are allowable, necessary, prudent, and well documented, and that center operators' contracting programs utilize a competitive process for procuring travel services. ETA will also pursue collection of the questioned costs.