

BRIEFLY...

Highlights of Report Number: 03-05-004-03-370 to the Assistant Secretary, Employment and Training. March 31, 2005.

WHY READ THE REPORT

There are currently 90 contractor-operated Job Corps centers run by 28 for-profit corporations or nonprofit organizations. Center operating costs are reported to the Office of Job Corps monthly on Form ETA-2110, Job Corps Center Financial Report, and include direct center expenses such as center staff salaries, student food, student clothing, utilities, medical, and dental expenses, as well as indirect costs such as contractor fees and general and administrative expenses.

WHY OIG DID THE AUDIT

The Office of Inspector General contracted with M.D. Oppenheim & Company to conduct a performance audit of Job Corps Center (JCC) operating costs at 12 contractor-operated centers for the period October 1, 2003 through March 31, 2004. The audit was performed in conjunction with the audit of the U.S. Department of Labor's Consolidated Financial Statements for Fiscal Year 2004.

The audit was conducted to answer the following question:

Are Job Corps contractors complying with laws, regulations, and Job Corps policies and procedures related to center operating 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/2005/03-05-004-03-370.pdf>.

MARCH 2005

Performance Audit of
Job Corps Center Operating Costs

WHAT OIG FOUND

The audit found that, overall, Job Corps contractors are complying with laws, regulations, and Job Corps policies and procedures related to center operating costs. However, the auditors did identify three areas of noncompliance that related to specific contractor operations (1) inadequate accounting systems, (2) discrepancies between the ETA-2110 and Public Voucher, and (3) compensation in excess of statutory limitations. The auditors also found one area of noncompliance that was a cross-cutting issue found at several centers - journal entries not authorized, not adequately supported, or incorrectly recorded.

WHAT OIG RECOMMENDED

We recommended that the Assistant Secretary for Employment and Training direct Job Corps to:

Require the contractor for the North Texas JCC (1) refund \$786,977 because the contractor did not substantiate that these costs were reasonable and allowable; (2) use a current cost method to prepare the ETA-2110 financial report; and (3) take the necessary steps to ensure there is support for the amounts reported on the ETA-2110.

Ensure that final financial reports and billings by the former contractor for the Homestead JCC are accurate and complete, that Homestead JCC staff receive training on how to accurately prepare the monthly ETA-2110, and that controls are implemented to ensure all future submissions are properly reconciled to the Public Voucher and the books of account.

Require that the contractor for the Treasure Island JCC, refund \$38,235 paid in excess of Executive Level II compensation limits.

Ensure that each center has written policies and procedures related to the preparation, documentation, recording, and approval of all journal entries made to the centers' books of account and that corrective actions are taken by the five JCCs to address the deficiencies reported.

The Assistant Secretary for Employment and Training agreed with our recommendations.