

# U.S. Department of Labor

Office of Inspector General—Office of Audit

**EMPLOYMENT AND  
TRAINING ADMINISTRATION**



## **SAN DIEGO JOB CORPS CENTER: STUDENT ATTENDANCE AND TRAINING DATA OVERSTATED**

Date Issued: September 30, 2005  
Report Number: 09-05-004-03-370

**Department of Labor  
Office of Inspector General  
Office of Audit**

# BRIEFLY...

Highlights of Report Number: 09-05-004-03-370, a report to Emily Stover DeRocco, Assistant Secretary for Employment and Training.

## **WHY READ THE REPORT**

This report discusses why student attendance and training data reported for the San Diego Job Corps Center (San Diego) were not reliable and contains recommendations to improve that reliability.

## **WHY OIG DID THE AUDIT**

The Office of Inspector General conducted an audit at San Diego to determine the merits of a hotline complaint alleging that San Diego management ordered staff to tell students to leave their resignation forms undated. The complainant alleged that this allowed San Diego personnel to manipulate student resignation dates to inflate student attendance, as reflected on the On-Board Strength (OBS) performance measure. This audit was also one in a series of planned audits to assess Job Corps' processes for ensuring the reliability of performance outcomes reported by center operators.

## **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/2005/09-05-004-03-370.pdf>

**September 2005**

## **SAN DIEGO JOB CORPS CENTER: STUDENT ATTENDANCE AND TRAINING DATA OVERSTATED**

### **WHAT OIG FOUND**

We found the substance of the allegation was valid. San Diego staff obtained undated resignation forms from students so that they could make up a separation date later. In fact, the practice of prolonging student stays after separation was widespread, and included students who completed a vocation. We found that San Diego extended the stay of about 50 percent of the 717 students who left the center in program year 2003. As a result, the OBS was overstated and liquidated damages of a maximum of \$618,369 could be due to Job Corps.

We also found that two of the four selected performance measures we tested – the 60-Day Commitment Rate and GED/ High School Diploma Attainment Rate – were reliable. The other two-- OBS (noted above) and Vocational Completion Rate, were not.

The number of vocational completions was overstated by over 50 percent. Training records did not support that students had completed all the vocation's tasks with an appropriate level of proficiency.

### **WHAT OIG RECOMMENDED**

We recommended that the Assistant Secretary ensure that Job Corps management takes corrective action. Our key recommendations were to strengthen controls at San Diego and increase monitoring over San Diego to ensure compliance with Job Corps' requirements for the student accountability and vocational completions.

ETA agreed with our recommendations. Job Corps had already begun taking action to ensure performance data reliability at all its centers. Further, Job Corps obtained a Corrective Action Plan specifically for San Diego and corrective actions have begun.

# Table of Contents

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	PAGE
EXECUTIVE SUMMARY .....	3
ASSISTANT INSPECTOR GENERAL'S REPORT .....	9
1. Objective 1 – The allegation that San Diego personnel manipulated student resignation dates is valid. ....	10
2. Objective 2 – Two of the four selected performance measures tested are reliable. ....	19
EXHIBITS .....	25
A. Reported Performance Outcomes Impact Reimbursable Expenses, Incentive and Bonus Payments, and Job Corps Supervision .....	27
B. OIG Calculations for CSDC Maximum Potential Refund to the Government-Liquidated Damages.....	29
C. Extended Student Resignations.....	31
APPENDICES.....	33
A. Background .....	35
B. Objectives, Scope, Methodology, and Criteria.....	37
C. Acronyms and Abbreviations.....	41
D. Agency Response to Draft Report .....	43

# **Executive Summary**

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We conducted a performance audit at the San Diego Job Corps Center (San Diego), operated by Career Systems Development Corporation (CSDC). San Diego is one of nine centers operated by CSDC.

We initiated the audit to determine the merits of a hotline complaint dated March 28, 2003. The complainant alleged that San Diego management had ordered staff to tell students to leave their resignation forms undated. The complainant alleged that this allowed San Diego personnel to manipulate student resignation dates to inflate San Diego's reported student attendance as reflected in the student On-Board Strength (OBS) performance measure.

This audit was also one in a series of planned audits to assess the reliability of performance measures reported by Job Corps center operators. As such, we performed additional tests of selected performance data unrelated to the complaint.

Job Corps uses various performance and outcome measures, including OBS, as part of a comprehensive management system to assess program effectiveness. The purposes of the management system are threefold: (1) to meet Federal and legislative accountability requirements for the Job Corps system; (2) to assess accomplishments in implementing program priorities and serving students effectively; and (3) to have a management tool that provides useful and relevant feedback on performance, while encouraging continuous program improvement. Job Corps uses OBS to measure a center's capacity utilization and to help monitor program costs.

Our audit objectives were to answer the following specific questions:

1. Is the allegation that San Diego personnel manipulated student resignation dates valid?
2. Are the following four selected performance measures reliable?
  - a. Student On-Board Strength
  - b. 60-day Commitment Rate
  - c. General Education Development (GED)/High School Diploma Attainment Rate
  - d. Vocational Completion Rate

## Results

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### Allegation Was Valid

We found the substance of the allegation was valid. Our work at San Diego showed that San Diego staff obtained undated resignation forms/letters from students so that San Diego staff could make up a date later. The separated students would be placed on various types of leave or be reported as Present for Duty Off Center (PDOF) as a way to delay reporting the student had separated from San Diego.

Furthermore, the practice of actually prolonging student stays was widespread. It was not isolated to students who resigned, but also included students who completed a vocation. In fact, we found that San Diego extended the stay of approximately 50 percent (between 328 and 354) of the 717 students who left San Diego in PY 2003.

This violates Job Corps' Policy and Requirements Handbook (PRH). In addition, the Job Corps contract with CSDC contains a clause specifying dollar amounts (liquidated damages) that CSDC must pay if the PRH regarding student accountability is violated.

This occurred because neither San Diego nor CSDC had established adequate controls to monitor reporting of student separations, leave and PDOF. Specifically, San Diego management had neither established responsibility nor given anyone the authority for ensuring Job Corps requirements were followed and terminations were accurately recorded. In addition, student separations were not included in CSDC annual reviews. As a result, San Diego's OBS was overstated and (1) liquidated damages of as much as \$618,369 could be due, and (2) Job Corps management has made decisions based on incorrect data. In addition, students continue to earn their pay while on inappropriately extended stays. There is also a question of Job Corps' liability for student actions while listed as PDOF. Furthermore, this condition may exist at other CSDC operated centers.

### Two of the Four Selected Performance Measures Were Reliable

Two of the four selected performance measures -- the 60-Day Commitment Rate and GED/ High School Diploma Attainment Rate -- we tested were reliable. The other two performance measures, OBS (noted above) and Vocational Completion Rate, were not.

Specifically, 26 of 48 of the Training Achievement Records (TARs) we tested did not support the reported vocational completion. Students had not completed all the vocation's tasks with an appropriate level of proficiency. This occurred because San Diego personnel were not properly trained in Job Corps requirements for vocational completions. As a result, San Diego appeared to be more successful than it was.

San Diego may not be adequately training students, and this could adversely affect students' ability to obtain and retain employment.

### Nationwide Action by Job Corps

In response to two earlier OIG reports,<sup>1</sup> Job Corps has already begun taking action to ensure performance data reliability at all centers. To improve system-wide data validation Job Corps has:

- initiated updates to the Program Assessment Guide (PAG), which is the technical assistance guide for regional office reviews of centers,
- required each regional office to conduct mandatory audits of student records concurrent with annual center quality assessments,
- convened a national performance data reliability workgroup to make recommendations for processes to ensure system-wide integrity of performance data,
- conducted pilot reviews at selected centers to evaluate performance data sampling methodologies recommended by the workgroup, and
- issued clarification to the Job Corps community regarding use of AWOL status and parameters for reporting present for duty off-center.

### Recommendations

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We recommend that the Assistant Secretary for Employment and Training ensure that Job Corps management takes appropriate action to address the manipulation of student attendance records and unsupported vocational completions at San Diego. These actions should include requiring that Job Corps management:

1. Monitor San Diego to ensure center management establishes central authority and responsibility for center compliance with Job Corps requirements for student accountability and separations.
2. Sample San Diego student attendance records and supporting documentation from at least PY 2002 to the present to determine how long the practice of inflating OBS has taken place and compute liquidated damages.

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<sup>1</sup> *Interim Report – Job Corps Performance Measurement Outcomes*, Report No. 09-04-004-03-370, dated September 30, 2004 and *Kittrell Job Corps Center: Manipulation of Student Attendance and Training Records*, Report No. 09-05-001-03-370, dated March 30, 2005.

3. Monitor CSDC to ensure student separation reporting and procedures are included in their annual review of all CSDC centers.
4. Monitor San Diego to ensure center management establishes controls over TARs to ensure the TARs are complete with scores “proficient” or higher before claiming vocational completion credit.
5. Review vocational completions reported by San Diego from at least PY 2003 to the present to correct the Vocational Completion Rate.
6. Monitor all CSDC centers to ensure center personnel are adequately trained on the TAR requirements.

#### Agency Response

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ETA generally concurred with our findings and recommendations. Job Corps had already obtained from the contractor a comprehensive Corrective Action Plan (CAP) to address the discrepancies and deficiencies identified by the OIG.

The National Office of Job Corps agreed to implement the recommendations made by the OIG regarding center management, attendance records and supporting documentation, vocational completions, and staff training in administrative record-keeping.

ETA stated that while CSDC, the operator of San Diego, contended that errors in reporting and documentation found during the OIG investigation were not the result of wrongful intent, CSDC acknowledged that there was a need for a stronger system of monitoring the center’s data integrity. Through their CAP they have established an internal Auditing Team, updated directives, made provisions for staff training, and eliminated such practices as obtaining undated resignation letters, etc.

Job Corps agreed to conduct, to the extent possible with the records available at the center, a thorough analysis of San Diego’s student records in terms of potentially-inflated OBS, improper student records/documentation, etc., in order for Job Corps to determine the correct amount of overpayment to be refunded. Job Corps agreed to take all steps necessary to regain the actual overpayments and implement improved data validation procedures for centers and regional reviewers that will benefit not only San Diego, but all Job Corps centers across the country.

**OIG Conclusion**

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As noted earlier, in response to two earlier OIG reports,<sup>2</sup> Job Corps had already begun taking action to ensure performance data reliability at all centers. This, in addition to the specific corrective actions planned for San Diego, will adequately resolve our recommendations. Also, due to the corrective actions already implemented, recommendations 4 and 6 are also closed.

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<sup>2</sup> *Interim Report – Job Corps Performance Measurement Outcomes*, Report No. 09-04-004-03-370, dated September 30, 2004 and *Kittrell Job Corps Center: Manipulation of Student Attendance and Training Records*, Report No. 09-05-001-03-370, dated March 30, 2005.

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**U.S. Department of Labor**

Office of Inspector General  
Washington, DC 20210



## **Assistant Inspector General's Report**

Ms. Emily Stover DeRocco  
Assistant Secretary for Employment and Training  
U. S. Department of Labor  
200 Constitution Ave., N.W.  
Washington, D.C. 20210

We conducted an audit at the San Diego Job Corps Center (San Diego), operated by Career Systems Development Corporation (CSDC). We initiated the audit to determine the merits of a hotline complaint dated March 28, 2003. The complainant alleged that San Diego management had ordered staff to tell students to leave their resignation forms undated. The complainant alleged that this action then allowed San Diego personnel to manipulate student resignation dates to inflate San Diego's reported student attendance as reflected in the Student On-Board Strength (OBS) performance measure.

This audit was also one in a series of planned audits to assess Job Corps' process for ensuring the reliability of performance outcomes reported by center operators. As such, we performed additional tests of performance data unrelated to the complaint.

We focused on the following two audit objectives:

1. Is the allegation that San Diego personnel manipulated student resignation dates valid?
2. Are the following four selected performance measures reliable?
  - a. Student On-Board Strength
  - b. 60-day Commitment Rate
  - c. GED/High School Diploma Attainment Rate
  - d. Vocational Completion Rate

We conducted the audit in accordance with Government Auditing Standards for performance audits. Our audit scope, methodology, and criteria are detailed in Appendix B.

**Objective 1 – Is the allegation that San Diego personnel manipulated student resignation dates valid?**

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**Results and Finding**

We confirmed that the allegation was valid. In fact, the manipulation of student separation dates was widespread. It was not isolated to students who resigned. The OIG received a hotline complaint on March 28, 2003, concerning San Diego. The complainant alleged that San Diego management had ordered staff to tell students to leave their resignations undated. The complainant alleged that this action then allowed San Diego personnel to manipulate student resignation dates to inflate San Diego's reported student attendance as reflected in the Student On-Board Strength (OBS) performance measure.

We confirmed that the allegation's substance was valid. San Diego personnel manipulated student separation dates. In fact, we are 95 percent confident that San Diego improperly extended the stays of 328 to 354 of the 717 students who left San Diego in PY 2003. (See page 11 for more detail.) Only a few students actually resigned; most graduated with a completed vocation.

This occurred because neither San Diego nor CSDC had management controls in place to monitor use of student leave, PDOF, and separation dates. Student attendance at San Diego was improperly inflated and San Diego appeared to be operating at a higher capacity than it really was. We judgmentally selected 3 days in PY 2003. We found that the OBS was overstated, on the average, by 39 students per day. (See page 14 for more detail.) This distorted the data Job Corps management uses in its decision-making and may have prevented additional students from joining Job Corps. In addition, using amounts from San Diego's contract with Job Corps, we estimate San Diego could owe as much as \$618,369 to Job Corps for liquidated damages.

Student Attendance or On-Board Strength Performance Measure

Student attendance at a Job Corps center is measured by OBS. OBS measures the ability of a center to operate at or near its capacity.<sup>3</sup> Each center is expected to maintain an OBS of 100 percent of capacity. In fact, Job Corps uses OBS to monitor contractor expenses and make budget decisions. For example, if OBS falls below 98 percent, Job Corps sets in motion various budget decisions affecting the center operator. With program emphasis on serving as many disadvantaged youth as possible, it is highly desirable to operate with as high an OBS as possible.

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<sup>3</sup> OBS is a count of the number of students actively attending a particular center. This measure depicts quarterly cumulative results for each program year.

### Separation and Leave Requirements

In order to make the OBS a meaningful measure, Job Corps requires accurate accounting and reporting of student attendance, leave, and separation. Specifically, Job Corps' Policy and Requirements Handbook (PRH), Chapter 6 sets forth the accountability requirements and describes the allowable conditions for students to be away from centers. The following chart shows the major categories of student accountability and the conditions for each category.

**Categories of Student Accountability**

Student Status	Uses	Limitations
Present for Duty on Center	Normal training	None
Present for Duty Off Center	Authorized activities off center	2 weeks per year <sup>4</sup>
On Pass	Authorized overnight absences	None
Absent Without Leave (AWOL)	Fails to report to center	6 consecutive training days or 12 total training days in 6 months requires separation
Unpaid Administrative Leave	Absence due to family compassion or hardship or other specified reason	30 training days per year
Paid Administrative Leave	Absence for medical treatment or other authorized activity	10 training days per 6 month period

In addition, PRH Chapter 6.1 R2a, states: "Leave shall not be granted as a means of artificially postponing a student's separation date."

### Hotline Complainant and San Diego Employees Disclosed Improper Leave Used to Inflate On-Board Strength

The hotline complainant alleged improper recording of student separation dates. According to the complainant, when students resigned from the program, the students were instructed to submit undated resignation letters so that San Diego could record the student separations at a later date. The complainant further alleged that after the student resigned and left San Diego, staff would put the student on various types of leave to keep them in the counted OBS.

The allegation was valid. San Diego employees told us they obtained undated resignation letters/forms from students so that San Diego staff could make up a date later. The separated students would be placed on various types of leave or be

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<sup>4</sup> The PRH does not include a specific time period, but requires the Center to develop a policy that is approved by Job Corps. The Center's policy was 2 weeks and was approved by Job Corps beginning October 1, 2003. We allowed the 2 weeks in our calculations.

reported as Present for Duty Off Center (PDOF) as a way to delay reporting the student had separated from San Diego. San Diego employees further explained that, in some cases, student resignations were not recorded immediately in order to give the students time to reconsider their resignation. According to Job Corps requirements, once a student officially resigns, the student cannot reapply for a year. Therefore, San Diego staff wanted to wait as long as possible to record the resignation. However, Job Corps requirements allow a maximum 6 days absence before automatic separation.

We evaluated the validity of the complaint as part of our testing of OBS. We statistically sampled 105 students who separated from the program in PY 2003 by any means.<sup>5</sup> This OBS sample included 16 students who had submitted resignation letters. We found all 16 letters to be undated. San Diego reported these students had stayed on-center between 3 and 64 days after they had left. See Exhibit C for details on the 16 sampled students who resigned, their last day physically at San Diego, and the separation date San Diego recorded.

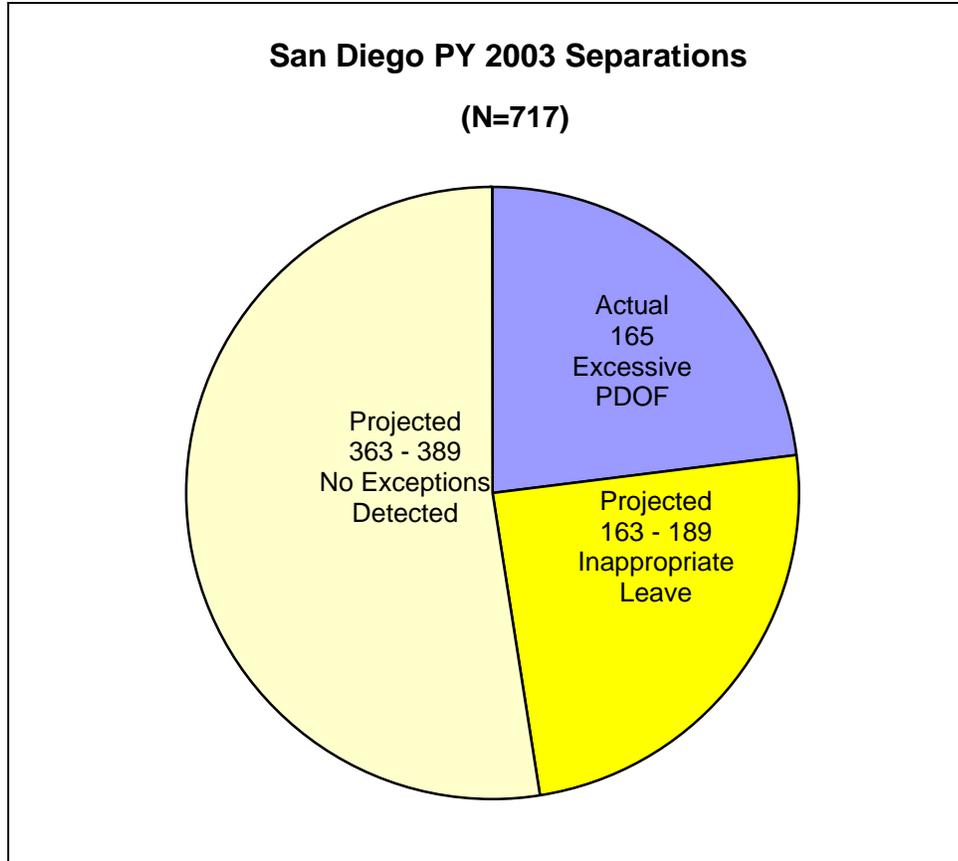
To illustrate, a student resigned from Job Corps after obtaining a job. The student's resignation letter was undated. To determine the student's last day at the center we examined the student's file and found that the student's counselor initiated a leave form for unpaid administrative leave on January 6, 2004. However, the counselor notes for that day state the student had a job and would no longer be attending Job Corps. We verified the student's last day at the center was January 6, 2004. His leave began on January 7, 2004, and continued until San Diego separated the student on February 3, 2004.

#### Artificially Extending Student Stays Widespread

By interviewing San Diego employees and reviewing student files, we found that the practice of manipulating student separation dates went beyond student resignations. The practice extended to other types of separations, as well. For PY 2003, San Diego reported 717 students left San Diego. Based on our testing, we estimate, with 95 percent confidence, that between 328 and 354 of these students were counted in OBS after they left San Diego. This consisted of 165 students with excessive PDOF and 163 to 189 students with inappropriate leave, as shown in the following chart.

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<sup>5</sup> In PY 2003, San Diego reported 717 students left the program. See page 12 for more details on the sample.



San Diego employees told us that students who left San Diego would continue to be placed on leave until a “separation slot” was available that would not adversely affect San Diego’s OBS. The separation slots were controlled by San Diego’s Career Transition Services Department (CTS). Every Thursday, the CTS had a meeting with managers, and they decided which students separated and the separation dates. San Diego employees told us that the number of outgoing students had to match or be less than the number of incoming students. Otherwise, San Diego could not stay above the targeted OBS level of 98 percent. Generally, San Diego allowed for 15 students to leave each week. However, students did not always leave San Diego as center employees had planned and balancing the OBS was deemed necessary to maintain San Diego’s performance.

A review of files confirmed this practice. To determine the extent to which San Diego inappropriately used leave or PDOF to keep students in the OBS, we performed two tests: one for students with leave immediately before separation and one for students who were reported as PDOF.

### Inappropriate Use of Leave

For the first test, we identified a PY 2003 separated student population of 717 students. We then electronically analyzed all student leave recorded in San Diego's Center Information System (CIS) for these students. From the 717 student separations during PY 2003, we identified 225 students that had 7 or more days of consecutive leave immediately before separation. (We used 7 days because the PRH allows 6 consecutive days of AWOL before separating a student.) From the 225, we statistically selected a random sample of 105 students to determine if the students were improperly included in OBS.

We found 82 of the 105 students (78 percent) had inappropriate leave before separation that improperly extended their recorded stay at San Diego. These 82 students had a combined total of 1,984 inappropriate leave days. We project with 95 percent confidence that between 163 and 189 students had inappropriate leave to extend their stay.

### Inappropriate Use of PDOF

Our second test focused on students who were on PDOF. PDOF is a designation for students who are not on leave but are in a duty status away from a center. According to the PRH, PDOF is to be used only for authorized activities off center, including:

- Competitions or awards.
- Work-based learning.
- Vocational skills training projects off center.
- Recruiting drives.
- Escort duty.
- Out-of-town job interviews, apprenticeship jobs, or Armed Forces processing.

During our initial testing, we found PDOF was not included in San Diego's electronic CIS for the first 9 months of PY 2003. This was because San Diego's information system was being upgraded at that time. Therefore, none of the students who were on PDOF before separation in the first 9 months of PY 2003 were included in our electronic analysis discussed earlier. Therefore, to obtain a complete universe, we manually identified all students placed on PDOF during this time period from San Diego's attendance records. We identified an additional 246 students and tested 100 percent of these students for compliance with PRH and San Diego requirements.<sup>6</sup> We found 165 of the 246 students had improperly had their stay at San Diego extended by inappropriately using PDOF for a total of 4,796 days.

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<sup>6</sup> The PRH does not include a specific time period, but requires the Center to develop a policy that is approved by Job Corps. The Center's policy was 2 weeks and was approved by Job Corps beginning October 1, 2003. We allowed the 2 weeks in our calculations.

In one example, a student came to San Diego for training, but resigned after 3 days. He left to go to college and never came back. San Diego put him on PDOF and leave for 42 days before separating him on AWOL.

In another example, a student had finished his job training, completed his high school education, and left San Diego for gainful employment. However, San Diego put him on PDOF for 54 days before separating him (as a result, he waited an additional 2 months for his transition allowance<sup>7</sup> to start his new life).

None of the absences comprising the 4,796 days met the requirements of the PRH for PDOF. None of the students were on authorized activities away from San Diego. PDOF was being used to inappropriately extend student stays at San Diego.

### San Diego Management Did Not Monitor Leave

We attributed this lack of compliance with Job Corps requirements to a lack of management oversight. San Diego management did not adequately monitor student separation dates, leave, and PDOF. The CTS Department put students on leave or on PDOF without their request and without management approval. CTS, with assistance from other departments, then kept the students on leave or PDOF without management review and without management's knowledge.

Specifically, San Diego management had not established a position with sufficient authority and responsibility to ensure compliance with Job Corps requirements. For example, the Records Supervisor was responsible for overall student accountability but could not approve or disapprove student leave or PDOF. Instead, student leave and PDOF status could be approved by up to five other officials. When these officials inappropriately approved leave or PDOF, there was no one with sufficient authority to question the approvals.

In fact, when we interviewed San Diego employees, we learned that since no one was accountable or responsible for ensuring an accurate reporting of the student separation date, there could be differences of days, weeks, or even months between the reported separation date and the actual separation date. In our sample, students were extended from 3 to 140 days.

In addition, CSDC did not properly monitor San Diego's use of student leave, PDOF, and separation of students. PRH Chapter 6 requires center operators to perform annual reviews of center operations. While CSDC did perform annual reviews, the reviews did not disclose that the lack of management controls allowed the widespread inappropriate use of leave and PDOF to inflate OBS.

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<sup>7</sup> Job Corps provides \$750 to students who complete a vocation to help them transition to stable employment and community living. This is in addition to the daily allowance students earn while attending Job Corps.

Further, CSDC operates eight other Job Corps centers. According to CSDC personnel, the annual reviews of these centers generally followed the same steps as the annual review for San Diego. Therefore, we believe these conditions could exist at CSDC's other centers and not have been detected.

OBS Overstatement on a Typical Day

We judgmentally selected 3 days from PY 2003 to determine the number of students who should have been included in OBS for a typical day at San Diego. We determined the number of students included in the OBS for these days that were on questionable leave or PDOF. We considered students to be on questionable leave if they were in consecutive leave of 7 days or more immediately before separation.

**Snapshot: Reported OBS vs. Actual OBS**

Date	OBS Threshold (98 percent)	Reported OBS	Students on Questionable Leave	OIG Estimated Actual OBS
7/16/2003	637	634	42	592
1/28/2004	637	575	48	527
5/11/2004	637	657	27	630

As can be seen, San Diego's actual OBS as estimated by OIG was lower than reported.

Effect of Inflated OBS

The contract with San Diego states that Job Corps may assess liquidated damages if San Diego keeps students in the OBS inappropriately. Using the \$66 per student day (stipulated in the contract), the OIG statistician has projected the monetary liquidated damages for inappropriate use of leave and PDOF as shown in the following table at a 95 percent confidence level. As the table below shows, we believe liquidated damages could range from a low of \$576,847 to a high of \$618,369.

**Potential Liquidated Damages  
PY 2003**

	PDOF	Leave (Projected Range)		Total (Projected Range)	
		Low	High	Low	High
Number of Students	165	163	189	328	354
Number of Days	4,796	3,944	4,573	8,740	9,369
Contract Rate	\$66	\$66		\$66	
Total	\$316,536	\$260,311	\$301,833	\$576,847	\$618,369

In addition, we believe this practice may have a detrimental effect on the number of students San Diego could be serving. Since San Diego statistics were not accurate and it appeared OBS was higher than it was, outreach efforts may have been curtailed or slowed to keep from recruiting more students than could be accepted. At the very least, students may have been kept waiting to get in to San Diego when space, in fact, was available. This means that San Diego did not serve as many at-risk youth as it could have – in direct opposition to Job Corps goals. Also, Job Corps management may be using this flawed data in management decisions.

Furthermore, students are paid a small daily allowance that they continue to earn while they are on leave or on PDOF. The students also continue to receive health care coverage while technically a Job Corps student. There also may be some liability for separated students health needs while being kept on the records.

Nationwide Action Taken by Job Corps

In response to two earlier OIG reports related to performance measures<sup>8</sup>, Job Corps has already begun taking action to ensure performance data reliability at all centers. To improve system-wide data validation Job Corps has:

- initiated updates to the Program Assessment Guide (PAG), which is the technical assistance guide for regional office reviews of centers,
- required each regional office to conduct mandatory audits of student records concurrent with annual center quality assessments,
- convened a national performance data reliability workgroup to make recommendations for processes to ensure system-wide integrity of performance data,

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<sup>8</sup> *Interim Report – Job Corps Performance Measurement Outcomes*, Report No. 09-04-004-03-370, dated September 30, 2004 and *Kittrell Job Corps Center: Manipulation of Student Attendance and Training Records*, Report No. 09-05-001-03-370, dated March 30, 2005.

- conducted pilot reviews at selected centers to evaluate performance data sampling methodologies recommended by the workgroup, and
- issued clarification to the Job Corps community regarding use of AWOL status and parameters for reporting present for duty off-center.

## **Recommendations**

The OIG recommends that the Assistant Secretary for Employment and Training ensure that Job Corps management takes appropriate action to address the manipulation of student attendance records at San Diego. These actions should include requiring that Job Corps management:

1. Monitor San Diego to ensure center management establishes central authority and responsibility for center compliance with Job Corps requirements for student accountability and separations.
2. Sample San Diego student attendance records and supporting documentation from at least PY 2002 to the present to determine how long the practice of inflating OBS has taken place and compute liquidated damages.
3. Monitor CSDC to ensure student separation reporting and procedures are included in their annual review of all CSDC centers.

## **Agency Response**

ETA stated that Job Corps had obtained a Corrective Action Plan (CAP) from the center operator for San Diego, CSDC. ETA stated that the CAP addresses enhancements being made to the center's management structure as well as corporate oversight and internal review processes to assure data integrity. CSDC has replaced key center staff including the San Diego Center Director and Deputy Director, and has instituted other changes in management and operations. CSDC has newly authorized specific individuals as being responsible for specific functions at the San Diego center.

CSDC has also established both a center auditing team at San Diego, as well as a corporate-level internal auditing team to review all CSDC centers. Results of monthly center audits will be forwarded to the San Francisco Regional Office for review.

In addition, ETA stated the Office of Job Corps will conduct its own random sample review of San Diego student attendance records and supporting documentation from Program Year 2002 to the present, and will extrapolate these findings to determine the correct amount of reimbursable expenses that should have been made to CSDC. Upon that determination, the Office of Job Corps will take steps to recover any overpayments.

## **OIG Conclusion**

We concur with the corrective actions proposed by ETA and Job Corps. These findings are considered resolved but not closed. They will be closed when OIG receives the determination of the amount of any overpayment.

### **Objective 2 – Are the following four selected performance measures reliable?**

- a. Student On-Board Strength**
  - b. 60-day Commitment Rate**
  - c. GED/High School Diploma Attainment Rate**
  - d. Vocational Completion Rate**
- 

## **Results and Finding**

Two of the four selected performance measures we tested -- the 60-Day Commitment Rate and GED/ High School Diploma Attainment Rate -- were reliable. We tested statistical samples for these measures as follows:

- For the 60-day Commitment Rate we tested 47 of the 650 students reported.
- For GED/High School Completion Rate we tested 43 of 258 reported students.

We did not find any statistically significant errors.

The other two performance measures, OBS (previously discussed) and Vocational Completion Rate, were not reliable. The cause and effect of the OBS misstatement are discussed in the previous section. The Vocational Completion Rate was not reliable because Training Achievement Records (TARs) did not support that students achieved proficiency in their vocations.

### Vocational Completions Were Overstated

The third measure, Vocational Completion Rate, was not reliable. We tested a statistical sample of 48 vocational completions from the 768 vocational completions San Diego reported. We found that San Diego documents did not support 26 of the 48 vocational completions.

The Vocational Completion Rate is the number of students who completed training for at least one vocation while at San Diego. Vocational completion is determined by becoming proficient in all tasks set forth on a TAR. Each vocation has its own TAR.

In our sample, TARs were incomplete, with some required tasks not even attempted, and did not support the necessary proficiency level for students to have completed the vocation. This mainly occurred because San Diego personnel were not trained in TAR requirements and management did not monitor TARs for completeness and proficiency levels. As a result, students may not be properly trained for their vocations when they graduate from San Diego.

In addition, overstating this performance measure has two monetary impacts. First, this performance measure is used computing San Diego's incentive bonus. (See Exhibit A for an explanation of incentive and bonus payments.) Thus, San Diego may have been overpaid for its performance. Secondly, students receive \$750 for a vocational completion. Therefore, students were overpaid. Due to the way center bonuses are computed, we cannot project the total amount overpaid from our sample.

The following sections discuss these problems in more detail.

### TAR Requirements

In testing the Vocational Completion Rate, we examined the TARs. Job Corps uses the TARs to track students' progress through their vocational training. The TARs list the required tasks students must master to complete the vocation. Further, PRH Appendix 302 specifically states that for vocations taught by the National Training Contractors, a student must perform **all** tasks listed on the TAR to complete training for that vocation. This is required for all vocations.

The TAR also lists the date the task was completed and the proficiency level the student achieved for each specific task. The vocation instructor assesses each task performed by rating a student's proficiency as follows:

- Rating of 1 = Exposed to task but not proficient.
- Rating of 2 = Proficient to industry standards.
- Rating of 3 = Proficient and able to teach others.

The directions for the TAR state that a proficiency rating is to be given whenever a student performs a task listed on the TAR. The TAR also specifically states that a student must achieve a proficiency rating of 2 or 3 to pass.

We identified 768 vocational completions reported by San Diego for PY 2003 and took a statistical sample of 48 to examine. The results are discussed in the following sections.

### TARs Were Incomplete

We found that 13 of 48 (27 percent) students' TARs did not show the students had any training or exposure to tasks required to complete that vocation.

For example, San Diego claimed one student had completed Automotive Repair. However, of the 76 tasks on the TAR the student had not been exposed to or trained in 32 of them. These tasks included removing and replacing brake pads, removing and replacing batteries, and starting a vehicle using jumper cables.

In another case, the TAR for a student who had completed the Child Day Care Provider vocation indicated the student had not received training in 43 of 117 tasks. This student did not receive training in such basic tasks as: (1) demonstrating an understanding of the state childcare regulations and (2) describing characteristics of physical abuse, physical neglect, sexual abuse, and emotional maltreatment as defined by law.

San Diego erroneously claimed vocational completions because San Diego staff were not properly trained in Job Corps vocational requirements and misunderstood the need for training in all tasks. San Diego personnel believed the students only needed to complete 80 percent of the tasks listed on a TAR for San Diego to complete a vocation. San Diego management informed us that it was their belief that at one time this was all that was required by Job Corps. Management could not document the source of their information. Job Corps regional officials were not aware of any such provision ever existing in the PRH.

Also, no one at San Diego monitored the TARs for completeness or appropriate proficiency prior to accepting the TAR for vocational completion.

#### TARs Do Not Show Students Were Proficient

In addition to claiming credit for students who had not been exposed to all tasks, we found another problem with vocational completions. San Diego claimed credit for students who had not attained adequate proficiency to complete the vocation. In fact, 16 of the 48 TARs we sampled showed this lack of proficiency.

As noted earlier, instructors rate each student on the proficiency achieved in each of the required tasks for a particular vocation. For each task attempted, a student is rated from 1 (not proficient) to 3 (able to teach others). Each TAR has instructions that specifically require a minimum rating of 2 for each task to be accepted by the instructor. However, in 16 of the 48 TARs we examined, San Diego accepted at least one of the required tasks at less than a passing proficiency (i.e., 1).

In the Child Day Care Provider case discussed earlier, San Diego claimed the student completed two vocational training programs: Child Day Care Provider and Information Technology Worker. The TAR, however, for the Information Technology Worker vocation had most of the tasks rated as 1 (not proficient). Therefore, this student received credit for completing two vocations when, in fact, the TARs show she did not complete either.

In the Automotive Repair case noted earlier, the TAR showed the instructor gave the student a rating of 1 (not proficient) in 15 of the 46 tasks he was exposed to. In total, this student had a passing proficiency on 31 of the 76 required tasks. These ratings are in addition to the 32 tasks noted earlier that were not even attempted. Yet, San Diego reported the student as having successfully completed that vocation.

Despite the instructions on the TAR, San Diego personnel we interviewed did not understand that students needed to achieve a rating of 2 on each task for San Diego to consider them completing a vocation. San Diego personnel had varying interpretations of the TAR requirements. One instructor stated the class she was teaching was a foundation course, and as a result, the students did not need to achieve a particular proficiency level. Other center staff stated that it was San Diego policy to finalize the TAR after a student separated, especially if the student got a job. In these cases, instructors just marked the vocation complete since the student had entered employment after leaving.

We also noted that the TARs were not reviewed before being accepted and entered into the CIS. Therefore, the misunderstandings and errors were not detected.

### Consequences of Students Not Being Properly Trained

Inappropriately claiming credit for students completing a vocation has several potential effects.

First, San Diego may not be adequately training the students in their designated vocation. This could adversely affect their ability to obtain and retain employment. If students cannot explain to prospective employers that they have performed some of the basic tasks required in their vocation, it may be difficult to get a particular job. Further, if a student cannot perform the basic tasks once they have a job, it may be difficult to keep the job.

Second, Job Corps management has based decisions on unreliable data. Job Corps may have made procurement decisions, resource allocation judgments, and other program decisions based at least in part on San Diego's high vocation completion rate. These judgments and decisions may have been different had the true data been known.

### **Recommendations**

We recommend that the Assistant Secretary for Employment and Training ensure that Job Corps management takes appropriate action to address the unsupported vocational completions at San Diego. These actions should include requiring that Job Corps management:

4. Monitor San Diego to ensure center management establishes controls over TARs to ensure the TARs are complete with scores “proficient” or higher before claiming vocational completion credit.
5. Review vocational completions reported by San Diego from at least PY 2003 to the present to correct the Vocational Completion Rate.
6. Monitor all CSDC centers to ensure center personnel are adequately trained on the TAR requirements.

### **Agency Response**

ETA concurred with our recommendations. In the response to our draft report, ETA stated that CSDC had outlined numerous steps they will implement to ensure the integrity of the vocational completions at San Diego. Specifically, the Vocations Manager has met with all Vocational Instructors and communicated the expectations and procedures to be utilized in assuring proper TAR completions along with requiring review and signatory approval by the Vocations Manager or the Career Development Director to ensure data integrity prior to being entered into CIS.

ETA also stated that the Job Corps would be particularly vigilant in reviewing San Diego student records pertaining to vocational completion to assure that center staff is knowledgeable and that PRH requirements are being followed.

ETA agreed that, to the extent possible with records available at the center, Job Corps will conduct a comprehensive review of San Diego student vocational records from PY 2003 to the present, and will correct individual records in CIS where necessary.

Finally, ETA stated that, in their annual center assessments, Job Corps regional offices will work to ensure that personnel at all CSDC centers are trained on the TAR requirements.

### **OIG Conclusion**

We agree with ETA’s proposed actions. Recommendations 4 and 6 are considered resolved and closed. Recommendation 5 is resolved but not closed. It will be closed upon the completion of Job Corps review of San Diego’s vocational records.



Elliot P. Lewis  
June 27, 2005

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## **Exhibits**

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## **EXHIBIT A**

### **Reported Performance Outcomes Impact Reimbursable Expenses, Incentive and Bonus Payments and Job Corps Supervision**

Job Corps has developed a nationwide evaluation process. Staff at each center enters performance data into Job Corps' automated systems. Center operators are then evaluated based on Outcome Measurement System (OMS) performance during the contract year. Additionally, incentive fees and performance excellence bonuses paid out to center operators are contingent upon performance as generated by the OMS system. Each center's overall performance rating is compared to a National Performance Range established annually by the Job Corps National Director. Contractors operating centers that perform within the National Performance Range are paid an incentive fee in addition to a negotiated base fixed fee (profit). The amounts paid to contractors as incentive fees are based on where each center's overall performance rating falls within the National Performance Range. Better performing centers earn contractors greater incentive fees. Contractors operating centers that fall below the National Performance Range are not eligible for incentive fees. In addition to the incentive fees, contractors whose performance exceeds the top of the National Performance Range are paid a Performance Excellence Bonus.<sup>9</sup>

The Center Report Card is a critical performance report used by Job Corps to assess center performance on a monthly and yearly basis. The OMS provides performance information regarding students' achievement of academic and vocational credentials, initial placements, and continued placements at 6- and 12-months following initial placement. Based on our testing, the OIG has questioned the reliability of one of these nine performance outcomes reported on San Diego's OMS-10 for PY 2003, namely the vocational completion rate.<sup>10</sup>

The Center Quality Report Card is another critical performance report used by Job Corps to assess center performance. The Center Quality Report Card is the Job Corps report used to assess the quality and services of programs offered at all Job Corps centers nationwide. The Quality Report Card supplements the Center Report Card by providing information on aspects of center life that otherwise would not be a

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<sup>9</sup> The OIG was unable to calculate incentive fees and bonuses paid to the contractor as a result of data manipulation because we were unable to project our statistical samples to the population for the first year of the current contract (10/1/03-9/30/04). Our statistical samples were based on the total population for PY 2003.

<sup>10</sup> Our testing of the vocational completion rate was based on vocational programs completed as reported on the Job Corps Vocational Training Report Card for the Center. The Center Report Card (OMS-10) reports similar information. On the Center Report Card, the center receives credit for each student completing a vocational program. On the Vocational Training Report Card, the center receives credit for each vocational program completed. Additional credit is given if a student completes more than one vocational program.

systematic part of the Job Corps accountability system. This report card is also used in procurement decisions. One area that this measurement system focuses on is a Center's ability to operate at full capacity. This is referred to as the OBS. Centers operating at less than full capacity may be required to lower their budget for reimbursable expenses.

Finally, San Diego's projection of student termination dates and its management of the Weekly Termination Rate (WTR) may have prevented the San Francisco Regional Office from identifying enrollment issues at San Diego and, thereby, avoiding closer supervision. The WTR is the weekly occurrence of student terminations. Regional offices carefully monitor WTR for signs of potential enrollment issues. For example, a high WTR (approximately 4.5 percent and above) may indicate that students are unhappy with the services provided at a center and are leaving prematurely. Other reasons for a high WTR include high incidents of positive drug tests, family commitments, and illness.

**EXHIBIT B**

**OIG Calculations for CSDC Maximum Potential Refund  
to the Government-Liquidated Damages**

This exhibit provides our calculations for CSDC’s \$618,369 maximum potential refund to the Government. Our calculations were based on the formula provided in CSDC’s contract to operate San Diego. Section G.6 of the contract, titled “Liquidated Damages for Failure to Comply with Regulations for Separating Students”, states:

The contractor agrees to comply with the current requirements for separating students from the program. The contractor agrees further that the refundable cost to the Government for each day a student is retained (counted in the reported on-board strength) in violation of Job Corps requirements is determined by dividing the “annual student cost” (“cost per student year”), as stated in the contract, by 365.

The contract states that the estimated average annual student cost was \$24,086. We used this amount to calculate the refundable cost to the Government for each day a student was on inappropriate leave or PDOF and accounted for on the OBS. We divided the \$24,086 by 365, which gave us \$66 per day. We then multiplied the \$66 by the total number of days students were on inappropriate leave or PDOF and accounted for in the OBS to arrive at the \$618,369 maximum potential refund amount. The following chart shows the ranges of days and potential liquidated damages.

**Potential Liquidated Damages  
PY 2003**

	PDOF	Leave (Projected Range)		Total (Projected Range)	
		Low	High	Low	High
Number of Students	165	163	189	328	354
Number of Days	4,796	3,944	4,573	8,740	9,369
Contract Rate	\$66	\$66		\$66	
<b>Total</b>	<b>\$316,536</b>	<b>\$260,311</b>	<b>\$301,833</b>	<b>\$576,847</b>	<b>\$618,369</b>

The \$618,369 represents the estimated maximum potential refund based on our projection of our statistical sample of inappropriate leave and 100 percent review of PDOF.

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**EXHIBIT C**

<b>EXTENDED STUDENT RESIGNATIONS</b>				
<b>Sample Number</b>	<b>Date Student Left Center</b>	<b>Center Reported Separation Date</b>	<b>Resignation Letter Undated?</b>	<b>Number of Days San Diego Overstated the Student's Length of Stay</b>
219	5/13/2004	6/3/2004	Y	21
35	10/23/2003	11/3/2003	Y	11
1	3/9/2004	3/19/2004	Y	10
114	8/4/2003	8/7/2003	Y	3
132	10/13/2003	12/1/2003	Y	49
218	5/1/2004	5/14/2004	Y	13
166	5/1/2004	6/1/2004	Y	32
220	4/9/2004	5/7/2004	Y	28
176	2/6/2004	3/9/2004	Y	33
86	1/14/2004	2/3/2004	Y	20
202	12/18/2003	1/5/2004	Y	18
214	4/27/2004	6/1/2004	Y	35
117	12/11/2003	12/18/2003	Y	7
167	12/1/2003	2/2/2004	Y	64
118	1/9/2004	3/2/2004	Y	53
225	5/10/2004	6/1/2004	Y	22

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## **Appendices**

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**BACKGROUND**

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Job Corps is a national residential training and employment program administered by the Employment and Training Administration within the Department of Labor to address the multiple barriers to employment faced by at-risk youth throughout the United States. Job Corps was originally established by the Economic Opportunity Act of 1964; current authorization for the program is Title I, Subtitle C, of the Workforce Investment Act of 1998.

Job Corps provides comprehensive career development services to students including academic, vocational, social, and independent living skills, career readiness training, and support services. The unique combination of services provided through Job Corps is intended to prepare youth to obtain and hold gainful employment, pursue further education or training, or satisfy entrance requirements for career in the Armed Forces.

In May 2002, Job Corps began implementing performance-based contracts. These contracts tie option years, incentive fees, and bonuses directly to contractor performance. Job Corps' San Francisco Regional Office is responsible for selecting and supervising San Diego's contracted center operator.

The San Diego Job Corps Center was managed by CSDC. CSDC managed nine centers nationwide. For PY 2003, San Diego had a student capacity of 650 and an overall ranking of 36<sup>th</sup> among the 118 Job Corps centers. San Diego had an annual budget of about \$16 million.

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## **APPENDIX B**

### **OBJECTIVES, SCOPE, METHODOLOGY, AND CRITERIA**

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#### **Objectives**

We initiated the audit to determine the merits of a hotline complaint dated March 28, 2003. This audit was also one in a series of planned audits to assess the reliability of performance measures reported by Job Corps center operators. As such, we performed additional tests of selected performance data unrelated to the complaint.

Our audit objectives were to answer the following specific questions:

1. Is the allegation that San Diego personnel manipulated student resignation dates valid?
2. Are the following four selected performance measures reliable?
  - a. Student On-Board Strength
  - b. 60-day Commitment Rate
  - c. General Education Development (GED)/High School Diploma Attainment Rate
  - d. Vocational Completion Rate

This audit was also one in a series of planned audits assessing Job Corps' processes for ensuring the reliability of performance outcomes reported by center operators and career transition services providers. As such, we determined whether reported performance for measures unrelated to the hotline complaint was reliable.

#### **Scope**

We considered the hotline complaint dated March 28, 2003, and discussions with the complainant. We also tested the reliability of four performance outcomes reported by San Diego as part of our broader audit of Job Corps performance data reliability. Our audit scope at San Diego focused on performance outcomes reported by San Diego for PY 2003 (from July 1, 2003, through June 30, 2004).

Our testing of internal controls focused only on those controls related to our audit objectives of determining whether the allegations could be substantiated and whether the four performance measures noted above were reliable. Our audit work at San Diego did not include a review of the internal controls used by the San Diego operator to ensure compliance with all Job Corps policies and requirements. Our review of internal controls was not intended to form an opinion on the adequacy of management controls overall, and we do not render such an opinion.

We issued an interim report (*Interim Report - Job Corps Performance Measurement Outcomes*, Report No. 09-04-004-03-370), on September 31, 2004. That report detailed control weaknesses in a major component of Job Corps' data validation system and recommended immediate corrective actions. Job Corps has taken steps to correct the weaknesses identified.

We conducted audit fieldwork between December 2004 and May 2005, at the San Diego Job Corps Center in San Diego, California.

We conducted this audit in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States, and we performed such tests as we considered necessary to satisfy our audit objectives.

## **Methodology**

To assess the merits of the allegation we received regarding the manipulation of student separation dates and selected performance measures at San Diego, we included both statistical and judgmental sampling in our sampling methodology. For the statistical samples, we used 90 and 95 percent confidence levels.

We identified 225 of the 717 students that separated during PY 2003 that had consecutive leave of seven or more days just before separation. We selected a random sample of 105 student files from the 225 to determine whether San Diego managers complied with Job Corps policy (PRH 6.1 R2a) prohibiting the granting of leave as a means of improperly postponing a student's separation date. Specifically, we reviewed the files to determine whether (1) attendance and leave patterns were consistent with the allegations made by the hotline complainant, and (2) AWOL and leave were supported by documentation required by Job Corps policy (PRH 6.1) and San Diego operating procedures.

Because PDOF status was not included in the Job Corps electronic database for the first nine months of PY 2003, we manually identified 246 students on PDOF not included in the 225 students in the earlier test. We tested 100 percent of these 246 students for appropriate PDOF usage under the PRH and San Diego requirements.

We statistically sampled 48 of 768 reported vocational program completions. We performed tests to determine whether San Diego adequately supported the reported program completions with vocational TARs as required by Job Corps (PRH 3.13).

We statistically sampled 43 of San Diego's 258 students reported as attaining a GED certificate or high school diploma during PY 2003 to determine whether the GED/High School Diploma attainment credits were supported by documentation as required by Job Corps policy (PRH 3.11).

We statistically sampled 47 of the 650 students reported as enrolled for 60 days or longer and performed tests to determine whether student's length of stay was supported by documentation required by Job Corps policy (PRH 6.1).

**Criteria**

In addressing the audit objectives, we reviewed relevant Federal laws, regulations and guidance. These included the following:

1. Workforce Investment Act of 1998
2. Government Performance and Results Act of 1993
3. Job Corps PRH (Various dates)
4. San Diego Job Corps Center 2003 Contract
5. San Diego Job Corps Center Standard Operating Procedures, and
6. United States Code, Title 29.

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## **APPENDIX C**

### **ACRONYMS AND ABBREVIATIONS**

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AWOL	Absent Without Leave
CSDC	Career Systems Development Corporation
CIS	Center Information System
CTS	Career Transition Services
CY	Calendar Year
ETA	Employment and Training Administration
GED	General Educational Development
HSD	High School Diploma
OBS	On-Board Strength
OIG	Office of Inspector General
OMS	Outcome Measurement System
PAG	Program Assessment Guide
PDOF	Present for Duty Off-Center
PRH	Policy and Requirements Handbook
PY	Program Year
TAR	Training Achievement Record
WTR	Weekly Termination Rate

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**APPENDIX D**  
**AGENCY RESPONSE TO DRAFT REPORT**

U.S. Department of Labor

Assistant Secretary for  
Employment and Training  
Washington, D.C. 20210



**SEP 30 2005**

MEMORANDUM FOR: ELLIOT P. LEWIS  
Assistant Inspector General for Audit

FROM: EMILY STOVER DeROCCO *Emily Stover DeRocco*

SUBJECT: San Diego Job Corps Center: Student Attendance and  
Training Data Overstated  
Draft Audit Report No. 09-05-004-03-370

**Introduction:**

We appreciate the opportunity to provide the Office of the Inspector General (OIG) with information regarding the findings and recommendations related to the Draft Audit Report for the San Diego Job Corps Center (JCC).

The OIG draft audit report (No. 09-05-004-03-370) has reached conclusions that are serious and require our prompt attention. In the past year Job Corps has made a number of enhancements to ensure system-wide integrity of performance data, including formation of a data integrity workgroup, revisions to the Program Assessment Guide (PAG), testing of new procedures for utilizing targeted samples for review, and issuance of a number of program instruction notices to the field clarifying leave statuses. The national office has also planned to provide regional office staff with comprehensive training of standardized audit methodology to be rigorously implemented across all regions in order to improve system-wide data integrity.

After an initial meeting with the OIG in June 2005 related to the above audit of the San Diego JCC, the San Francisco Regional Office requested a response from the Center and its operator, Career Systems Development Corporation (CSDC), in compliance with the Whistleblower Act. The contractor responded by providing the national office with a comprehensive Corrective Action Plan (CAP) to address the discrepancies and deficiencies identified by the OIG.

**ETA's Summary:**

The OIG's report dated August 5, 2005 (Discussion Draft), regarding the San Diego JCC reporting of Student On-Board Strength (OBS) performance cited six recommendations. The National Office of Job Corps acknowledges the OIG's concerns regarding data integrity at the San Diego JCC and will work to implement the following recommendations made by the OIG regarding center management, attendance records and supporting documentation, vocational completions, and staff training in administrative record-keeping.

The National Office of Job Corps has also begun revising current policies and processes that can potentially impact the integrity of the data, and intends to provide training and technical assistance to support regions in auditing performance data for validity and necessary documentation.

**Response to the OIG's Recommendations:**

*Recommendation 1. Monitor San Diego to ensure center management establishes central authority and responsibility for center compliance with Job Corps requirements for student accountability and separations.*

ETA responds: In its Corrective Action Plan (CAP) the center operator for San Diego JCC, CSDC, addresses enhancements being made to the center's management structure as well as corporate oversight and internal review processes to assure data integrity. CSDC has replaced key center staff including the San Diego Center Director and Deputy Director, and has instituted other changes in management and operations. CSDC has authorized the following individuals as being responsible for specific functions at the San Diego Center:

- The Records Supervisor has sole responsibility to approve present for duty off center (PDOF) requests.
- The Vocations Manager and the Career Development Director will jointly conduct weekly trade visits. They visit one vocational trade per week, and review files and discuss trade status and trainee progress, as well as vocational trade-specific issues, with the vocational instructor.
- The Vocations Manager or the Career Development Director will review and sign all Training Achievement Records (TAR) prior to being entered into the Center Information System (CIS).
- The Office of the Employability Director has been tasked with monitoring the accounting and reporting of student attendance and separation (including PDOF) to assure absolute compliance with the Policy and Requirements Handbook (PRH).

In addition to these center and corporate actions, the Job Corps Regional Office in San Francisco will receive copies of the center and corporate monthly audit results and will continue to conduct desk audits and center quality assessments utilizing targeted

samples based on specific outliers to test data integrity. The national office will review Regional Office reports related to San Diego and take actions as needed.

*Recommendation 2: "Sample San Diego student attendance records and supporting documentation from at least PY 2002 to the present to determine how long the practice of inflating OBS has taken place and compute liquidated damages."*

ETA responds: In response to earlier OIG findings, Job Corps has issued clarification to the Job Corps community regarding use of absent without leave (AWOL) status and parameters for reporting PDOF. AWOL status is a required means of recording a student's failure to report for duty during which time the center implements procedures to locate and contact the student.

The Office of Job Corps will conduct its own random sample review of San Diego student attendance records and supporting documentation from Program Year 2002 to the present, and will extrapolate these findings to determine the correct amount of reimbursable expenses that should have been made to CSDC. Upon that determination, the Office of Job Corps will take steps to recover any overpayments.

*Recommendation 3: Monitor CSDC to ensure student separation reporting and procedures are included in their annual review of all CSDC centers.*

ETA responds: Per their CAP, CSDC has established both a center auditing team at San Diego, as well as a corporate-level internal auditing team to review all CSDC centers. Results of monthly center audits will be forwarded to the San Francisco Regional Office for review.

In the past year, Job Corps developed and began implementing additional steps to ensure data integrity at all centers, including:

- Initiating updates to the PAG, which is the technical assistance guide for regional office reviews of centers;
- Convening a national office workgroup comprised of Federal, regional, and field staff to make recommendations for processes to ensure system-wide integrity of performance data;
- Issuing program instruction notices to the field regarding clarification of leave statuses, student separation reporting procedures, etc.;
- Reviewing the quarterly Data Integrity Group (DIG) report, which highlights potential data validity/integrity issues, to identify centers, Career Transition System (CTS) agencies, policy, or practices that may need to be further investigated by the regional offices; and
- Requiring regional offices to review a targeted sample of student records during annual audits and for on-going monitoring of data validity.

*Recommendation 4: Monitor San Diego to ensure center management establishes controls over TARs to ensure the TARs are complete with score "proficient" or higher before claiming vocational completion credit.*

ETA responds: CSDC, in their CAP, has outlined numerous steps they will implement to ensure the integrity of the vocational completions at the San Diego JCC. The Vocations Manager has met with all Vocational Instructors and communicated the expectations and procedures to be utilized in assuring 100 percent proper TAR completions along with requiring review and signatory approval by the Vocations Manager or the Career Development Director to ensure data integrity prior to being entered into CIS.

The San Francisco Regional Office will be particularly vigilant in reviewing San Diego student records and documentation pertaining to vocational completion to assure that center records staff are knowledgeable and that PRH requirements for TARs are being followed. Targeted samples based on outliers related to vocational completion will be supplied to the Regional Office to conduct desk audits and on-center reviews of student records and documentation.

The national office recognizes the importance of vocational completion along with proper documentation relates to not only data integrity but also certification reliability of occupational proficiency and credentialing of students.

*Recommendation 5: Review vocational completions reported by San Diego from at least PY 2003 to the present to correct the Vocational Completion Rate.*

ETA responds: The Office of Job Corps will continue to monitor the San Diego JCC to ensure that vocational completions reported by the Center are in compliance with Job Corps' requirements related to maintaining adequate documentation in support of reported performance results. To the extent possible, with records available on center, the Regional Office will conduct a comprehensive review of San Diego student vocational records and supporting documentation from Program Year 2003 to the present, and will correct individual records in CIS where necessary.

*Recommendation 6: Monitor all CSDC centers to ensure center personnel are adequately trained on the TAR requirements.*

ETA responds: The CAP for San Diego JCC indicates that CSDC has drafted updates to the Center Operation Directive (COD) to provide policies and procedures for student records including requirements for TAR completion, defines the processes and identifies the responsibilities in every department. Once the COD has been approved by the Regional Office, CSDC is committed to providing training to their staff in order to

address each element of the COD to ensure a comprehensive understanding of the requirements.

The regional offices and national office will review CSDC's training schedule and content to assure that all pertinent information is covered. In their annual center assessments, regional offices will work to ensure that personnel at all CSDC centers are trained on the TAR requirements.

**Additional measures being taken:**

The Office of Job Corps understands that integrity of performance data is critical to providing effective oversight of center operations and ensuring program credibility. To this end, Job Corps now requires that each regional office conduct mandatory audits of student records concurrent with annual center quality assessments.

While CSDC, operator of the San Diego JCC, contends that errors in reporting and documentation found during the OIG investigation were not the result of wrongful intent, they acknowledge that there is a need for a stronger system of monitoring the Center's data integrity. Through their CAP they have established an internal Auditing Team, updated the COD, made provisions for staff training, and eliminated such practices as obtaining undated resignation letters, etc.

The DIG also supports Job Corps' activities related to assuring data integrity by conducting analyses of a wide variety of Job Corps data elements at the program level to identify patterns that could be associated with potential data validity issues. The National Office of Job Corps is responsible for disseminating the DIG Report, which summarizes the DIG's analyses and identifies data issues, to the regions for their review. In addition to these activities, the DIG uses the results of their analyses to produce both targeted and random samples for use in desktop audits and onsite center assessments by the regional offices.

The San Francisco Regional Office will be attentive in reviewing San Diego's operations, and will conduct annual center quality assessments utilizing targeted sampling techniques to review center performance reporting to assure data integrity.

**Conclusion:**

The findings in the OIG's draft report will receive serious follow-up action by the Office of Job Corps. As a result, aggressive actions are being implemented to more closely monitor performance measurement at all centers by the national and regional offices of Job Corps.

It will be necessary in the coming months for Job Corps to conduct a thorough analysis of the center's student records in terms of potentially-inflated OBS, improper student

records/documentation, etc., in order for Job Corps to determine the correct amount of overpayment to be refunded. Job Corps will then take all steps necessary to regain the actual overpayments and implement improved data validation procedures for centers and regional reviewers that will benefit not only San Diego, but all Job Corps centers across the country.