

BRIEFLY...

Highlights of Report Number 26-12-003-03-370, issued to the Assistant Secretary for Employment and Training.

WHY READ THE REPORT

Management & Training Corporation (MTC) operates the Clearfield Job Corps Center (MTC Clearfield), located in Clearfield, Utah. This report discusses how MTC Clearfield 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 approximately \$3 million due to MTC Clearfield's non-compliance with its own procurement Standard Operating Procedures (SOP). This report also discusses process improvements MTC Clearfield, ETA, and Job Corps need to make to ensure MTC Clearfield's future sub-contract and purchase order awards comply with its own procurement guidance.

MTC Clearfield's contract covers the five-year period from April 1, 2010, to March 31, 2015. The contract value totals approximately \$146 million, (\$57 million for the base 2-year period and \$89 million for 3 option years).

WHY OIG CONDUCTED THE AUDIT

Our audit objective was to answer the following question:

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

Our audit work was conducted at the MTC Clearfield Job Corps Center in Clearfield, UT; MTC Headquarters in Centerville, UT; ETA Headquarters' Office of Contract Management and the Job Corps National Office in Washington, DC; the Dallas Regional Office of Job Corps in Dallas, TX; and the Philadelphia Regional Office of Job Corps in Philadelphia, PA.

READ THE FULL REPORT

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

<http://www.oig.dol.gov/public/reports/oa/2012/26-12-003-03-370.pdf>.

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

WHAT OIG FOUND

MTC Clearfield improperly awarded 10 of the 12 sub-contracts it managed during our review period. We questioned \$2,813,773 because MTC Clearfield did not comply with its own SOPs. We also questioned \$77,866 in costs for 16 expenditures more than \$3,000 because MTC Clearfield did not adequately justify and document sole-source procurements for the expenditures. Based on our statistical sample of 41 expenditures, we estimated that there were between \$155,860 and \$309,166 in potential questioned costs. In addition, for 10 expenditures totaling \$144,428 that were not included in our statistical sample, MTC Clearfield could not justify why the expenditures were paid without a related contracting instrument. In total, we questioned about \$3 million (\$2,813,773 plus \$77,866 plus \$144,428) in specific claimed costs related to MTC Clearfield's non-compliance with its own SOPs. However, based on our statistical sampling, the total costs for improperly awarded sub-contracts, purchase orders, and expenditures may be as high as \$3.3 million (\$2,813,773 plus \$309,166 plus \$144,428).

These conditions occurred because MTC had not established a control environment, including training and oversight, to ensure consistent compliance with its SOPs. Also, neither ETA contracting personnel nor Job Corps regional staff adequately monitored MTC Clearfield's sub-contracting procurement activities.

WHAT OIG RECOMMENDED

We recommended the Assistant Secretary for Employment and Training recover the costs we questioned, as appropriate; direct MTC to strengthen procedures, training, and oversight to ensure compliance; and direct ETA contract personnel and Job Corps regional staff to review all future MTC Clearfield sub-contracts for procurement compliance and approval prior to award.

ETA generally agreed with our findings, fully or partially accepted all of our recommendations, and will require MTC Clearfield 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 for fair and open competition.