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Office of Inspector General—Office of Audit

OFFICE OF JOB CORPS



PERFORMANCE AUDIT OF ADAMS AND ASSOCIATES, INCORPORATED JOB CORPS CENTERS

Date Issued: September 30, 2009
Report Number: 26-09-003-01-370

BRIEFLY...

Highlights of Report Number 26-09-003-01-370, *Performance Audit of Adams and Associates, Incorporated Job Corps Centers to the National Director, Office of Job Corps.*

WHY READ THE REPORT

This report discusses weaknesses in addressing student misconduct and in performance reporting at three Job Corps Centers operated by Adams and Associates, Incorporated (Adams).

WHY OIG CONDUCTED THE AUDIT

Our audit objectives were to answer the following questions:

1. Did Adams ensure compliance with Job Corps requirements for managing center safety programs?
2. Did Adams ensure compliance with Job Corps requirements for reporting performance?
3. Did Adams ensure compliance with Job Corps requirements for managing and reporting financial activity?

In addition, in response to a hotline complaint, we added an objective:

4. Did a hotline complaint alleging improper management practices pertaining to student misconduct, Career Technical Training (CTT) completions and Work-Based Learning (WBL) at the Shriver Job Corps Center have merit?

Our audit work was conducted at Adams headquarters in Reno, Nevada and Columbia, Maryland; and at the Atterbury Job Corps Center in Edinburgh, Indiana; the Gadsden Job Corps Center in Gadsden, Alabama; and the Shriver Job Corps Center in Devens, Massachusetts.

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/2009/26-09-003-01-370.pdf>

September 2009

WHAT OIG FOUND

Adams did not consistently ensure compliance with Job Corps requirements for safety in one of three areas tested — student misconduct. At Atterbury, fact-finding boards were not always convened as required for students suspected of serious misconduct, such as threats of violence; and behavior review panels were not convened for students who committed multiple, less serious infractions, such as creating a disturbance. The Atterbury and Gadsden Centers also did not always report significant incidents, such as physical assault, and narcotics possession to Job Corps as required. Consequently, these actions hindered Job Corps' ability to monitor center safety, to ensure significant student misconduct was handled appropriately,

Additionally, Adams had control weaknesses in two of four areas regarding performance reporting – CTT completions and Student Attendance/Accountability. For CTT completions, Adams did not ensure students completed all required training tasks. For Student Attendance/Accountability, Adams did not consistently attempt or document attempts to contact students or their parents (for minor students) when the students were absent without leave (AWOL), and student leave was not supported as required.

Nothing came to our attention to indicate that Adams did not ensure compliance requirements for managing and reporting financial activity.

The allegation at Shriver pertaining to student misconduct had merit as we found problems concerning the convening of boards and panels, and the reporting of significant incidents. The allegations pertaining to CTT completions and WBL programs did not have merit. However, Shriver did not consistently comply with the requirements for CTT completions and for accountability regarding its WBL students.

WHAT OIG RECOMMENDED

We made eight recommendations to the National Director, Office of Job Corps. In summary, we recommended that Job Corps direct Adams seek Job Corps approval before deviating from Job Corps requirements regarding the convening of Fact Finding Boards/Behavior Review Panels and the reporting of significant incidents, and implement corporate oversight procedures, and training to ensure its centers comply with Job Corps requirements in each of the areas we identified control weaknesses (CTT completions, AWOL students, student leave, and WBL).

The Acting National Director, Office of Job Corps fully concurred with four recommendations and concurred-in-part with four recommendations.

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**1) Atterbury Job Corps Center
Edinburgh, Indiana**



**2) Gadsden Job Corps Center
Gadsden, Alabama**



**3) Shriver Job Corps Center
Devens, Massachusetts**



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U.S. Department of Labor

Office of Inspector General
Washington, D.C. 20210



September 30, 2009

Assistant Inspector General's Report

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Acting National Director
Office of Job Corps
200 Constitution Avenue, NW
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The Office of Inspector General (OIG) conducted a performance audit of Adams and Associates, Incorporated (Adams). Adams is under contract with Job Corps to operate 11 Job Corps centers for the Department of Labor. Job Corps requires its center operators to establish procedures and conduct periodic center audits to ensure integrity, accountability, and prevention of fraud and program abuse. We had initially planned to pursue three audit objectives during our audit. However, in response to a hotline complaint, we added a fourth objective to determine the validity of allegations that Adams officials engaged in improper practices at the Shriver Job Corps Center.

The audit objectives were to answer the following questions:

1. Did Adams ensure compliance with Job Corps requirements for managing center safety programs?
2. Did Adams ensure compliance with Job Corps requirements for reporting performance?
3. Did Adams ensure compliance with Job Corps requirements for managing and reporting financial activity?
4. Did a hotline complaint alleging improper management practices pertaining to student misconduct, Career Technical Training (CTT) completions, and Work-Based Learning (WBL) at the Shriver Job Corps Center have merit?

This report covers our audit work conducted at Adams regional headquarters in Columbia, Maryland; the Gadsden Job Corps Center (Gadsden) in Gadsden, Alabama; the Atterbury Job Corps Center (Atterbury) in Edinburg, Indiana; and the Shriver Job Corps Center (Shriver) in Devens, Massachusetts. Additional background information is contained in Appendix A.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a sufficient basis for our findings and conclusions based on our audit objectives. Our audit scope, methodology, and criteria are detailed in Appendix B.

RESULTS IN BRIEF

Adams did not consistently ensure compliance with Job Corps requirements for safety in one of three areas — Student Misconduct. At Atterbury, fact-finding boards (FFBs) were not always convened as required for students suspected of serious misconduct, such as threats of violence; and behavior review panels (BRPs) were not convened for students who committed multiple, less serious infractions, such as creating a disturbance or missing classes. The Atterbury and Gadsden Centers also did not always report significant incidents, such as inappropriate sexual behavior, physical assault, and narcotics possession to Job Corps as required. Consequently, these actions hindered Job Corps' ability to monitor center safety, to ensure significant student misconduct was handled appropriately, and to respond to negative press regarding such incidents.

Additionally, Adams had control weaknesses in two of four areas relating to compliance with Job Corps requirements for reporting performance — Career Technical Training (CTT) completions and Student Attendance/Accountability. For CTT completions, Adams did not ensure students completed all of the training tasks as required by Job Corps. For Student Attendance/Accountability, Adams did not consistently attempt or document attempts to contact students or their parents (for minor students) when the students were absent without leave (AWOL), and student leave was not supported as required.

The allegation that Shriver students were allowed to remain at the center, even though they should have been separated for disciplinary reasons, had merit. Similar to Atterbury, Adams and Shriver management did not always convene FFBs and BRPs when necessary for students suspected of misconduct; and did not report significant incidents to Job Corps when required. The hotline complaint allegations that students were rushed through CTT programs to improve reported performance or were placed in Work-Based Learning (WBL) programs to extend enrollment, when they were already employed, did not have merit. However, Shriver did not consistently comply with the requirements for CTT completions, and did not always comply with requirements for student accountability regarding its WBL students.

These conditions occurred because Adams corporate management believed that the Center Director had more discretion than Job Corps policy allowed regarding whether or not to convene FFBs, and neither Job Corp nor Adams provided adequate guidance concerning when to convene BRPs. Additionally, Adams did not provide sufficient

oversight to ensure students completed all of the training tasks as required by Job Corps and that students were accounted for properly.

Finally, nothing came to our attention to indicate that Adams' headquarters offices and the Gadsden Center did not ensure compliance with Job Corps requirements for managing and reporting financial activity. (We did not review financial activity at Atterbury.)

RECOMMENDATIONS

Our report contains eight recommendations to the National Director, Office of Job Corps. In summary, we recommend that Job Corps direct Adams to develop and implement corporate and center procedures and oversight to ensure its centers comply with Job Corps requirements in the following areas:

- Convening Fact-Finding Boards/Behavior Review Panels,
- Reporting Significant Incidents to Job Corps,
- Properly reporting CTT completions,
- Contacting AWOL Students or their Parents, and
- Reporting Student Leave.

JOB CORPS AND ADAMS' RESPONSE

In response to our draft report, the Acting National Director, Office of Job Corps, concurred either fully or in part with each of our eight recommendations. Where Job Corps partially concurred, we considered the response to have met the intent of the recommendations. Job Corps did not directly comment on the audit results but previously stated that we interpreted Job Corps' Policy and Requirements Handbook (PRH) correctly and the findings may lead Job Corps to strengthening and clarifying current policy that involves the issues identified in the Adams audit.

Adams commented that the lack of FFBs/BRPs and the lack of the reporting of significant incidents did not create an unsafe environment. Adams stated that the CTT completion issue was a documentation issue that Job Corps has since addressed and that the student accountability issues were also primarily documentation issues. Adams further stated that the consistent theme throughout the report — that Adams lacked sufficient oversight and believed it had more discretion than the PRH allowed — are opinions that are subjective and not factual.

Job Corps' and Adams' written responses to our draft report are provided in their entirety as Appendices D and E, respectively.

OIG CONCLUSION

We considered the actions taken or planned by Job Corps to be responsive in meeting the intent of the findings and recommendations.

Concerning Adams' comments, all of the students included in our review of student misconduct at Gadsden and Atterbury were eventually separated for disciplinary reasons, such as physical assault, arrest for larceny off-center, and gang-related activity. Had the appropriate FFBs/BRPs been convened, these students may have been separated earlier. As such, problem students were allowed to stay on center, potentially placing other students and staff at risk. We also disagree with Adams' assertions that the exceptions we identified for CTT completions, AWOL contacts, leave, and WBL were primarily documentation issues. Without the required documentation, Adams could not provide adequate assurance that students were trained and accounted for as required by Job Corps. As Job Corps continues in its efforts to revise Job Corps' policies and requirements, Adams needs to ensure documentation is maintained that supports compliance with those changed policies and requirements.

Regarding Adams oversight, we cite specific examples in the report where Adams oversight could be improved. For example, Adams corporate management did not identify problems with significant incident reporting at any of the three centers, nor did Adams corporate management ensure that problems identified internally by both Atterbury and Gadsden regarding CTT completions and AWOL contacts were corrected.

Objective 1 – Did Adams ensure compliance with Job Corps requirements for managing center safety programs?

Finding 1 – For two of three areas reviewed, nothing came to our attention indicating that Adams did not ensure compliance with center safety. However, Adams did not consistently ensure compliance with Job Corps requirements for managing student misconduct.

Nothing came to our attention indicating that Adams did not ensure compliance with Job Corps requirements for two of the three areas reviewed — safety inspections and safety committee meetings.

For the third area reviewed — student misconduct — Adams did not consistently ensure compliance with Job Corps requirements for center safety. At Atterbury, fact-finding boards (FFB) were not always convened as required for students suspected of misconduct, such as threats of violence and patterns of inappropriate behavior; and behavior review panels (BRP) were not convened for students who committed multiple, less serious infractions such as creating a disturbance or missing classes. The students were allowed to stay on center without consideration of appropriate disciplinary action, including removal from the center. As a result, problem students were allowed to stay on center, potentially placing other students and staff at risk. As a separate issue, Atterbury and Gadsden did not always report significant incidents, such as sexual assault, physical assault, and drug possession to Job Corps as required. At a minimum, these actions hindered Job Corps' ability to monitor center safety, to ensure significant

student misconduct was handled appropriately, and to respond to negative press regarding such incidents.

These conditions occurred because Adams corporate management believed that the Center Director had more discretion than Job Corps policy allowed regarding whether or not to convene FFBs, and neither Job Corp nor Adams provided adequate guidance concerning when to convene BRPs or what constituted a pattern of inappropriate behavior. Additionally, Adams and center management lacked sufficient supervisory oversight to ensure compliance.

Fact Finding Boards and Behavior Review Panels Not Always Convened at Atterbury

Atterbury did not take appropriate actions to convene applicable FFBs and BRPs for student misconduct. However, nothing came to our attention concerning issues with the convening of FFBs or BRPs at Gadsden. Job Corps' Policy and Requirements Handbook (PRH) requires center operators to convene appropriate boards and panels depending upon the level of the student infraction.

- Level I infractions: The student must be removed from the center immediately and an FFB must be scheduled. Drug use and sexual assault are examples of Level I infractions.
- Level II infraction: The student may remain on center if he/she is believed not to present a threat to self or others, but an FFB must be scheduled. Fighting and threat of assault are examples of Level II infractions.
- Level III infraction: The center is provided with some discretion in determining sanctions up to the convening of a BRP. A pattern of Level III infractions is considered a Level II infraction, which requires an FFB. Disruptive behavior and absences from assigned activity (including work, classes, and medical and counseling appointments) are examples of Level III infractions.

We reviewed a statistical sample of 63 of the 268 Atterbury students who separated for disciplinary reasons during PY 2007. Of the 63 student records reviewed, 10 students (16 percent) committed earlier infractions for which an FFB or BRP should have been convened.

Five of the 10 students committed Level II infractions without a required FFB being convened. The remaining five students committed multiple Level III infractions (6-18 per student) which, in our opinion, should have required a BRP, or elevated the behavior to a Level II infraction for exhibiting a pattern of inappropriate behavior, requiring an FFB. For example:

- A male student got in a fight with a female student (his ex-girlfriend) and physically assaulted her. An investigation conducted by the center indicated that he grabbed his ex-girlfriend by the neck and shoved her. The investigation also

revealed that both students admitted to having a very physical relationship and often hit each other. In accordance with the PRH, the center classified the fighting and physical assault as a Level II infraction, which required an FFB. However, an FFB was not convened. Adams Corporate Management told us there was not sufficient evidence to charge the student with fighting and the incident should have been classified as a Level III infraction, rather than a Level II infraction. However, the student's record indicated that on 9/4/2007, this student grabbed his ex-girlfriend (also a student) by the neck and then shoved her. The record also showed that an investigation revealed that both students admitted to having a very physical relationship and were always smacking and hitting one another. Fighting is a Level II infraction according to the PRH, and warranted an FFB.

- A BRP was not convened for another student that committed 11 Level III infractions within a three-month period. After the 11th infraction, the center elevated the student's misconduct to a Level II infraction, because the student exhibited a pattern of inappropriate behavior. However, the center did not convene a BRP for any of the infractions, and it did not convene an FFB for the pattern of inappropriate behavior, as required by the PRH. Adams corporate management told us a BRP or FFB was not warranted because the student's behavior did not create an unsafe environment for students and staff. BRPs and FFBs are still required. Furthermore, two of the previous infractions indicated to us that the student did create an unsafe environment. In the first infraction, the student left class early without permission, and then came back 15 minutes before the class ended and flipped over a desk. In the second infraction, the student used an expletive and intimidating body language in repeatedly telling a staff member to get out of the student's room.

Projecting the 10 students who committed infractions without a BRP or FFB being convened, we estimate with 95 percent confidence that between 9 percent (25) and 23 percent (61) of the 268 students at Atterbury who separated for disciplinary reasons during PY 2007 committed infractions where we believe a BRP or FFB should have been convened.

These conditions occurred because Adams corporate management believed it had more discretion than the PRH allowed in determining whether or not to conduct an FFB. Also, neither Adams nor Job Corps policy was clear on when a BRP should be convened for Level III infractions or what constituted a "pattern" of Level III infractions. Adams policy required that for a fourth Level III infraction, the center was required to convene a BRP or take alternative disciplinary action (e.g.; student behavior contracts, restricted activities). The policy did not provide guidance on what should be done if the alternative disciplinary actions were not effective and students continued to commit infractions. Our review showed that five students committed between 6 and 18 Level III infractions without a BRP being convened.

The Office of Job Corps stated that it appeared we applied Job Corps policy appropriately, and that our results may lead Job Corps to strengthen and clarify current policy that involves the FFB and BRP issues we identified. Job Corps also stated that the policy is not meant to be prescriptive, and was intended to leave final decisions in the hands of the center's staff. We agree that some discretion is warranted. However, Job Corps requirements should be sufficiently specific to ensure FFBs are convened for all Level I and II infractions, and BRPs are convened when alternative disciplinary actions are not effective. The Job Corps requirements should also be sufficiently specific to ensure consistent interpretation and enforcement.

Significant Incidents Not Reported to Job Corps

As a separate issue, both Atterbury and Gadsden did not take appropriate actions to ensure all significant incidents were reported to Job Corps. The PRH requires centers to report all significant incidents to Job Corps, including the following incidents we believe are related to student misconduct:

- Physical assault
- Inappropriate sexual behavior
- Indication that a student is a danger to himself/herself or others
- Incident requiring police involvement
- Incident involving illegal activity
- Arrest of current student or on-duty staff member
- Theft or damage to center, staff, or student property
- Incident attracting potentially negative media attention

We reviewed a statistical sample of 63 of the 268 students who separated for disciplinary reasons during PY 2007 at Atterbury and a statistical sample of 51 of the 130 students who separated for disciplinary reasons during PY 2007 at Gadsden. We found that 16 of 63 students who were disciplinary separations at Atterbury and 13 of 51 students who were disciplinary separations at Gadsden committed significant infractions that were not reported to Job Corps. Projecting these results, we estimate with 95 percent confidence level that as many as 93 of the 268 students (35 percent) at Atterbury and as many as 45 of the 130 students (35 percent) at Gadsden who eventually separated for disciplinary reasons during PY 2007 were involved in significant incidents that were not reported to Job Corps. The types of significant incidents that were not reported to Job Corps included inappropriate sexual behavior, incidents involving illegal activity (drug possession and distribution), and physical assault on students and staff.

The significant incidents were not reported to Job Corps because Adams lacked sufficient center oversight. Specifically, Adams did not document any reviews performed in this area. As such, center management misinterpreted the PRH and did not report significant incidents as required. For example, Adams management told us that Gadsden did not believe it was necessary to report incidents to Job Corps when the

police were not involved. The PRH does not provide for such an exception to the requirement for reporting significant incidents.

Underreporting of significant incidents impacts Job Corps' ability to:

- adequately provide data for analysis of trends to inform management and policy decisions;
- allow the National and Regional Offices to monitor compliance with policy and regulations regarding serious incidents;
- respond to the press regarding serious incidents; and
- ensure the centers take appropriate action regarding the incidents being reported.

The importance of Job Corps ensuring centers take appropriate action is critical to ensuring center safety. For example, during our review of student leave, we reviewed a file in which it was stated that a female student at Atterbury alleged sexual assault by four male students in her dorm room. The incident was not reported to Job Corps or the police. According to center management, the incident was not reported because the results of the center's internal investigation concluded the sexual activity was consensual. One of the four male students was given a Level III infraction for overt sexual behavior. No disciplinary action was given to the other three males. All four males were allowed to remain on center. The female student left the center and quit the program immediately after the incident.

Based on our review of Atterbury's response to the incident and the supporting documentation, we question whether:

- Atterbury's disciplinary action (or lack thereof) for the four male students was appropriate and adequately ensured student safety.
- Atterbury had the capabilities or authority to determine whether or not a felony such as sexual assault had been committed.
- Atterbury should have reported the incident to law enforcement authorities.

We asked Job Corps officials about their assessment of this situation. The Job Corps regional director told us that Job Corps had not assessed the situation because Atterbury had not made them aware of it. Even if Atterbury's conclusion about the alleged assault was correct, Atterbury was still required to report it as a significant incident, since it was, at a minimum, inappropriate sexual activity according to the PRH. We believe that Job Corps needs to review this incident to determine whether Atterbury took the appropriate action.

In response to our draft report, Job Corps addressed our recommendations but did not comment directly on the audit results. However, as previously noted, Job Corps stated that it appeared we applied Job Corps policy appropriately, and that our results may lead Job Corps to strengthen and clarify current policy that involves the FFB and BRP issues we identified. Job Corps will review its current policy to see if it reflects the requirements necessary for investigation and disposition of incidents and rewrite the policy if necessary for clarity. Furthermore, if a revised policy concerning FFBs and BRPs is necessary, Job Corps will communicate to the Regional Directors that center SOPs will have to be updated to reflect the new policy.

Adams stated that while there were some situations in which FFBs should have been convened and SIRs should have been submitted, this did not create an environment that was not safe for staff or students. Adams also stated disagreement with the report's comments concerning the Center Director's discretion with convening BRPs because the PRH gives the authority to make BRP determinations to the Center Director. We disagree and continue to believe that the lack of appropriate disciplinary action impacts student safety. As previously noted, all of the students included in our review of student misconduct at Gadsden and Atterbury were eventually separated for disciplinary reasons. Had the appropriate FFBs and BRPs been convened, and the significant incidents reported, these students may have been separated earlier. Allowing problem students to remain on center potentially places other students and staff at risk.

Objective 2 – Did Adams ensure compliance with Job Corps requirements for reporting performance?

Finding 2 – For two of four performance reporting areas reviewed, nothing came to our attention indicating that Adams did not ensure compliance. However, Adams did not ensure compliance with Job Corps requirements for CTT completions and student accountability.

Nothing came to our attention indicating that Adams did not ensure compliance in two performance reporting areas reviewed — General Educational Development (GED)/High School Diploma (HSD) attainment and Student On-Board Strength (OBS), a measure of a center's ability to operate at full capacity. However, Adams did not ensure compliance for the other two performance reporting areas reviewed — CTT completions and Student Attendance/Accountability.

For CTT completions, students at Atterbury and Gadsden did not complete all of the training tasks required by Job Corps. Incomplete tasks could impact a student's ability to obtain and maintain employment in the vocation in which the student was trained, and inaccurate performance reporting impacts management decision making, incentive payments, and option years awarded to contracted center operators. Furthermore, Adams may owe DOL liquidated damages ranging between \$68,250 and \$117,750 for the CTT completions that were not in compliance with Job Corps policy. In addition, for Student Attendance/Accountability, staff at both centers did not consistently attempt to

contact or document attempts to contact students or their parents (for minor students) when the students were AWOL, and student leave was not supported as required. Contacting AWOL students or their parents and documenting approved leave are critical to ensuring students are safe and accounted for.

These conditions occurred because Adam's controls over these areas need improvement. The control weaknesses included inadequate center procedures, staff not following established center procedures, and lack of training and supervision. Additionally, Adams corporate oversight at Atterbury and Gadsden did not effectively address the deficiencies we identified in these areas.

CTT Completions Not in Compliance at Atterbury and Gadsden

Atterbury and Gadsden reported students with incomplete Training Achievement Records (TARs) as CTT completers in their reported performance for PY 2007. The Job Corps PRH requires centers to (1) document that students are proficient at all tasks listed on the TARs, (2) ensure student progress is documented on TARs as progress occurs, and (3) obtain approval for changes to tasks listed on the TARs from the Job Corps National Director.

We reviewed a statistical sample of 111 out of the 613 students reported by both centers as CTT completers during PY 2007. Our review showed 22, or about 20 percent of the 111 TARs tested were not consistent with PRH requirements because one or more tasks were not completed as required. The TAR deficiencies found included tasks not documented as having been completed (e.g., lacked required instructor/student sign-offs, completion dates, proficient performance ratings); completion dates for tasks coincided with days the students were absent; and tasks were excluded without the required approval from Job Corps. For example:

- At Gadsden, two students were reported as having completed the Heating, Ventilation and Air Conditioning (HVAC) TAR even though six tasks were not documented as completed. Adams management said that the HVAC training was provided by a subcontractor (Gadsden State Community College) who considered the tasks to be obsolete. According to Adams management, this position was supported by Job Corps National Office when it issued a new HVAC TAR. However, the new TAR did not become effective until after the students completed their vocations. Adams did not request a waiver from the Job Corps National Office for not completing the six tasks as required, and the Job Corps regional director told us the tasks should have been completed.
- At Atterbury, one TAR showed five tasks that were not signed by the instructor and the student. Another TAR showed five tasks completed on days the student was reported as AWOL. Adams management said these were administrative oversights.

While Adams had established internal controls to ensure data reliability, it did not place enough emphasis on ensuring the controls were working and effective. At both Atterbury and Gadsden, reviews performed by the centers during PY 2007 identified TAR completions as a problem area but did not effectively correct the TAR deficiencies.

Adams also did not ensure the TAR deficiencies identified by the centers were corrected during its annual on-site corporate assessments. Adams management told us that most of the vocational training consisted of more than 100 tasks, and that they did not consider it to be a problem if one or two tasks were not properly documented as complete, because the overwhelming evidence of student completions of tasks for a given TAR serves as a statistical validation and completion of the TAR. We disagree. In our opinion, individual tasks can be critical for obtaining and maintaining employment (e.g., use of proper safety equipment). Also, 7 of the 22 invalid TARs we identified were not limited to one or two incomplete tasks. The questioned tasks for these 7 TARs ranged from 5 to 16. Table 1 shows the non-compliant TARs we identified at each center and the number of questioned tasks for each TAR.

**Table 1
22 TARs Were Not in Compliance**

Number of Questioned Tasks (per TAR)	Number of Students with Non-Compliant TARs		
	Atterbury	Gadsden	Totals
1-2	5	10	15
3-4	0	0	0
5-10	2	4	6
11 or more	1	0	1
Totals	8	14	22

Incomplete tasks could impact a student’s ability to obtain and maintain employment in the vocation in which the student was trained. Furthermore, inaccurate reporting of center performance impacts Job Corps and Adams’ decision-making. Job Corps and Adams may have been impacted financially because reimbursed operating expenses, bonus and incentive payments, and option years awarded to contracted center operators are based on reported performance.

The PRH also stipulated liquidated damages of \$750 be assessed for each invalid vocational completion. The PRH allows Job Corps discretion when assessing liquidated damages. As such, Adams may owe DOL \$16,500 for the 22 students we identified as having incomplete TARs. Projecting these statistical sample results to the 613 CTT completions reported for PY 2007, we estimated with 90 percent confidence that at least 91 students (15 percent) did not complete the vocation as required and between \$68,250 and \$117,750 may be owed to DOL for Atterbury and Gadsden students with incomplete TARs.

The Office of Job Corps stated that it appeared we applied Job Corps policy appropriately, and that our results have led Job Corps to strengthen and clarify current policy that involves the CTT completion issues we identified. During the audit, Job Corps issued revised policy that is intended to ensure students receive the required training while reducing the documentation requirements for CTT completions. Given Job Corps' discretion in assessing liquidated damages, and the new policy, Job Corps needs to determine the amount of liquidated damages Adams owes the government.

Student Attendance and Accountability Was Not Adequate

Adams did not consistently comply with Job Corps requirements in two areas relating to student attendance and accountability — (1) contacting or documenting attempts to contact AWOL students or their parents, and (2) documenting and approving leave.

(1) No assurance that AWOL Students or Their Parents Were Contacted

Atterbury and Gadsden staff did not consistently attempt, or document attempts, to contact AWOL students or their parents (for minor students) as required by Job Corps (PRH Chapter 6, Section 6.1, R3, c & d, dated November 8, 2005). Staff attempts to contact AWOL students or their parents are a critical part of ensuring the students are safe and accounted for, and AWOL days and separations are minimized. When students above 18 years of age are AWOL, staff must attempt to locate and contact the students who were AWOL. When students are minors, the staff must attempt to contact the students' parents/guardians within 18 hours. The PRH requires contact attempts to be documented in the students' personnel files.

We reviewed a statistical sample of 107 out of 1,337 student files for separated students with reported leave at Atterbury and Gadsden during PY 2007. Overall, 23 of the 107 student files (21 percent) tested contained at least one occasion where attempts to contact AWOL students (or their parents) were not documented. Specifically, we found:

- At Atterbury, 12 of 73 student files reviewed contained at least one instance where attempts to contact AWOL students (or their parents) either were not made or were not documented. One of those 12 students was a minor.
- At Gadsden, 11 of 34 student files reviewed contained at least one instance where attempts to contact AWOL students (or their parents) either were not made or not documented. Two of these 11 students were minors.

Projecting the 23 students for which AWOL contacts were either not made or documented, we estimate with 90 percent confidence level that the Atterbury and Gadsden staff did not attempt, or document attempts, to contact students or their parents (for minor students) on at least one occasion for as many as 366 students (27 percent) during PY 2007.

While the two centers had procedures in place requiring such contacts to be made, Adams did not place sufficient emphasis on ensuring the procedures were followed. For example:

At both Gadsden and Atterbury, center reviews conducted during PY 2007 identified AWOL contacts as a problem area but the deficiencies were not corrected. Adams also did not ensure the deficiencies were corrected during corporate assessments.

In addition, Adams management mistakenly believed that contacts were not necessary if the student was AWOL on a non-training day. The PRH does not provide for such an exception.

(2) Student Leave Was Not Properly Approved or Documented

Atterbury and Gadsden did not provide adequate assurance that student leave was documented and approved as required by Job Corps. The leave used was not consistently supported by the required leave forms and appropriate center staff approvals. Prior to April 5, 2008, Job Corps required centers to document student leave requests and management approvals on leave forms maintained in the students' personnel files (PRH Chapter 6, Section 6.1, R.2. d & h, dated November 8, 2005). Subsequent to April 1, 2009, leave approval documentation was required to be maintained in Job Corps' Center Information System (CIS).

We reviewed a statistical sample of 107 out of 1,337 student files for separated students with reported leave at Atterbury and Gadsden during PY 2007. Of the 107 student files reviewed, the reported leave for 41 students had at least one occasion where leave was not pre-approved or not properly documented as required. These 41 students had a total of 260 leave days that were not properly supported or pre-approved (17 days were not properly supported and 243 leave days were not pre-approved). Table 2 shows the number of students with leave days that were not properly supported or pre-approved by the center.

Table 2
41 Students had Leave Days that
were not Supported or Pre-Approved as Required

Center	Student Files Reviewed	Student Files with Leave Days Not Supported or Pre-approved	Leave Days Not Supported or Pre-approved
Gadsden	34	8 (24%)	45
Atterbury	73	33 (45%)	215
Total	107	41 (38%)	260

Projecting the 41 students with leave days not properly approved and supported, we estimate with 90 percent confidence level that at least 31 percent of the students at

Gadsden and Atterbury had leave that was not properly approved in advance or supported.

The leave exceptions we identified occurred because Adams did not place enough emphasis on ensuring that reported leave was properly approved in advance and supported. While Adams had an SOP for student leave, the SOP was not specific as to the supervisory oversight needed to ensure compliance and how advance approval was to be requested, obtained, and documented. We did not find any indication that this area was reviewed by the centers or identified during corporate assessments. Furthermore, Adams management told us the problems we found were clerical oversights and that the leave was valid. We disagreed because Adams did not comply with the PRH requirements and there was not adequate assurance that the leave was valid. In addition, the extent to which we found leave exceptions indicated that the problems with leave approval and support were systemic. As such, Adams needs to improve its controls to ensure all leave is valid and students are properly accounted for.

In response to our draft report, Job Corps addressed our recommendations but did not comment directly on the audit results. However, during the audit, the Office of Job Corps stated that it appeared we applied Job Corps policy appropriately, and that our results may lead Job Corps to strengthen and clarify current policy that involves the issues identified. In direct response to the recommendations in our draft report, Job Corps stated that the National Office will reiterate to the Regional Directors the importance of identifying areas of non-compliance with Job Corps documentation and reporting requirements for student CTT completions, leave, and contacting AWOL students or their parents. Furthermore, the Regional Offices will determine the extent of any incomplete TARs, CTT completions, and possible invalid vocational completions at the Job Corps centers operated by Adams. Upon completion of Job Corps review each Regional Office will work with the contracting officer to determine and resolve, if any, possible liquidated damages that should be recovered from Adams.

Adams said that the CTT completion issue was a documentation problem and that Job Corps has since reduced documentation requirement for CTT completions. In addition, Adams said that the AWOL contact and leave issues were also primarily documentation issues. They said the auditors could not prove that the AWOL students were not contacted; and the majority of leave issues related to not having leave approved in advance, which does not invalidate the leave.

We disagree with Adams' assertions that the exceptions we identified for CTT completions, AWOL contacts were primarily documentation issues. Without the required documentation, Adams could not provide adequate assurance that students were trained and accounted for as required by Job Corps. As Job Corps continues to improve and revise its policies and requirements, Adams needs to ensure documentation is maintained that supports compliance with those policies and requirements.

Objective 3 – Did Adams ensure compliance with Job Corps requirements for managing and reporting financial activity?

Nothing came to our attention during our testing to indicate that Adams did not ensure its centers complied with Job Corps requirements for managing and reporting financial activity. Our methodology for evaluating Adams’s financial activities is summarized in Appendix B.

Objective 4 – Did a hotline complaint alleging improper management practices pertaining to student misconduct, CTT completions, and WBL at the Shriver Job Corps Center have merit?

Finding 3 – The allegation that students were being retained when they should have been separated for misconduct had merit. The allegations that students were rushed through CTT programs to improve reported performance, or were placed in WBL programs to extend enrollment, did not have merit. However, during our testing, we found CTT completions were not in compliance with Job Corps policy and students enrolled in WBL were not properly accounted for.

The allegation that Shriver students were being retained when they should have been separated for misconduct had merit. Similar to Atterbury and Gadsden, Shriver did not always convene FFBs as required for student misconduct, did not convene BRPs for students with multiple lesser infractions, and did not report significant incidents involving student misconduct to Job Corps as required. The allegations that Shriver students were rushed through CTT programs to improve reported performance, or were placed in WBL programs to extend enrollment when they were already employed, did not have merit. We found no evidence that Shriver management engaged in these improper practices. However, CTT completions were not in compliance with Job Corps policy and students enrolled in WBL were not accounted for properly.

The Allegation Relating to Student Misconduct Had Merit

We reviewed Shriver’s management of student misconduct because of a hotline complaint alleging that students who should have been separated for misconduct were allowed to remain at the center. We found that the allegation had merit. Shriver did not always convene required FFBs for Level I and II infractions. Shiver also did not always convene BRPs for students who committed multiple Level III infractions because neither Adams nor Job Corps policy was clear on when a BRP should be convened for Level III infractions; or what constituted a “pattern” of Level III infractions. Furthermore, Shriver did not consistently report significant incidents to Job Corps.

We tested a judgmental sample of 26 student files out of the 172 students who separated from Shriver during PY 2008¹ (through January 31, 2009) to determine whether FFBs were convened as required for Level I and II infractions, or BRPs were convened for multiple Level III infractions. Eleven of the 26 students tested (42 percent) committed multiple infractions without having an FFB or BRP being convened. Of the 11 students, 6 students committed a total of 11 Level I or II infractions, each of which warranted an FFB, but none were convened. All 11 students committed multiple Level III infractions without a BRP being convened. The number of Level III infractions ranged from 5 to 46 infractions per student.

As with Atterbury and Gadsden (see Finding 1), Adams and Shriver officials believed they had more discretion than the PRH allowed in determining whether an infraction should be classified as Level I, II, or III and neither Adams nor Job Corps policy was clear on when a BRP should be convened for Level III infractions or what constituted a “pattern” of Level III infractions. Also, Adams and Shriver officials believed they had more discretion than the PRH allowed in determining whether or not an FFB needed to be convened. For example:

- One Shriver student’s file indicated that the student committed a Level I infraction without an FFB being convened as required by the PRH. The case notes in the student’s file indicated that the student left the center for unauthorized reasons and had the smell of marijuana on his hands when he returned. The student admitted to smoking marijuana. The PRH specifically states that drug use is a Level I infraction and requires a drug test. However, Shriver incorrectly classified the incident as a Level II infraction (inhalation of a volatile intoxicating substance), did not convene an FFB (required for Level I and II infractions), and did not confirm drug use by requiring the student to take a drug test.² The purpose of the drug test is to positively confirm use of drugs and to establish a benchmark in the event the student tests positive a second time within the 45-day suspicion intervention period. If the substance levels are lower for the 2nd positive test than for the original positive test, it is possible that the student did not use drugs during the intervention period.
- Two students committed two Level II infractions, each without the required FFBs being convened. The first student was twice cited for inciting a disturbance. The second student was cited on separate occasions for threat of assault and inciting a disturbance. Shriver properly classified these incidents as Level II infractions. However, center management chose not to convene any FFBs because they did not consider the infractions to be serious enough to warrant an FFB. These actions were not consistent with the PRH, which required an FFB for all Level II infractions.

¹ PY 2008 covers the period July 1, 2008 through June 30, 2009

²The PRH allows a first time drug use offender to remain in the program provided the offender participates in the center’s drug treatment program.

Shriver also did not consistently report significant incidents to Job Corps as required by the PRH. From a judgmental sample of 13 out of the 48 students who were separated for misconduct during PY 2008 (through January 31, 2009), 6 students (46 percent) were involved in significant incidents that were not reported to Job Corps as required. For example, 4 students were separated from Shriver for the sale, possession, or distribution of drugs. Shriver did not report these significant incidents to Job Corps as required by the PRH. Adams corporate management told us these incidents were not reported because the police were not involved. However, the PRH requires reporting such incidents to Job Corps whether or not the police are involved.

Similar to Atterbury and Gadsden, the significant incidents were not reported to Job Corps because Adams lacked sufficient oversight to ensure compliance with the Job Corps requirement to report such incidents. As previously noted in finding 1, Adams did not document any center or corporate reviews performed in this area.

CTT Completions Not in Compliance at Shriver

The allegation that Shriver students were rushed through CTT programs to improve reported performance did not have merit. Based on information provided by the complainant, we judgmentally selected and tested the TARs for 42 students that were reported as CTT completers in PY 2007 or PY 2008. We found no evidence that Shriver management rushed the completers to improve performance. The overall training and the specific tasks were completed within reasonable time frames. Our methodology for validating the merit of this complaint allegation is summarized in Appendix B.

However, during our testing, we determined that Shriver CTT completions were not in compliance with Job Corps policy for the period reviewed. Similar to the TAR completion problems we found at Atterbury and Gadsden, 19 of the 42 CTT completions we tested had one or more tasks that were not completed properly. Adams' rationale for not ensuring the tasks were completed was similar to the rationale provided in Finding 2 concerning CTT completions at Atterbury and Gadsden. As stipulated by the PRH, Adams may owe DOL \$14,250 for the 19 invalid TARs (19 x \$750).

Shriver Did Not Accurately Report and Account for WBL Students

The allegations that Shriver students were placed in WBL programs to extend enrollment when they were already employed did not have merit. We found no evidence Shriver management engaged in this improper practice. Our methodology for validating the merit of this complaint allegation is summarized in Appendix B.

However, during our testing we determined that Shriver did not accurately report student participation in the center's WBL program and did not provide adequate assurance that the students were in attendance at their work sites. We judgmentally selected and tested files for 28 of the 152 students who were participating in the WBL program during the period July 1, 2008, through January 31, 2009, and found that Shriver did not input information concerning 12 of the 28 students into Job Corps' CIS.

Adams management told us Adams was aware of the problem — as it was an oversight identified during an inspection by the Job Corps Boston Regional Office in November 2007 — and was in the process of taking corrective action. We note that our audit occurred more than a year after the November inspection, and Shriver had not yet addressed the problem. Without complete information on the students participating in the WBL program, Job Corps cannot fully monitor the program’s effectiveness and ensure that centers are properly accounting for such students.

Shriver also did not properly document student attendance at WBL sites. We found that for 3 of the 28 files reviewed, the students’ files did not contain weekly WBL timesheets required by the PRH (one student) or the timesheets did not have the required WBL onsite supervisor signatures (two students). The timesheets provide assurance that participating students were in attendance at their work sites and were properly accounted for. Adams management told us that these situations were administrative oversights.

In response to our draft report, Job Corps addressed our recommendations but did not comment directly on the audit results for Shriver. However, during the audit, the Office of Job Corps stated that it appeared we applied Job Corps’ student misconduct and CTT policies appropriately, and that our results may lead Job Corps to strengthen and clarify current policy that involves the issues identified. In direct response to the recommendations in our draft report, Job Corps stated that the National Office will instruct the Regional Office to determine if the accountability for students participating in WBL programs at Shriver is systemic. Job Corps will also ensure that accountability for students continues to be an area of emphasis during oversight reviews. If any problems are identified during the oversight reviews, the Regional Offices will instruct Adams to develop and implement a corrective action plan. As previously noted, Adams did not agree with our audit results for student misconduct and CTT completions. Regarding WBL, Adams acknowledged that documentation was not always in full compliance; and that Job Corps’ elimination of 360 required WBL hours for each student will allow Adams to focus on the quality of WBL opportunities and documentation.

RECOMMENDATIONS

We recommend that the National Director, Office of Job Corps require Adams to:

1. Obtain Job Corps approval before deviating from any PRH requirements concerning the classification of infractions as Level I, II, or III; convening of Fact Finding Boards (FFBs); and Career Technical Training (CTT) completions.
2. Develop and implement Standard Operating Procedures (SOPs) for convening FFBs and BRPs and determining what constitutes a pattern of inappropriate behavior; and to ensure all significant incidents are reported to Job Corps as required by the PRH.
3. Improve the effectiveness of supervisory oversight to staff responsible for complying with Job Corps student misconduct and performance reporting

requirements by revising the SOPs to require corporate assessments and center reviews to include the problem areas we identified in this report.

4. Conduct assessments at each center to effectively identify non-compliance with Job Corps documentation and reporting requirements for student CTT completions, leave, contacting AWOL students or their parents, and Work-Based Learning (WBL).

Also, we recommend that the National Director:

5. Provide center operators with effective guidance on convening FFBs and BRPs. This guidance should be sufficiently specific to ensure FFBs are convened for all Level I and II infractions, and BRPs are convened when alternative disciplinary actions are not effective. The guidance should also be sufficiently specific to ensure consistent interpretation and enforcement.
6. Review the incident at Atterbury involving alleged sexual assault and determine whether Atterbury took the appropriate action.
7. Determine the extent of any liquidated damages resulting from incomplete TARs at each Job Corps Center operated by Adams and require Adams to pay the liquidated damages to the government. This includes liquidated damages we estimated to be between \$68,250 and \$117, 750 at Gadsden and Atterbury and liquidated damages of \$14,250 at Shriver.
8. Determine if the accountability for students participating in WBL programs problems we identified at Shriver are systemic. Also, ensure that accountability for such students is an area of focus during both Adams and Job Corps oversight reviews to ensure that any problems are identified and corrective actions are taken.

We appreciate the cooperation and courtesies extended to us by Job Corps and Adams and Associates personnel during the audit.



Elliot P. Lewis

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Appendices

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Appendix A

Background

Job Corps is authorized by Title I-C of the Workforce Investment Act (WIA) of 1998 and is administered by the Department of Labor, Office of the Secretary, Office of Job Corps, under the leadership of the National Director, supported by a National Office staff and a field network of Regional Offices of Job Corps.

The purpose of Job Corps is to assist people ages 16 through 24 who need and can benefit from a comprehensive program, operated primarily in the residential setting of a Job Corps Center (JCC), to become more responsible, employable, and productive citizens.

As a national, primarily residential training program, Job Corps' mission is to attract eligible young adults, teach them the skills they need to become employable and independent, and place them in meaningful jobs or further education.

Education, training, and support services are provided to students at Job Corps center campuses located throughout the United States and Puerto Rico. Job Corps Centers are operated for the U.S. Department of Labor by private companies through competitive contracting processes, and by other Federal Agencies through inter-agency agreements.

The WIA legislation authorizing Job Corps requires the Secretary of Labor to provide a level of review of contractors and service providers over a 3-year period. The Code of Federal Regulations (CFR) states all Job Corps centers are to be reviewed over the 3-year period. The OIG has taken the lead in providing audit coverage of the operators and service providers for the Secretary.

Adams headquarters is located in Reno, Nevada. Adams also has regional headquarters in Columbia, Maryland and Worcester, Massachusetts. Adams operates 11 Job Corps centers under contract with DOL. The centers serve residential and non-residential students. The three centers included in our audit (Atterbury, Gadsden, and Shriver) have training capacities (authorized On-Board Strength) of 650, 286, and 300 students, respectively.

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Appendix B**Objectives, Scope, Methodology, and Criteria**

Objectives

Our audit objectives were to answer the following questions:

1. Did Adams ensure compliance with Job Corps requirements for managing center safety and health programs?
2. Did Adams ensure compliance with Job Corps requirements for reporting performance?
3. Did Adams ensure compliance with Job Corps requirements for managing and reporting financial activity?
4. Did a hotline complaint alleging improper management practices pertaining to student misconduct, CTT completions, and WBL at the Shriver Job Corps Center have merit?

Scope

This report reflects the audit work conducted at Adams' regional headquarters in Columbia, Maryland and at three Adams-operated Job Corps centers. Except where noted below, we reviewed center safety, performance data, and financial data for Program Year (PY) 2007.³ (Note: We did not necessarily perform the same work at Atterbury, Gadsden and Shriver. Gadsden was the first center we reviewed. Generally, if we found no exceptions at Gadsden and also concluded that the corporate controls were effective, then we did limited or no audit work at Atterbury. Our work at Shriver was limited to the evaluating the allegations contained in the hotline complaint. As such, we did not review financial data at Shriver. We used PY 2008⁴ data (through January 31, 2009) at Shriver. In the paragraphs below, we note the specific field work we did at the three centers.

Methodology

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

³ July 1, 2007 through June 30, 2008.

⁴ PY 2008 covers the period July 1, 2008 through June 30, 2009

To accomplish our audit objectives, we obtained an understanding of applicable laws, regulations and Job Corps policies and procedures. We also obtained an understanding of Adams' processes, policies, and procedures for managing center safety and reporting financial and performance information to Job Corps. We interviewed Adams' corporate officials at Adams' regional headquarters in Columbia, Maryland, and interviewed both Adams' corporate officials and center officials at the three centers we visited.

At the headquarters offices, we identified and evaluated Adams' internal controls over center safety and performance and financial reporting. We assessed risks related to financial and performance misstatement and evaluated Adams' overall control environment.

We selected three Adams center locations for detailed testing — Atterbury, Gadsden, and Shriver. We selected Atterbury and Gadsden based on a risk assessment, which considered a number of variables, including size of operations, prior audit findings, and OIG and Job Corps management concerns. We selected Shriver based on a hotline complaint we received. We assessed the reliability of related data for the applicable audit period and determined that the data was sufficiently reliable to accomplish our audit objectives. We used a combination of statistical and judgmental sampling to select the items tested at these centers. Judgmentally selected items, which cannot be projected to the intended population(s) were chosen based on a number of factors including known deficiencies (i.e., related audit concerns identified in prior OIG, DOL, Adams, and consultant reports); inquiries of and information provided by Job Corps, Adams and center personnel; and the nature of certain transactions (e.g., high dollar value, susceptibility to theft or manipulation). Our methodology for each center is described below.

Atterbury and Gadsden

Center Safety and Health

To gain a better understanding of the center's safety and health program at both Atterbury and Gadsden, we interviewed key Adams and center officials and staff, reviewed applicable policies and procedures, performed walkthroughs, and conducted a physical review of the center's facilities. We also evaluated the results of corporate and DOL regional office assessments of center safety and health processes, Safety and Occupational Health Committee meeting minutes, inspection reports, and performed a walkthrough of center buildings to determine whether the center effectively identified and corrected safety and health deficiencies. We also performed physical inspections to ensure that there were no apparent facility safety and health issues and to ensure that problems identified by center, corporate, and DOL reviews were corrected.

We also statistically reviewed student files for students who separated from Atterbury and Gadsden because of disciplinary infractions during PY 2007 (63 of 268 disciplinary separations at Atterbury, and 51 of 130 disciplinary separations at Gadsden). The review was to determine if the centers met the PRH requirements for convening fact-

finding boards or behavior-review panels and reporting for significant incidents. To accomplish this, we reviewed the student files and disciplinary files to identify infractions committed by the students and compared the actions the centers took regarding the infractions to the requirements for convening boards and panels, and reporting significant incidents to Job Corps.

In addition, we used a combination of statistical and non-statistical sampling to review files for students who enrolled at the two centers during PY 2007 to determine if the centers met the PRH requirements of providing basic health evaluation — to include drug screening upon enrolling students and making sure students receive physicals within 14 days of being on center, and performing background checks for criminal activity. To accomplish this, we reviewed appropriate medical forms in each selected student's medical file (12 students judgmentally selected from a population of 950 students at Atterbury and 69 students statistically selected from a population of 401 students at Gadsden) and compared the forms to the applicable PRH requirements. We also reviewed the student files to ensure the appropriate background checks were performed in accordance with the PRH.

Performance Reporting

We interviewed key Adams and center officials and staff, reviewed applicable policies and procedures, reviewed prior audit reports, and performed walkthroughs to gain a better understanding of both Atterbury and Gadsden's system for collecting, recording, processing, and reporting performance data. We reviewed corrective actions taken by Adams for instances noted on regional assessment reports. We used a combination of statistical and non-statistical sampling to examine performance reporting.

To determine if reported CTT completers had supporting Training Achievement Record (TAR) documentation in compliance with PRH requirements, we reviewed a statistical sample of 35 out of the 199 students reported by Gadsden as CTT completers and 76 out of the 414 students reported by Atterbury as CTT completers. In total, 111 out of the 613 students Adams and Associates had reported as CTT completers for the two centers were reviewed.

We reviewed each student TAR for a number of attributes, including tasks not documented as having been completed (that is, lacked required instructor/student sign-offs, completion dates, proficient performance ratings); task completion dates that coincide with holidays, weekends, student leave dates, and dates not in trade; tasks excluded without proper approval; and the reasonableness of time noted to complete tasks.

To determine if controls over student leave and attendance were in place, we used a stratified statistical sample to test 34 student files from a population of 392 at Gadsden and 73 student files from a population of 945 at Atterbury. In total, 107 student records out of 1,337 student records were reviewed. We identified students on leave as reported on the student profile — Center Information System (CIS) Form 640. We calculated leave days

taken over the designated limit identified for each status listed in the PRH (Exhibit 6-1) and assessed whether there were patterns of leave taken, such as unpaid leave followed by paid leave followed by AWOL status, before separation from the center. We reviewed student records to identify (1) whether a student placed on leave had a leave request form completed, and (2) whether student leave request forms located in student records had proper signature approvals or authorizations consistent with the leave status type as required by the PRH (Exhibit 6-1). We also used this sample to determine if attempts were made to contact AWOL students. We did this by reviewing student records to determine whether counselor case note documentation was present for each incident an AWOL was reported on the CIS Form 640.

To determine if students reported as GED/HSD completers were accurately reported, we statistically tested students claimed as earning GED certificates and High School Diplomas during PY 2007 at Gadsden and tested a judgmental sample of students at Atterbury. To verify GED/HSD attainment, we reviewed each student file for copies of certificates/diplomas and score reports/transcripts.

Financial Reporting

We interviewed key Adams and Gadsden officials and staff, reviewed applicable policies and procedures, analyzed prior audit and consultant reports, reviewed corrective actions taken by Adams on regional assessment reports, and performed a walkthrough of selected transactions to gain a better understanding of the center's system for financial reporting.

For non-personnel expenses, we reviewed a judgmental sample of 13 transactions chosen from the Gadsden's PY 2007 check register. The sample population was chosen based on the following criteria: payments that exceeded \$2,500, payments that appeared to be paid to unusual vendors, payments for items that appeared to be attractive, payments that appeared to be for unallowable expenses, and payments that appeared to be unusual in nature. The review of transactions was to determine if the expenses reported were reasonable, allocable, supported, properly bid for, and had proper approval documentation. This review included tracing the expenses to the GL.

For personnel expenses, we performed an analytical review of payroll expenditures and judgmentally selected and reviewed payroll records for 13 employees at Gadsden. The sample of 13 employees was selected based on a high-risk assessment for overtime pay, the highest-paid center officials, and employees not listed on the given employee roster. The review was to determine if expenditures were for actual and allowable work done by valid employees at their authorized rates. This included tracing the selected expenditures to authorized timesheets, leave, and pay rates.

To determine compliance with PRH requirements for reporting reimbursable expenses we examined the monthly Form 2110 reporting reimbursable expenses and the bi-weekly Form 1034 vouchers requesting reimbursement for center expenses for Contract Year (CY) 2007 at Gadsden. We then used a Job Corps-provided reconciliation

spreadsheet (required by Job Corps for all centers to use) to verify Gadsden's reported expenses reconciled to the vouchers. Furthermore, we compared Gadsden's CY 2006 to CY 2007 Form 2110 monthly operating expenses to identify variances, and reviewed significant variances to determine whether the variances were reasonable. In addition, we compared a judgmental sample of CY 2007 monthly operating expenses to the amounts reported in the general ledger to ensure expenses were accurate.

Shriver

Center Safety and Health

To determine if the complainant's allegation of whether students who should have been separated for disciplinary reasons were allowed to remain at Shriver had merit, we judgmentally reviewed 26 student files from a population of 172 students who were separated during PY 2008⁵ (through January 31, 2009), for both ordinary and disciplinary reasons. We reviewed the student files and disciplinary files (for disciplinary separations) to identify infractions committed by the students and compared the actions Shriver management took regarding the infractions to the PRH requirements for convening boards and panels, and reporting significant incidents to Job Corps.

Performance Reporting

To determine if the complainant's allegation regarding whether Shriver students were being rushed through CTT training had merit, we reviewed a judgmental sample of 42 students from a total population of 122 students. Because the complainant specifically mentioned the auto vocation, the review included testing all 11 students who had completed the auto trade vocation for PY 2007 and 13 students who had completed the auto trade vocation for PY 2008 through January 31, 2009. We also reviewed a judgmental sample of 18 out of a population of 98 students reported as CTT completers during PY 2008 through January 31, 2009. The 18 students selected had separated from the center within 5 days of completing training or had completed training within a one-month period prior to separating.

We reviewed each student TAR to determine if it appeared the student was rushed through the CTT training. We also reviewed each student TAR for a number of attributes, including tasks not documented as having been completed (that is: lacked required instructor/student sign-offs, completion dates, proficient performance ratings); task completion dates that coincided with holidays, weekends, student leave dates, and dates not in trade; tasks excluded without proper approval; and the reasonableness of time noted to complete tasks.

Work-Based Learning

To determine if the complainant's allegation regarding whether students who were CTT completers were being placed on WBL had merit, we selected a judgmental sample of

⁵ PY 2008 covers the period July 1, 2008 through June 30, 2009

28 from a population of 152 students participating in WBL (including Home Work-Based Learning) during PY 2008 through January 31, 2009. Our review included students specifically mentioned either by the complainant or in center minutes (as suggested by the complainant). We reviewed student files to determine if the files contained the documentation required by the PRH for students participating in WBL (for example, Memorandums of Understanding between center and the WBL employer, student timecards, counselor notes, and TARs tasks applicable to the WBL assignment).

We also evaluated the center's process for appropriate and timely recording of students WBL activities in the CIS system. To accomplish this, we compared the names reported in the CIS system to the list of names identified in our sample to determine if they were included in the CIS as required by PRH.

Criteria

We used the following criteria to perform this audit:

- Federal Acquisition Regulations.
- Job Corps Policy and Requirements Handbook.
- Adams' Standard Operating Procedures

Appendix C**Acronyms and Abbreviations**

Adams	Adams and Associates, Incorporated
Atterbury	Atterbury Job Corps Center
AWOL	Absent With Out Leave
BRP	Behavior Review Panel
CIS	Center Information System
CSIO	Center Standards Incentive Officer
CTT	Career Technical Training
CY	Contract Year
DOL	Department of Labor
FFB	Fact Finding Board
Gadsden	Gadsden Job Corps Center
GED	General Educational Development
HSD	High School Diploma
HVAC	Heating, Ventilation and Air Conditioning
NIR	Negative Incident Report
OBS	On-Board Strength
PRH	Policy and Requirements Handbook
PY	Program Year
Shriver	Shriver Job Corps Center
SOP	Standard Operating Procedure
TAR	Training Achievement Record
WBL	Work-Based Learning

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Appendix D

Job Corps Response to Draft Report


U.S. Department of Labor

Office of Job Corps
Washington, D.C. 20210



SEP 25 2009

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

FROM: LYNN A. INTREPIDI 
Interim National Director

SUBJECT: Response to the OIG Draft Report on the Performance Audit
of Adams and Associates Job Corps Centers, Report No.
26-09-003-01-370

Thank you for the opportunity to review the Office of Inspector General (OIG) draft report on the Performance Audit of Adams and Associates Job Corps Centers, dated September 3, 2009. Listed below are the OIG's recommendations including OJC's response:

OIG Recommendation 1 – "Obtain Job Corps approval before deviating from any PRH requirements concerning the classification of infractions as Level I, II, or III; convening of Fact Finding Boards (FFBs); and Career Technical Training (CTT) completions."

OJC Response – Concur-In-Part. The National Office of Job Corps will review the current policy as stated in the PRH, Chapter 3.4, Career Development Period, to reflect the requirements necessary for investigation and disposition of incidents as identified in the recommendation above. If necessary, the policy will be rewritten for clarity.

OIG Recommendation 2 – "Develop and implement Standard Operating Procedures (SOPs) for convening FFBs and BRPs and determining what constitutes a pattern of inappropriate behavior; and to ensure all significant incidents are reported to Job Corps as required by the PRH."

OJC Response – Concur-In-Part. If a revised policy concerning FFBs and BRPs is necessary, the Interim National Director, Office of Job Corps, will communicate to the Job Corps Regional Directors that center SOPs will have to be updated to reflect the new policy. A separate memorandum will be released to reiterate the importance that all significant incidents should be reported to the National Office of Job Corps as stated in the policy.

OIG Recommendation 3 – "Improve the effectiveness of supervisory oversight to staff responsible for complying with Job Corps student misconduct and performance reporting requirements by revising the SOPs to require corporate assessments and center reviews to include the problem areas we identified in this report."

SEP 25 2009

OJC Response – Concur. The National Office of Job Corps supports the recommendation to improve the effectiveness of supervisory oversight to staff responsible for complying with Job Corps student misconduct and performance reporting. The National Office of Job Corps will require the Regional Offices to request from Adams and Associates, SOPs for the Atterbury, Gadsden, and Shriver Job Corps Centers which should reflect problems identified in the draft report to include corrective action plans for future corporate assessments and/or center reviews resulting in non-compliance of Job Corps policies and procedures.

OIG Recommendation 4 – “Conduct assessments at each center to effectively identify non-compliance with Job Corps documentation and reporting requirements for student CTT completions, leave, contacting AWOL students or their parents, and Work-Based Learning (WBL).”

OJC Response - Concur. The National Office of Job Corps will reiterate to the Regional Directors the importance of identifying areas of non-compliance with Job Corps documentation and reporting requirements for student CTT completions, leave, contacting AWOL students or their parents, and Work-Based Learning (WBL). A separate memorandum will be prepared and forwarded to the Regional Directors addressing these concerns.

OIG Recommendation 5 – “Provide center operators with effective guidance on convening FFBs and BRPs. This guidance should be sufficiently specific to ensure FFBs are convened for all Level I and II infractions, and BRPs are convened when alternative disciplinary actions are not effective. The guidance should also be sufficiently specific to ensure consistent interpretation and enforcement.”

OJC Response - Concur-In-Part. The National Office of Job Corps will review the current policy to determine if changes need to be made when panels convene for FFBs for all Level I and II infractions including when BRPs are convened for alternative disciplinary actions.

OIG Recommendation 6 – “Review the incident at Atterbury involving alleged sexual assault and determine whether Atterbury took the appropriate action.”

OJC Response - Concur. The Interim National Director of Job Corps will require the Chicago Regional Director to investigate the allegations at the Atterbury Job Corps Center to determine whether the center took appropriate action as a result of the alleged sexual assault.

OIG Recommendation 7 – “Determine the extent of any liquidated damages resulting from incomplete TARs at each Job Corps Center operated by Adams and require Adams to pay the liquidated damages to the government. This includes liquidated damages we estimated to be at least \$68,250 at Gadsden and Atterbury and liquidated damages of \$14,250 at Shriver.”

OJC Response - Concur-In-Part. The Office of Job Corps, Regional Offices will determine the extent of any incomplete TARs, CTT completions, and possible invalid vocational completions at the Job Corps centers operated by Adams and Associates for Gadsden, Atterbury and Shriver Job Corps Centers. Upon completion of the Regional Offices review, each Regional Office will work with the Contracting Officer to determine and resolve, if any, possible liquidated damages that should be recovered from Adams and Associates.

OIG Recommendation 8 – “Determine if the accountability for students participating in WBL programs problems we identified at Shriver are systemic. Also, ensure that accountability for such students is an area of focus during both Adams and Job Corps oversight reviews to ensure that any problems are identified and corrective actions are taken.”

OJC Response - Concur. The Interim National Director will instruct the Regional Office to determine if the accountability for students participating in WBL programs at Shriver is systemic based on accurate reporting of student participating in the program. The National Office of Job Corps continues to support the idea of ensuring that accountability for students is an area of emphasis during Adams and Associates and Job Corps oversight reviews. Also, we will ensure that any problems that are identified during these reviews, Adams and Associates will be instructed by the Regional Offices to develop and implement a corrective action plan.

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Adams Response to Draft Report



Adams and Associates, Inc. • 10395 Double R Blvd. • Reno, Nevada 89521 • Phone 775-348-0900 • Fax 775-348-2023

September 22, 2009

Ray Armada
Audit Director
DOL-OIG-OA
Job Corps Audit Group
90 7th Street, Suite 2-750
San Francisco, CA 94103

Subject: Adams Response to OIG Draft Report-26-09-003-01-370
Performance Audit of Adams and Associates

Mr. Armada,

We appreciate the opportunity to respond to the OIG draft report on the Performance Audit of Adams and Associates. In general, we question the factual accuracy of a number of the statements within the report. We acknowledge the OIG's effort to conduct a comprehensive audit through extensive documentation review and interviews. However, we feel the report includes opinions and conclusions that reflect negatively on the Company and are not justified in an audit report. We believe some opinions are misleading and draw inaccurate conclusions concerning Adams and Associates' management.

Student Management:

The audit report states that "students were allowed to stay on center without consideration of appropriate disciplinary action" and that "problem students were allowed to stay on center, potentially placing other students and staff at risk." These statements imply that these centers are not safe because staff do not take action on negative student behavior. This language falsely implies that Adams and Associates is operating unsafe centers. Further, throughout the student management section of the audit, the OIG appears to have drawn conclusions, based on their limited information and experience managing "at risk" youth.

We agree that there were some situations in which Fact Finding Boards should have been convened and/or Significant Incident Reports should have been submitted. However, we disagree that this created an environment that was not safe for staff or students.

We also disagree with the comments concerning the Center Director's discretion with Behavioral Review Panels. The PRH does not define or quantify what constitutes a "pattern of inappropriate behavior." The PRH gives the authority to make this determination to the Center Director or designee in Exhibit 3-1 where the definition of this "infraction" is defined as follows:

“A pattern of inappropriate behavior, failure to follow center rules, or lack of full participation in required center activities as determined by the Center Director or designee.”

Clearly, the PRH grants the Center Director discretion to effectively manage a behavioral adjustment system and determine when to convene a BRP for a pattern of inappropriate behavior.

Placed in context and compared to student disciplinary discharge rates nationally, the Adams' centers audited reflect a statistically significant pattern of aggressive disciplinary terminations of students displaying significant negative behavior. The average rate of Disciplinary Discharges for Adams audited centers is 26.9% compared to 25.1% nationally per USDOL/Job Corps Program Year '07 data.

CTT Completions:

The majority of Training Achievement Record (TAR) concerns were documentation issues that were clerical errors and omissions on documents with an overall 99.95% accuracy rate. This is an unreasonable and illogical Perfection-Fail standard and does not invalidate the students' training and should not invalidate the TAR's. Some of the TAR's have hundreds of separate annotations required. The National Office of Job Corps has recognized this as being an onerous task and has since released a new policy significantly reducing documentation requirements for TAR's. This policy will allow centers to strengthen their compliance with program documentation requirements without negatively impacting the ability to provide quality CTT instruction to students.

Throughout the audit report, it is implied that Adams does not place enough emphasis to ensure TAR compliance. We would argue that a 99.95% accuracy rate indicates that we have systems in place to ensure compliance that exceeds any industry standard we are aware of.

Adams disputes 35 out of the 41 TAR's cited as concerns. The assessment of liquidated damages for the remaining 6 TAR's should be in the amount of \$4,500.

Student Accountability:

In response to the concern of contacting or attempting to contact AWOL students or their parents we disagree with the language within the report. This assumption is based solely upon the absence of documentation. This audit cannot conclude that we did not attempt to contact students and, in fact, Adams and Associates' student retention and AWOL retrieval rate would appear to validate our AWOL contact process.

In response to the concerns of documenting and approving leaves, the majority of leave issues (243 out of 260) were related to leaves not having all of the signatures on leave documents prior to the student going on leave. The leave pre-approval signature process does not invalidate the student status and/or leave.

The remaining seventeen leave days were related to supporting documentation. This issue would not have been a concern under the new leave policy. The National Office of Job Corps has recognized that the old leave policy required major revisions and released the new policy in April of 2008 establishing more reasonable and functional standards.

WBL Program:

In response to students enrolled in WBL who were not properly accounted for, we acknowledge that the documentation requirements were not always in full compliance. However, as with the TAR and Leave requirements, the National Office of Job Corps has released new requirements for the WBL program eliminating the unrealistic requirement of 360 hours of WBL. Centers can now focus on the quality of WBL opportunities and documentation as opposed to the unrealistic requirement for 360 documented hours in WBL activities.

In closing, the consistent theme throughout the report is that Adams lacked sufficient oversight and that Adams' management believed they had more discretion than the PRH allowed. These opinions are subjective and not factual.

Operating Job Corps centers that are safe and provide an environment where students can be successful is a top priority for our company. We operate with the highest of integrity and quality, resulting in the highest student success rates of any Job Corps contractor. The policies and procedures that we have developed have improved the accuracy of our reporting and compliance with unreasonable documentation requirements that Job Corps is revising to more functional standards. We will continue to provide technical assistance and training to ensure student and financial reporting are as accurate as possible. We will continue to work with the National Office of Job Corps to improve policies to allow our staff to focus on providing quality services and training to our students.

Regards,



Roy A. Adams
President

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Appendix F

Acknowledgements

Key contributors to this report were Ray Armada (Audit Director), David Sterling, Alvin Edwards, Robert Richardson, S. Marisela Sookraj, James Turkvant, Cory Grode, and Angela Stewart.

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