

Appendix D

Department Response to Draft Report

U.S. Department of Labor

Office of the Assistant Secretary
for Administration and Management
Washington, D.C. 20210



MAR 29 2010

MEMORANDUM FOR ELLIOT P. LEWIS
Assistant Inspector General

A handwritten signature in black ink, appearing to read "E. Hugler", is written over the typed name and title of the sender.

FROM: EDWARD C. HUGLER
Senior Accountable Official
Deputy Assistant Secretary for Operations,

SUBJECT: Recovery Act: Job Corps Contracting

As the Senior Accountable Official for the Department's implementation of the American Recovery and Reinvestment Act (Recovery Act) of 2009, this responds to the Office of Inspector General (OIG) draft audit report, Recovery Act: *OASAM Needs to Ensure that Job Corps Contract Modifications Meet Recovery Act Requirements*—Draft Audit report No. 18-10-005-07-001.

Management's responses to the draft report's recommendations follow:

Recommendation 1: For the modification totaling \$122,103 that OASAM could not demonstrate was issued based on merit, either issue a modification incorporating a SOW that is within the scope of the original contract or re-compete the work.

Management accepts this recommendation and OASAM is working with the Job Corps to promptly issue the necessary corrective modification.

Recommendation 2: Provide documentation that \$122,523 of Recovery Act funds was de-obligated.

Management will promptly provide documentation of the de-obligated Recovery Act funds.

The related finding that the two Job Corps Center projects were ineligible for Recovery Act funding was the subject of ample discussion between management and OIG staff. We appreciate the consideration of our input and the draft report's balance in portraying Job Corps management's good faith intentions and program-related reasons for the projects. As noted in the draft report, no Recovery Act funds were expended for the two projects in question.

Recommendation 3: Modify the contracting actions that did not properly include the Recovery Act required clauses.

Management accepts this recommendation. The contracts identified in the draft audit report are currently being reviewed. Any modifications that are required as a result of the review will be promptly completed.

Recommendation 4: Re-communicate and monitor the Department’s policy for using the pre-award checklist.

Following the completion of OIG’s audit review, a reminder was sent from the OASAM Office of Acquisition Management Services reminding contracting staff of the Department’s policy for using the pre-award checklist. OASAM will send additional guidance in Q3 of FY 2010.

We appreciate the cooperation of the OIG staff who contributed to this draft audit and the consideration of management’s input.

cc: Jane Oates, ETA
Barbara DesMarteau, ETA
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