

Appendix D

ETA Response

U.S. Department of Labor

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



SEP 8 - 2012

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

**FROM:** JANE OATES *Jane Oates*  
Assistant Secretary

**SUBJECT:** Response to the Summary Report of Sub-contracting at Six  
Privately Operated Job Corps Centers; Report No. 26-12-009-03-  
370<sup>9</sup>

This memorandum responds to the subject audit summary report, dated September 27, 2012, Office of the Inspector General's (OIG) Audit Report No. 26-12-009-03-370, "*Summary Report of Sub-contracting at Six Privately Operated Job Corps Centers.*"<sup>9</sup>

Audit Summary:

The OIG conducted a series of performance audits on the sub-contracting practices of six Job Corps centers operated by private contractors. This subject report is a summary of the OIG's findings, recommendations, and the corrective actions the Employment and Training Administration (ETA) is taking to improve guidance and oversight. The OIG's audit in each instance was to determine if the operators ensured best value to the Federal government when awarding subcontracts.

The OIG found that the operators, Young Women's Christian Association of Greater Los Angeles (Los Angeles Job Corps Center), Adams and Associates, Inc. (Red Rock Job Corps Center), Education and Training Resources, Inc. (Turner and Oneonta Job Corps Centers), and Management and Training Corporation (Paul Simon and Clearfield Job Corps Centers) did not always ensure best value to the Federal government when awarding subcontracts and purchase orders. The OIG also found that two Management and Training Corporation contracts did not support claimed costs by consistently obtaining required documentation. Overall, the OIG identified approximately \$8.7 million in questioned costs.

The OIG recommended ETA and the center operators both improve guidance and oversight over center sub-contracting to ensure best value to the government. The OIG also recommended ETA recover any monetary differences between the fair value of the services received and the OIG's questioned costs.

<sup>9</sup>Report number changed to 26-13-001-03-370.

ETA Response:

ETA concurs with the OIG's summary findings and the summary of recommendations. While the recommendations for each of the six audits were similar, ETA has taken corrective action as appropriate and as indicated in the individual OIG Audit Reports responses.

If you have questions concerning this response, please contact Linda K. Heartley, ETA's Head of the Contracting Activity, Office of Contracts Management at (202) 693-3404.

Attachment

cc:

Edna Primrose, Job Corps  
Brinda Ruggles, ETA Audit Liaison