

**U.S. Department of Labor
Office of Inspector General
Office of Audit**

BRIEFLY...

Highlights of Report Number: **03-06-003-01-370**, a report to the Administrator of Job Corps.

WHY READ THE REPORT

The U.S. Department of Labor (DOL), Office of Inspector General (OIG) conducted a performance audit of the Job Corps Student Pay Allotment and Management Information System (SPAMIS) activity and results for the period October 1, 2003, through September 30, 2005. Job Corps, a DOL youth training program, uses SPAMIS to process payments to Job Corps' students. SPAMIS' operating expenses totaled \$93.9 million in FY 2004 and \$91.5 million in FY 2005. Over 90 percent of SPAMIS payments are for Living Allowances paid to students during their enrollment at the Job Corps Centers and Transition Allowance payments paid to students when they complete or terminate the Job Corps program.

WHY OIG CONDUCTED THE AUDIT

The OIG conducted the audit to determine the following:

1. Were the SPAMIS Statements of Position as of March 31, 2004, and March 31, 2005, and the corresponding Statement of Operations reports for the 6 months then ended, supported by the general ledger and student data, and were the Fiscal Years 2004 and 2005 ending account balances within expected tolerances?
2. Were internal controls over SPAMIS financial operations adequate?
3. Is Job Corps effectively managing unclaimed student Living and Transition Allowance checks?

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/2006/03-06-003-01-370>

September 2006

Audit of Job Corps Student Pay Allotment and Management Information System for the 2 Years Ended September 30, 2005

WHAT OIG FOUND

We found that:

1. The SPAMIS Statements of Position as of March 31, 2004, and March 31, 2005, and the related Statement of Operations reports for the 6 months then ended, were generally supported by the general ledger and student data, and the Fiscal Year 2004 and 2005 ending balances were within expected tolerances.
2. Overall, the controls over SPAMIS financial operations were adequate; however, we identified weaknesses that require management attention.
3. During the 2-year period ending September 30, 2005, Job Corps took action to more effectively manage the significant number of unclaimed living and allowance checks. However, Job Corps has not determined if state escheat laws apply to these unclaimed checks.

WHAT OIG RECOMMENDED

We recommended that the Administrator of Job Corps:

1. Use the monthly Job Corps Data Center Reports to identify trends and variances to help manage the program effectively and efficiently.
2. Provide for the necessary review and authorization of financial documents.
3. Monitor the accounting for bank charges.
4. Provide for segregation of duties for payroll tax payments and IRS correspondence.
5. Request a Legal Opinion regarding whether Job Corps is required to escheat the unclaimed student property (living and transition allowance payments) to the states.
6. Rerun a report for the checks remaining unclaimed from the initial 120,633 mailings and prepare a second mailing.

Job Corps agreed with the findings and recommendations.