

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

BRIEFLY...

Highlights of Report Number 26-08-005-01-370, Performance Audit of Applied Technology Systems, Incorporated (ATSI) Job Corps Centers to the National Director, Office of Job Corps.

WHY READ THE REPORT

This report discusses weaknesses in controls over financial management and performance reporting at two Job Corps centers operated by ATSI.

WHY OIG CONDUCTED THE AUDIT

Our audit objectives were to answer the following three questions:

1. Did ATSI ensure compliance with Job Corps requirements for managing and reporting financial activity?
2. Did ATSI ensure compliance with Job Corps requirements for reporting performance?
3. Was a hotline complaint alleging irregularities in payroll, General Education Development (GED) testing, and plumbing maintenance at ATSI's Detroit Job Corps Center valid?

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/2008/26-08-005-01-370.pdf>

WHAT OIG FOUND

ATSI did not ensure compliance with Job Corps requirements for reporting financial activities and performance for the Cleveland Job Corps Center (Cleveland) in Cleveland, Ohio and Detroit Job Corps Center (Detroit) in Detroit, Michigan.

Detroit did not have required supporting documentation or center management approvals

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PERFORMANCE AUDIT OF APPLIED TECHNOLOGY SYSTEMS, INCORPORATED (ATSI) JOB CORPS CENTERS

for \$158,754 in billed expenses; and Detroit and Cleveland did not ensure expense reports agreed with amounts billed to Job Corps. Additionally, Detroit did not follow Federal procurement requirements for full and open competition when awarding 10 of the 11 subcontracts reviewed. The 10 subcontracts awarded without competition totaled \$519,889. As such, Detroit could not provide assurance that contracted goods and services were obtained at costs most favorable to Job Corps.

Our review of attendance records for 45 judgmentally selected students separated from Detroit during July 2005 through August 2006 showed that 8 students (18 percent) were not recorded as Absent Without Leave (AWOL) as required; and did not document staff attempts to contact the AWOL students to facilitate their return to the center. Detroit also overstated Student On-Board Strength (OBS), a measure of a center's ability to operate at full capacity. Three (7 percent) of the 45 students reviewed were not separated on the correct date and were incorrectly reported in the center's OBS calculation.

In regards to the hotline complaint, we concluded that the three allegations did not have merit.

WHAT OIG RECOMMENDED

We made seven recommendations to the National Director, Office of Job Corps. In summary, our recommendations were to require ATSI to provide support for unsupported costs billed to Job Corps and recover any amount determined to be unsupported; and direct ATSI to develop and implement procedures to ensure its centers comply with Job Corps and contract requirements for journal entries, expense reports and billings, subcontracting, and AWOL.

HOW AUDITEE RESPONDED

The National Director, Office of Job Corps concurred with the report's findings and recommendations for improvement.