

February 20, 2002

MEMORANDUM FOR: EMILY STOVER DeROCCO
 Assistant Secretary for
 Employment and Training

FROM: *Elliot P. Lewis*
 ELLIOT P. LEWIS
 Acting Deputy Inspector General
 for Audit

SUBJECT: Audit of Iroquois Job Corps Center Property Taxes
 November 1, 1999 Through October 31, 2000
 Final Letter Report Number 02-02-206-03-370

We have completed an audit of the Iroquois Job Corps Center (IJCC) for the period November 1, 1999 through October 31, 2000. The audit objective was to determine if Satellite Services, Inc., claimed property taxes for the IJCC under Contract Number 2-99-JC-23-36. We found that no property taxes were claimed and paid by Satellite Services, Inc., for the IJCC. We are making no recommendations and no response is necessary.

If you have any questions or wish to discuss this issue further, please contact Richard H. Brooks, Regional Inspector General for Audit at (212) 337-2577.

Background

Job Corps was established in 1964 and is presently authorized under Title I, Subtitle C of the Workforce Investment Act of 1998. The overall purpose of the program is to provide economically disadvantaged youths aged 16 to 24 with the opportunity to become more responsible, employable citizens. With annual funding more than \$1 billion, Job Corps is the largest Federal youth employment and training program. Job Corps provides total support for participants including basic education and vocational classes; dental, medical and eye care; social skills training; meals; recreational activities; counseling; student leadership activities; and job placement services.

The Employment and Training Administration (ETA), awarded Contract Number 2-99-JC-23-36 to Satellite Services, Inc., to operate the IJCC for the period November 1, 1999 through October 31, 2001, with three additional option years.

The IJCC was formerly a civilian conservation center operated by the United States Department of Interior's Fish and Wildlife Service. The center consists of 21 buildings, plus dormitory and gymnasium, on approximately 28 acres of land. It is located in Shelby, New York, and is part of the Iroquois National Wildlife Refuge.

Objective

The audit objective was to determine if Satellite Services, Inc., claimed property taxes for the IJCC under Contract Number 2-99-JC-23-36.

Scope and Methodology

We reviewed charges to utilities, and other facility maintenance claimed under the contract number 2-99-JC-23-36 for the period November 1, 1999 through October 31, 2001. We obtained an understanding of the IJCC's internal controls through inquiries with appropriate personnel, inspection of relevant documentation, and observation of operations. The nature and extent of our testing were based on the risk assessment.

We examined center operation expenses, general ledgers and supporting documentation including vouchers and invoices. We used judgmental sampling techniques to test individual account transactions. We sampled \$280,857 or 64 percent of reported utilities, fuel, and maintenance expenses. We did not audit performance measurements of IJCC.

The audit was performed using criteria we considered relevant in evaluating the reasonableness, allowability and allocability of claimed expenses. Criteria included Title 20 of the Code of Federal Regulations, Federal contract cost principles set forth in the Federal Acquisition Regulation, Part 31 and the Job Corps Policy and Requirements Handbook (PRH). Also, other requirements in the contract were used as criteria in evaluating the allowability of claimed expenses.

We conducted our audit in accordance *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such tests as we considered necessary to satisfy the objective of the audit. We conducted fieldwork from October 30, 2001 to November 2, 2001, at the IJCC located in Shelby, New York.

Audit Results

We found that no property taxes were claimed and paid by Satellite Services, Inc., for the IJCC during the period November 1, 1999 through October 31, 2000. We are making no recommendations and no response is necessary.