

Job Corps Response to Draft Report

U.S. Department of Labor

Office of Job Corps
Washington, D.C. 20210



MAR 30 2009

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

FROM: ESTHER R. JOHNSON, Ed.D. *Esther R. Johnson*
Administrator

SUBJECT: Response to the OIG Revised Draft Report on the Performance
Audit of Management and Training Corporation Job Corps Centers,
Report No. 26-09-001-01-370

Thank you for the opportunity to review the Office of Inspector General (OIG) revised draft report on the Performance Audit of Management and Training Corporation (MTC) Job Corps Centers, Report No. 26-09-001-01-370, received on March 20, 2009. Listed below are the OIG's findings and recommendations including the Office of Job Corps (OJC) response:

OIG Finding 1

- MTC did not always ensure compliance with Job Corps requirements for managing center safety and health programs.

The Office of Job Corps concurs with the OIG finding.

OIG Finding 2

- MTC did not always ensure compliance with Job Corps requirements for reporting performance.

Concurs-In-Part. In accordance with the Job Corps Policy and Requirements Handbook (PRH), Chapter 5, R.2.f. states, "Contracting Officers must exercise discretion when assessing liquidated damages when such action may not be appropriate where an error or omission occurred or when the action was careless or as a result of an innocent mistake," the Office of Job Corps believes that many of the invalid TARS identified in the OIG draft report are a result of innocent mistakes and human errors.

The National Office of Job Corps is in agreement with MTC and the centers that out of 79 students identified as having incomplete TARS, 18 were identified as being invalid. The Office of Job Corps will review the remaining TAR deficiencies identified during the OIG's audit. Upon their review, the Regional Offices will work with the Contracting Officers to determine, if any, liquidated damages associated with invalid TARS should be assessed.

Regarding the OBS issues mentioned in the draft report, the Office of Job Corps agrees with MTC that 19 out of the 22 students should have separated at an earlier date. The Regional Offices will review the remaining 3 students to determine whether or not they should be considered invalid. Upon completion of the Regional Offices review, they will work with the Contracting Officers to determine, if any, additional liquidated damages should be assessed.

Overall, we will ensure that MTC has put in place proper mechanisms for controls and oversight in identifying invalid TARS and student OBS. However, the Office of Job Corps will continue to work with MTC to strengthen the aforementioned areas identified and instruct MTC to continue to work hard in accomplishing these tasks.

OIG Finding 3

- There were no indications that MTC did not comply with Job Corps requirements for managing and reporting financial activity.

The Office of Job Corps concurs with the OIG finding.

The OIG recommended that the National Director, Office of Job Corps, require MTC to:

OIG Recommendation 1

- Improve controls and monitoring over all centers to identify and correct non-compliance with Job Corps safety and health program requirements and periodically test those controls to determine effectiveness. The controls and monitoring should ensure safety and health inspections and observations are thorough and result in timely identification and correction of unsafe and unhealthy conditions.

OJC Response

Concurs. The Office of Job Corps supports the idea of continuous improvement regarding identifying and correcting non-compliance with Job Corps safety and health program. As a result, on Friday, March 27, 2009, the National Director of Job Corps, forwarded a memorandum addressed to the Job Corps Regional Directors to instruct MTC to improve controls and monitoring over all their centers to identify and correct any non-compliance with Job Corps safety and health program requirements and periodically test those controls to determine effectiveness while ensuring safety and health inspections and observations are thorough. All documentation associated with MTCs oversight of their centers safety and health programs must be maintained on file for a period of 3 years for recorded-keeping purposes at the MTC Headquarters in Centerville, Utah. (Attachment 1, Memorandum Addressed to the Job Corps Regional Directors from the National Director, dated March 27, 2009)

OIG Recommendation 2

- The OIG recommended that the National Director, Office of Job Corps, require MTC to periodically validate whether the safety and health program at Charleston is managed in accordance with Job Corps requirements.

OJC Response

Concurs. The Office of Job Corps supports the idea for improvement in the areas of Job Corps safety and health programs. On Friday, March 27, 2009, the National Director of Job Corps forwarded a memorandum addressed to the Philadelphia Job Corps Regional Director to instruct MTC to periodically validate whether the safety and health program at Charleston Job Corps Center is managed in accordance with Job Corps requirements. All documentation associated with periodically validating whether the safety and healthy program is managed in accordance with Job Corps requirements must be maintained on file for a period of 3 years for record-keeping purposes at the MTC Headquarters in Centerville, Utah. (Attachment 2, Memorandum Addressed to the Philadelphia Job Corps Regional Director from the National Director, dated March 27, 2009)

As the OIG draft report relates to the Charleston Job Corps Center regarding required inspections, observations, and committee meetings addressed in the Annual Occupational Safety and Health (OSH) review conducted by Mabbett & Associates (Job Corps Safety and Health contractor) in May 2007, the following information is being provided to you as requested: The center OSH review was conducted on September 8, 2008. Cited violations were entered in the Job Corps Abatement Tracking System (ATS) and issued to the Regional Office for review and submittal to the center via ATS. The center abated the violations via ATS on September 8, 2008 and December 8, 2008. The Regional Office logged into ATS and accepted the updates provided. The next time the Regional Office monitors the center, they will check to ensure the violations has been abated. When the center has their next OSH review, all of the previous violations will be reviewed for proper abatement. If they are not abated, they will be cited as a repeat violation.

OIG Recommendation 3

- Improve the effectiveness of training and supervisory oversight to staff responsible for complying with Job Corps performance reporting requirements.

OJC Response

Concurs. The Office of Job Corps supports the idea for improvement in the areas of Job Corps training and supervisory oversight for staff regarding the performance reporting requirements. On Friday, March 27, 2009, the National Director of Job Corps forwarded a memorandum addressed to the Job Corps Regional Directors instructing them to require MTC to continue to improve the effectiveness of training and supervisory oversight to all staff responsible for complying with Job Corps performance reporting requirements. (Attachment 1, Memorandum Addressed to the Job Corps Regional Directors, from the National Director, dated March 27, 2009).

OIG Recommendation 4

- The OIG recommended the National Director, Office of Job Corps, improve the effectiveness of data integrity audits conducted at each center to identify any systemic non-compliance with Job Corps performance reporting requirements. These audits should continue to assess PRH compliance with all elements of performance reporting including student achievement, On-Board Strength (OBS), and student attendance.

OJC Response

Concurs. The Office of Job Corps supports the idea for improvement in the areas of the effectiveness of data integrity audits conducted at each center; therefore, we will continue to improve policy to strengthen reporting requirements in the area of data integrity audits. Audits will continue to be conducted in compliance with the PRH requirements in the area of performance reporting.

OIG Recommendation 5

- The OIG recommended the National Director, Office of Job Corps, implement corrective action plans when PRH non-compliance is identified during data integrity audits. The corrective action should include providing Job Corps with any adjustments to previously reported performance.

OJC Response

Concurs. On March 27, 2009, the National Director of Job Corps forwarded a memorandum addressed to the Job Corps Regional Directors instructing them to require MTC to implement a corrective action plan when PRH non-compliance is identified during data integrity audits. The corrective action plan should include providing Job Corps with any adjustments to previously reported performance. This information should be provided to the Regional and National Offices, if PRH non-compliance is identified, 30 days after an audit is completed. (Attachment 1, Memorandum Addressed to the Job Corps Regional Directors, from the National Director, dated March 27, 2009).

OIG Recommendation 6

- Determine the extent of any overstated OBS and vocational completions at each of the MTC's centers and require MTC to pay the Department of Labor (DOL) liquidated damages for the overstatements. This includes MTC paying the liquidated damages identified in this report - \$60,000 for invalid vocational completions and \$3,943 for not separating students as required by Job Corps requirements.

OJC Response

Concurs-In-Part. The Office of Job Corps, Regional Offices will determine the extent of any overstated OBS and vocational completions at the Gary and Charleston Job Corps Centers. Upon completion of the Regional Offices review, they will work with the Contracting Officers to determine and resolve, if any, additional liquidated damages will be identified.

Attachments

Attachment #1

U.S. Department of Labor

Office of Job Corps
Washington, D.C. 20210



MAR 27 2009

MEMORANDUM FOR: ALL JOB CORPS REGIONAL DIRECTORS

FROM: ESTHER R. JOHNSON, Ed.D. *Esther R. Johnson*
Administrator

THROUGH: PATSY BAKER BLACKSHEAR, Ph.D. *Patsy Baker Blackshear*
Deputy Director, Division of Regional Office Operations

SUBJECT: OIG Revised Draft Report on the Performance
Audit of Management and Training Corporation Job Corps Centers,
Report No. 26-09-001-01-370

This memorandum is in reference to the Office of Inspector General (OIG) revised draft report on the Performance Audit of Management and Training Corporation (MTC) Job Corps Centers, Report No. 26-09-001-01-370, received on March 20, 2009.

The OIG recommends the Job Corps National Director, require MTC to: (1) Improve controls and monitoring over all centers to identify and correct non-compliance with Job Corps safety and health program requirements and periodically test those controls to determine effectiveness. The controls and monitoring should ensure safety and health inspections and observations are thorough and result in timely identification and correction of unsafe unhealthy conditions; (3) Improve the effectiveness of training and supervisory oversight to staff responsible for complying with Job Corps performance reporting requirements; and (5) Implement corrective action plans when PRH non-compliance is identified during data integrity audits. The corrective action should include providing Job Corps with any adjustments to previously reported performance.

Based on the aforementioned recommendations, please instruct MTC to improve controls and monitoring over all their centers as identified in Recommendation No. 1; continue to improve the effectiveness of training and supervisory oversight to staff responsible for complying with Job Corps performance reporting requirements; and implement a corrective action plan to include providing Job Corps with any adjustments to previously reported performance when the PRH non-compliance is identified during data integrity audits. If non compliance is identified, a copy of the audit must be forwarded to the Regional and National Offices 30 days after it has been completed.

Proof of only these action items associated with the recommendations, must be maintained on file for a period of 3 years for record-keeping purposes at the MTC Headquarters in Centerville, Utah. Upon receipt, the information will be reviewed and forwarded to the OIG as requested. If you have any questions, please contact Ann F. Branch, OIG/GAO Audit Liaison, of my staff at (202) 693-3920.

Attachment #2

U.S. Department of Labor

Office of Job Corps
Washington, D.C. 20210



MAF 27 2009

MEMORANDUM FOR: LYNN INTREPIDI,
Regional Director,
Philadelphia Regional Office

FROM: ESTHER R. JOHNSON, Ed.D. *Esther R. Johnson*
Administrator

THROUGH: PATSY BAKER BLACKSHEAR, Ph.D. *Patsy Blackshear*
Deputy Director, Division of Regional Office Operations

SUBJECT: OIG Revised Draft Report on the Performance
Audit of Management and Training Corporation Job Corps Centers,
Report No. 26-09-001-01-370

This memorandum is in reference to the Office of Inspector General (OIG) revised draft report on the Performance Audit of Management and Training Corporation (MTC) Job Corps Centers, Report No. 26-09-001-01-370, received on March 20, 2009. The OIG recommends the Job Corps National Director, require MTC to: (Recommendation #2) periodically validate whether the safety and health program at Charleston is managed in accordance with Job Corps requirements.

Based on the aforementioned recommendations, please instruct MTC to periodically validate whether the safety and health program at Charleston are managed based on Job Corps requirements. Proof of these action items, must be maintained on file for a period of 3 years for record-keeping purposes at the MTC Headquarters in Centerville, Utah.

If you have any questions, please contact Ann F. Branch, OIG/GAO Audit Liaison, of my staff at (202) 693-3920.

PAGE INTENTIONALLY LEFT BLANK

MTC Response to Draft Report



Management
& Training
Corporation

500 N. Marketplace Dr.
P.O. Box 10
Centerville, UT 84014
Direct: 801.693.2800
Fax: 801.693.2900
www.mtctrains.com

Scott Marquardt
President

March 23, 2009

Elliot P. Lewis
Assistant Inspector General
Office of Inspector General
U.S. Department of Labor
200 Constitution Ave. N.W., Suite S-5512
Washington, DC 20210

Subject: MTC Response to OIG Draft Report Number 26-09-01-370 - Performance Audit of
Management and Training Corporation

Dear Mr. Lewis,

Before offering our response to the draft report mentioned above, MTC would like to express our appreciation for the transparency during the audit process and the opportunities your staff have afforded the company representatives to respond to identified concerns throughout this year-long audit.

Given the in-depth audit of MTC's and the centers' financial documents and reporting processes, MTC was pleased to learn that OIG had no concerns with MTC's financial management of these two centers.

The same holds true with the reporting and documenting of GED and high school performance at both centers audited.

With that being said, we respectfully disagree with following OIG conclusions:

Vocational Completion (TARs)

On page 2 of the report, OIG stated that "MTC agreed certain training records were not completed and students were not separated as required." MTC only agreed on 18 of the 79 TARs in question and did not agree with OIG conclusions on all of the leaves and timely separations.

OIG repeatedly stated that students did not complete their vocation as required because one or more "required tasks were not completed." Yet on the majority of the TARs, all of the skills were completed. The issue was that some of the annotations required for each skill were not completed properly (i.e. a student or staff initial missing, a skill proficiency level not circled or circled at a level 1, or one or two dates indicated completion on non-training days).

As stated in the report, for some of the TARs there are more than 1000 separate annotations that need to be completed. This is a tremendous clerical task for a career and technical training instructor to ensure 100 percent accuracy at all times given that the focus for them is on providing quality training to students. It is a fine balance between accurate documentation and ensuring the students leave the center with the skills needed to obtain employment.

At the Gary center, OIG auditors audited some of the TARs and initially classified them as valid, yet the auditors were instructed to re-audit many of the TARs and found exceptions and reclassified the TARs as invalid. This resulted in many of the Gary TARs being audited by two separate auditors who spent as much as 45 minutes to an hour each, on the TARs. Unfortunately, center resources do not allow for that amount of time to be spent auditing TARs.

During their annual data integrity audits at Charleston and Gary, DOL very rarely if ever assesses liquidated damages for the occasional documentation error or for a small number of missing skill completions. Of the TARs identified by OIG as invalid, 40.5 percent (32 TARs) had only 1 or 2 skills annotated/completed improperly and 58 percent (46 TARs) had 4 or fewer skills annotated/completed improperly. We have provided to the OIG auditor our arguments and supporting documentation on why we believe that 61 of the TARs should have been classified as valid. We are willing to provide the same to the Job Corps national and regional offices.

MTC objects to OIG's assessment of liquidated damages in the amount of \$59,250 for the TARs audited. MTC's TAR liquidated damages calculation is \$13,500 (18 TARs x \$750 per TAR).

Student Leaves/AWOL (OBS)

OIG chose to conduct a targeted audit of students on leave prior to separation which, in all probability, will result in higher incidents of audit exceptions. Given that the audit was targeted, only 1 audited student had an issue with excessive administrative leaves and only 2 students (out of 564 audited) or .35 percent were not separated as AWOL on the correct date.

The remaining concerns identified by OIG all revolved around either not holding disciplinary panels in a timely manner (10 students) or not immediately separating students who received a sanction of disciplinary separation that was approved by the center director (11 students).

Of the 11 students at Gary that were not separated timely from their disciplinary panel, 4 students were in the DOL regionally approved Re-Commit program which offered students a second chance if they enrolled in a stringent behavior modification program at the Gary center. These 4 students were granted leave time to consider this as an alternative to complete separation from the program. It also allowed time for the center to work with the family to try to get the much needed family support necessary for the program to be successful. These 4 students accounted for 32 of the 68 days in this category.

In 2006, MTC identified during our center corporate audits that the issue of either not holding review panels within PRH time frames, or not separating students within the same time frames was occurring too frequently. Therefore, MTC issued Training Group Notice 06-01, Use and Documentation of Administrative Leave (P-ADLV and N-ADLV) for Behavioral Reasons, on 5/15/07 with an effective implementation date of 6/1/07. In summary, this Notice informed our centers that they must comply with PRH requirements when sending students home pending investigation, as well as ensure timely delivery and resolution to disciplinary panels.

MTC concurs with the assessment of \$2,385 in liquidated damages for not separating 2 AWOL students in a timely fashion. MTC objects to the assessment of \$1,558.80 in liquidated damages for students not separated timely during behavior panels or granted administrative leave in excess of 30 days per year. MTC's liquidated damage calculation for students in these categories is:

Gary:	62 days x \$ 8.64 = \$536
Charleston:	74 days x \$10.44 = \$773
Total	\$1,309

MTC agrees to the total sum of \$17,194 in liquidated damages based on the OBS and TAR discrepancies sited in this audit.

Safety Program

MTC is a strong proponent and advocate for the safety of students and staff at all of our Job Corps facilities. MTC's corporate office has a full-time Risk Management department that performs numerous services to include: at least one annual visit to each site from a professional loss-control consultant; bi-annual, weeklong risk management conference for all safety managers; serving as a resource for safety staff at all of our facilities as questions arise; maintaining a corporate library of safety materials for facility use; and distribution of a quarterly newsletter to safety staff.

OIG conducted an intense audit and tour of dozens of buildings at the Gary center which is comprised of 118 buildings (65 of which are old WWII-era military structures) on 457 acres and did not identify any safety-related concerns.

The Charleston center sits on 11 acres and is comprised of 16 buildings. The program received an overall satisfactory rating during the annual DOL safety inspection in question. MTC and the Charleston center continuously strive for 100 percent compliance in all areas, especially areas that affect the safety of our students and staff.

MTC had identified the lack of documentation as a concern prior to the DOL inspection and has implemented the following corrective actions:

- ✓ Hired a private safety consultant to conduct a more in-depth review of Charleston's safety program
- ✓ Assigned the center safety officer from Gary Job Corps to Charleston to provide on-sight technical assistance for two consecutive weeks
- ✓ Initiated corrective actions with center staff
- ✓ Reviewed all center corrective actions for the concerns identified in the DOL annual inspection and monitored these actions for completion utilizing Job Corps' Abatement Tracking System
- ✓ Instructed the center's top leadership to develop and implement their own internal monitoring system to ensure that required safety activities were being conducted in the timeframes stated by the PRH

There have been no major safety or health related incidents at the Charleston center from July 2006 to the present and the center has continued to receive a satisfactory rating during our annual DOL safety inspections.

Additional Comments


Page 3 states MTC “controls were not effective, and the continued lack of emphasis on ensuring compliance ...”. This appears to be a blanket statement and a generalization. MTC has devoted tremendous resources both at the corporate and center levels to improve reporting accuracy. The controls and procedures that MTC has instituted at the corporate and center levels to improve the accuracy of our reporting of student outcomes has resulted in improved accuracy of our reporting:

- The OIG auditors found 100 percent accuracy with GED and high school diploma reporting at both centers and DOL has had similar results during their annual data integrity audits.
- As a result of our stringent procedures, both centers have identified staff through our internal corporate and center audits or through information received from other staff, who did not comply with MTC and DOL data integrity and accuracy policies. Identified staff received additional training and in some cases the concern warranted outright separation of employment.
- Instances of granting of excessive leave days at all MTC centers continue to decline.

We realize that we are not at 100 percent accuracy in all areas, but that is our goal.

MTC will continue to provide extensive resources to ensure student outcomes are reported as accurately as feasibly possible. We will also work with all of our sites to ensure each site offers a safe living, learning, and working environment for our students and staff.

Sincerely,



Scott Marquardt

cc: E Johnson
L Intrepidi
J Boswell
J Pedersen
L Parry
V Ferre
L Hall
W Boyd