

**APPENDIX D**

**AGENCY RESPONSE TO DRAFT REPORT**

U.S. Department of Labor

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



**SEP 30 2005**

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

FROM: EMILY STOVER DeROCCO *Emily Stover DeRocco*

SUBJECT: San Diego Job Corps Center: Student Attendance and Training Data Overstated  
Draft Audit Report No. 09-05-004-03-370

**Introduction:**

We appreciate the opportunity to provide the Office of the Inspector General (OIG) with information regarding the findings and recommendations related to the Draft Audit Report for the San Diego Job Corps Center (JCC).

The OIG draft audit report (No. 09-05-004-03-370) has reached conclusions that are serious and require our prompt attention. In the past year Job Corps has made a number of enhancements to ensure system-wide integrity of performance data, including formation of a data integrity workgroup, revisions to the Program Assessment Guide (PAG), testing of new procedures for utilizing targeted samples for review, and issuance of a number of program instruction notices to the field clarifying leave statuses. The national office has also planned to provide regional office staff with comprehensive training of standardized audit methodology to be rigorously implemented across all regions in order to improve system-wide data integrity.

After an initial meeting with the OIG in June 2005 related to the above audit of the San Diego JCC, the San Francisco Regional Office requested a response from the Center and its operator, Career Systems Development Corporation (CSDC), in compliance with the Whistleblower Act. The contractor responded by providing the national office with a comprehensive Corrective Action Plan (CAP) to address the discrepancies and deficiencies identified by the OIG.

**ETA's Summary:**

The OIG's report dated August 5, 2005 (Discussion Draft), regarding the San Diego JCC reporting of Student On-Board Strength (OBS) performance cited six recommendations. The National Office of Job Corps acknowledges the OIG's concerns regarding data integrity at the San Diego JCC and will work to implement the following recommendations made by the OIG regarding center management, attendance records and supporting documentation, vocational completions, and staff training in administrative record-keeping.

The National Office of Job Corps has also begun revising current policies and processes that can potentially impact the integrity of the data, and intends to provide training and technical assistance to support regions in auditing performance data for validity and necessary documentation.

**Response to the OIG's Recommendations:**

*Recommendation 1. Monitor San Diego to ensure center management establishes central authority and responsibility for center compliance with Job Corps requirements for student accountability and separations.*

ETA responds: In its Corrective Action Plan (CAP) the center operator for San Diego JCC, CSDC, addresses enhancements being made to the center's management structure as well as corporate oversight and internal review processes to assure data integrity. CSDC has replaced key center staff including the San Diego Center Director and Deputy Director, and has instituted other changes in management and operations. CSDC has authorized the following individuals as being responsible for specific functions at the San Diego Center:

- The Records Supervisor has sole responsibility to approve present for duty off center (PDOF) requests.
- The Vocations Manager and the Career Development Director will jointly conduct weekly trade visits. They visit one vocational trade per week, and review files and discuss trade status and trainee progress, as well as vocational trade-specific issues, with the vocational instructor.
- The Vocations Manager or the Career Development Director will review and sign all Training Achievement Records (TAR) prior to being entered into the Center Information System (CIS).
- The Office of the Employability Director has been tasked with monitoring the accounting and reporting of student attendance and separation (including PDOF) to assure absolute compliance with the Policy and Requirements Handbook (PRH).

In addition to these center and corporate actions, the Job Corps Regional Office in San Francisco will receive copies of the center and corporate monthly audit results and will continue to conduct desk audits and center quality assessments utilizing targeted

samples based on specific outliers to test data integrity. The national office will review Regional Office reports related to San Diego and take actions as needed.

*Recommendation 2: "Sample San Diego student attendance records and supporting documentation from at least PY 2002 to the present to determine how long the practice of inflating OBS has taken place and compute liquidated damages."*

ETA responds: In response to earlier OIG findings, Job Corps has issued clarification to the Job Corps community regarding use of absent without leave (AWOL) status and parameters for reporting PDOF. AWOL status is a required means of recording a student's failure to report for duty during which time the center implements procedures to locate and contact the student.

The Office of Job Corps will conduct its own random sample review of San Diego student attendance records and supporting documentation from Program Year 2002 to the present, and will extrapolate these findings to determine the correct amount of reimbursable expenses that should have been made to CSDC. Upon that determination, the Office of Job Corps will take steps to recover any overpayments.

*Recommendation 3: Monitor CSDC to ensure student separation reporting and procedures are included in their annual review of all CSDC centers.*

ETA responds: Per their CAP, CSDC has established both a center auditing team at San Diego, as well as a corporate-level internal auditing team to review all CSDC centers. Results of monthly center audits will be forwarded to the San Francisco Regional Office for review.

In the past year, Job Corps developed and began implementing additional steps to ensure data integrity at all centers, including:

- Initiating updates to the PAG, which is the technical assistance guide for regional office reviews of centers;
- Convening a national office workgroup comprised of Federal, regional, and field staff to make recommendations for processes to ensure system-wide integrity of performance data;
- Issuing program instruction notices to the field regarding clarification of leave statuses, student separation reporting procedures, etc.;
- Reviewing the quarterly Data Integrity Group (DIG) report, which highlights potential data validity/integrity issues, to identify centers, Career Transition System (CTS) agencies, policy, or practices that may need to be further investigated by the regional offices; and
- Requiring regional offices to review a targeted sample of student records during annual audits and for on-going monitoring of data validity.

*Recommendation 4: Monitor San Diego to ensure center management establishes controls over TARs to ensure the TARs are complete with score "proficient" or higher before claiming vocational completion credit.*

ETA responds: CSDC, in their CAP, has outlined numerous steps they will implement to ensure the integrity of the vocational completions at the San Diego JCC. The Vocations Manager has met with all Vocational Instructors and communicated the expectations and procedures to be utilized in assuring 100 percent proper TAR completions along with requiring review and signatory approval by the Vocations Manager or the Career Development Director to ensure data integrity prior to being entered into CIS.

The San Francisco Regional Office will be particularly vigilant in reviewing San Diego student records and documentation pertaining to vocational completion to assure that center records staff are knowledgeable and that PRH requirements for TARs are being followed. Targeted samples based on outliers related to vocational completion will be supplied to the Regional Office to conduct desk audits and on-center reviews of student records and documentation.

The national office recognizes the importance of vocational completion along with proper documentation relates to not only data integrity but also certification reliability of occupational proficiency and credentialing of students.

*Recommendation 5: Review vocational completions reported by San Diego from at least PY 2003 to the present to correct the Vocational Completion Rate.*

ETA responds: The Office of Job Corps will continue to monitor the San Diego JCC to ensure that vocational completions reported by the Center are in compliance with Job Corps' requirements related to maintaining adequate documentation in support of reported performance results. To the extent possible, with records available on center, the Regional Office will conduct a comprehensive review of San Diego student vocational records and supporting documentation from Program Year 2003 to the present, and will correct individual records in CIS where necessary.

*Recommendation 6: Monitor all CSDC centers to ensure center personnel are adequately trained on the TAR requirements.*

ETA responds: The CAP for San Diego JCC indicates that CSDC has drafted updates to the Center Operation Directive (COD) to provide policies and procedures for student records including requirements for TAR completion, defines the processes and identifies the responsibilities in every department. Once the COD has been approved by the Regional Office, CSDC is committed to providing training to their staff in order to

address each element of the COD to ensure a comprehensive understanding of the requirements.

The regional offices and national office will review CSDC's training schedule and content to assure that all pertinent information is covered. In their annual center assessments, regional offices will work to ensure that personnel at all CSDC centers are trained on the TAR requirements.

**Additional measures being taken:**

The Office of Job Corps understands that integrity of performance data is critical to providing effective oversight of center operations and ensuring program credibility. To this end, Job Corps now requires that each regional office conduct mandatory audits of student records concurrent with annual center quality assessments.

While CSDC, operator of the San Diego JCC, contends that errors in reporting and documentation found during the OIG investigation were not the result of wrongful intent, they acknowledge that there is a need for a stronger system of monitoring the Center's data integrity. Through their CAP they have established an internal Auditing Team, updated the COD, made provisions for staff training, and eliminated such practices as obtaining undated resignation letters, etc.

The DIG also supports Job Corps' activities related to assuring data integrity by conducting analyses of a wide variety of Job Corps data elements at the program level to identify patterns that could be associated with potential data validity issues. The National Office of Job Corps is responsible for disseminating the DIG Report, which summarizes the DIG's analyses and identifies data issues, to the regions for their review. In addition to these activities, the DIG uses the results of their analyses to produce both targeted and random samples for use in desktop audits and onsite center assessments by the regional offices.

The San Francisco Regional Office will be attentive in reviewing San Diego's operations, and will conduct annual center quality assessments utilizing targeted sampling techniques to review center performance reporting to assure data integrity.

**Conclusion:**

The findings in the OIG's draft report will receive serious follow-up action by the Office of Job Corps. As a result, aggressive actions are being implemented to more closely monitor performance measurement at all centers by the national and regional offices of Job Corps.

It will be necessary in the coming months for Job Corps to conduct a thorough analysis of the center's student records in terms of potentially-inflated OBS, improper student

records/documentation, etc., in order for Job Corps to determine the correct amount of overpayment to be refunded. Job Corps will then take all steps necessary to regain the actual overpayments and implement improved data validation procedures for centers and regional reviewers that will benefit not only San Diego, but all Job Corps centers across the country.