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February 1, 2013

Mr. Daniel R. Petrole
Deputy Inspector General
Office of Inspector General
U.S. Department of Labor
Frances Perkins Building
200 Constitution Avenue, NW
Washington, DC 20210

Dear Deputy Inspector General Petrole:

The House Committee on Education and the Workforce is conducting a comprehensive fiscal review of the Job Corps program authorized under Title I, Subtitle C, of the Workforce Investment Act of 1998 (P.L. 105-220). This ongoing review includes a financial accounting of program funds managed by the Office of Job Corps and relevant contractors, including the U.S. Department of Agriculture Forest Service's Civilian Conservation Corps, and a recent examination of the \$60 million budget shortfall for program year 2012.

While we appreciated department personnel meeting with committee staff on January 15, 2013 to discuss the fiscal issues facing the Job Corps program, the recent DOL announcement they will freeze student enrollments at all 125 centers raises additional questions that need to be addressed. Despite knowing the program faced a shortfall since fiscal year 2011, the department failed to anticipate and address the specific causes or take action to stabilize the financial condition of the program. Instead, it continues to take temporary steps to achieve savings to cover the shortfall, estimated at more than \$100 million over the last two program years. The department's lack of action is even more concerning considering the impending sequestration.

The committee is growing increasingly concerned with the ability of the department and its contractors to manage the program's budget in the short and long term. This is clearly a concern shared by the Office of Inspector General (OIG) as new and continuing audits of the Job Corps program occupy a significant portion of the FY 2013 Office of Audit Workplan and were listed as a top management challenge for the department in 2012.

To examine the department's administration of the nation's largest at-risk youth program, we would appreciate a briefing with the relevant staff from the OIG to discuss previously conducted,

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ongoing, and newly scheduled work concerning the Job Corps program. Further, we request staff be prepared to discuss the following specific issues in the meeting:

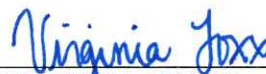
- 1) Please provide an update on the requested OIG review discussed in DOL's July 20, 2012 letter to Senators Harkin and Shelby. In the letter, the department states that then-Secretary Solis requested OIG to "review the internal controls currently in place within the Job Corps program and make recommendations for how these processes can be improved."
- 2) Please advise whether OIG has any plans to address the programmatic, budgetary, and managerial factors that contributed to a shortfall for program year 2011 cited by DOL in the July 20, 2012 letter. Among the factors mentioned in the letter and other correspondence is a lack of "program monitoring tools and internal controls to sufficiently analyze" spending trends by operators and other contractors. This was not addressed in the Independent Auditor Report prepared by KPMG LLP for years 2011 and 2012 or the OIG Semiannual Report to Congress dated April 1 - September, 2012.
- 3) Please describe the role, if any, OIG is playing in the Job Corps Remediation Task Force responsible for providing program oversight in program years 2011 and 2012.
- 4) Please explain whether OIG examines the reports detailing actual expenses Job Corps Center operators file on a monthly basis using the Job Corps Contract Center Financial Report (ETA Form 2110) according to the Job Corps Policy and Requirements Handbook, Appendix 502.
- 5) Please declare whether OIG performed a review of Job Corps procurement and contract activities beginning when these functions were located in the Office of the Secretary to January 1, 2013?
- 6) Please identify the specific steps OIG takes after an office is listed as a major management challenge facing DOL and how this is reflected in the OIG Workplan.

We respectfully request your staff contact our staff to schedule this briefing to be held no later than February 7, 2013. Thank you for your attention to this matter. If you have additional questions regarding this request, please contact Rosemary Lahasky or Mandy Schaumburg with the committee staff at (202) 225-6558.

Sincerely,



JOHN KLINE
Chairman
Committee on Education and the Workforce



VIRGINIA FOXX
Chairwoman
Subcommittee on Higher Education and
Workforce Training