

AGENCY RESPONSE TO THE DRAFT REPORT

U.S. Department of Labor

Office of Job Corps
Washington, D.C. 20210



SEP 27 2006

MEMORANDUM FOR: MICHAEL HILL
Regional Inspector General for Audit
Office of Inspector General

FROM: ESTHER R. JOHNSON, Ed.D. *Esther R. Johnson*
Administrator
Office of Job Corps

SUBJECT: OIG – Office of Audit
SPAMIS for the Two Years ended September 30, 2005
Report Number: 03-06-003-01-370

Job Corps appreciates the comprehensive work that your office put forth in conducting a performance audit of the Job Corps Student Pay, Allotment Management Information System (SPAMIS). The following is in response to the above stated Audit Report.

Recommendation 1, “*Use the monthly JCDC Reports to identify trend analysis and variances to help manage the program effectively and efficiently.*” Job Corps has added a comparative statement of operations to the financial package. Management reviews the statements, and uses the variance analysis to identify differences and follows up with additional investigation when warranted.

Recommendation 2, “*Provide for the necessary review and authorization of financial documents.*” Job Corp continues to ensure EFTPS and the Draws/Authorization worksheet reviews are performed regularly. Job Corps Accounting Procedures include that the EFTPS Tax Payments and Draws be prepared by the Payroll supervisor and approved and documented by the Compliance Manager (or another designated manager) prior to payroll or tax-related action being taken.

Recommendation 3, “*Monitor the accounting for bank charges.*” As noted, the contractor corrected this bank posting error in July, 2004. The line of credit statement continues to be reviewed as part of the month end closing process.

Recommendation 4, “*Provide for segregation of duties for payroll tax payments and IRS correspondence.*” This recommendation has been implemented.

Recommendation 5, “*Request a Legal Opinion regarding whether Job Corps is required to escheat the unclaimed student property (living and transition allowance payments) to the states.*” Job Corps will request a legal opinion from the Department of Labor’s Office of the Solicitor.

Recommendation 6, “*Rerun a report for the checks remaining unclaimed from the initial 120,633 mailings and prepare a second mailing.*” In addition to a second mailing, subsequent mailings have taken place and continue on a monthly basis.

Thank you again for the time you and your staff took to review SPAMIS. External reviews conducted by the OIG are constructive in providing Job Corps with information to improve program efficiency and effectiveness.