

BY THE U.S. GENERAL ACCOUNTING OFFICE

Report To The Chairman, Committee **RELEASED**
On Labor And Human Resources
United States Senate

**Award And Administration Of Contracts To
Recruitment And Training Program, Inc.,
During Fiscal Years 1978-81**

The Department of Labor awarded 10 contracts for about \$33 million to Recruitment and Training Program, Inc. (RTP), to provide certain employment and training services to disadvantaged persons. Regarding Labor's award and administration of the contracts, GAO found (1) no comprehensive reviews of RTP contract proposals, (2) a lack of documentation to show comprehensive reviews of past contract performance and current fiscal responsibility before making awards, and (3) no verification of performance data submitted by RTP.

These and other contract award and administration problems discussed in this report are similar to those identified in two GAO reports issued in August 1981. In response to those reports' recommendations, Labor has revised its contract award procedures and reorganized the Employment and Training Administration's national office; these actions should, if implemented properly, improve its employment and training award activities.

GAO's analysis showed that RTP's policies, procedures, and system for administering and carrying out Labor contracts were adequate.



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WASHINGTON, D.C. 20548

HUMAN RESOURCES
DIVISION

B-209019

The Honorable Orrin G. Hatch
Chairman, Committee on Labor
and Human Resources
United States Senate

Dear Mr. Chairman:

Your March 17, 1981, letter asked us to address specific concerns regarding contracts awarded by the Department of Labor during fiscal years 1978-81, using Comprehensive Employment and Training Act (CETA) discretionary funds, to Recruitment and Training Program, Inc. (RTP), a nonprofit organization involved in career guidance and placement activities. As agreed with your office, we completed other work you had requested on Labor's administration of CETA titles III and IV awards from September 1980 to late January 1981 before beginning work on this request. Generally, your concerns focused on Labor's Office of National Programs' administration of RTP awards, particularly the fiscal year 1981 awards, and RTP's performance on these awards. Information on your concerns is summarized below and detailed in appendix I and the exhibits.

CETA is designed to provide training and employment opportunities for economically disadvantaged, unemployed, or underemployed persons. Under certain sections of CETA titles III and IV, the Secretary of Labor can fund, at his discretion, a broad range of employment and training programs and services. Between fiscal years 1978 and 1981, Labor awarded 10 contracts to RTP totaling \$33.3 million. Our analyses of Labor's administration of these awards generally showed

- no comprehensive reviews of RTP contract proposals;
- a lack of documentation to show comprehensive reviews of past contract performance and current fiscal responsibility before making awards;
- little documentation of onsite visits, periodic assessments of progress, and feedback to RTP regarding its progress in achieving desired results;

- no verification of performance data submitted by RTP; and
- no written assessments of performance at the end of the contract period or certifications, by the program or contracting officers, regarding the adequacy of RTP's performance in achieving desired contract objectives and meeting reporting requirements.

These and other problems discussed in this report are similar to those identified in our August 1981 reports to you. ^{1/} In response to those reports' recommendations, Labor has revised its contract award procedures and reorganized the Employment and Training Administration's national office; these actions should, if implemented properly, improve employment and training award activities.

We also analyzed RTP's system for implementing and managing Labor contracts, particularly RTP's management of the fiscal year 1981 contract. We found that RTP's policies, procedures, and system for administering and carrying out Labor contracts were adequate. Because Labor was phasing out RTP's contract, we did not perform an indepth analysis of how well RTP's management systems were being implemented.

As your office requested, written comments were not obtained from Labor and RTP. However, we discussed the contents of this report with Labor and RTP officials and have incorporated their views where appropriate. As agreed with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days from its issue date. At that time, we will send copies to interested parties and make copies available to others on request.

Sincerely yours,


Gregory J. Ahart
Director

^{1/}"Labor Needs to Better Select, Monitor, and Evaluate Its Employment and Training Awardees" (HRD-81-111, Aug. 28, 1981) and "Information on Funding Commitments from Comprehensive Employment and Training Act Titles III and IV During Fiscal Year 1981" (HRD-81-145, Aug. 31, 1981).

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ABBREVIATIONS

CETA	Comprehensive Employment and Training Act of 1973, as amended
ETA	Employment and Training Administration
GAO	General Accounting Office
ONP	Office of National Programs
OPER	Office of Policy, Evaluation and Research
OYP	Office of Youth Programs
RTP	Recruitment and Training Program, Inc.



AWARD AND ADMINISTRATION OF CONTRACTS TO
RECRUITMENT AND TRAINING PROGRAM, INC.,
DURING FISCAL YEARS 1978-81

INTRODUCTION

During fiscal years 1978-81, Labor's national office awarded 10 contracts to Recruitment and Training Program, Inc. (RTP), funded primarily with discretionary funds available to the Secretary of Labor under titles III and IV of the Comprehensive Employment and Training Act of 1973, as amended (CETA) (29 U.S.C 801). CETA is designed

"* * * to provide job training and employment opportunities for economically disadvantaged, unemployed, or underemployed persons which will result in an increase in their earned income, and to assure that training and other services lead to maximum employment opportunities and enhance self-sufficiency
* * *."

CETA title III authorizes the provision of services for employment and training programs that meet employment-related needs of persons--such as offenders, handicapped individuals, women, and older workers--who are experiencing problems in the labor market. Sections 301, 306, 308, and 314 of title III authorize the Secretary of Labor to fund, at his discretion, projects for providing these services.

CETA title IV provides a broad range of employment and training programs for eligible youths. This title is to provide for comprehensive employment and training services to improve the future employability of youths and to explore and experiment with alternative methods for providing those services. Section 438 of this title authorizes the Secretary to carry out innovative and experimental programs to test new approaches for dealing with the unemployment problems of youths through discretionary projects.

OBJECTIVE, SCOPE, AND METHODOLOGY

Our objective was to answer specific questions regarding Labor's national office contracts awarded to RTP during fiscal years 1978-81. Specifically, our review addressed (1) whether and to what extent Labor's administration of RTP awards from CETA titles III and IV discretionary funds complied with Federal rules, regulations, and requirements; (2) to what extent RTP contracts were modified in scope and funding; and (3) how RTP managed and used the CETA funds it received during this period, particularly those received for a contract awarded on December 31, 1980, for about \$8.6 million.

We reviewed RTP award files and interviewed headquarters officials from Labor's Employment and Training Administration's (ETA's) Office of National Programs (ONP), Office of Youth Programs (OYP), and Office of Policy, Evaluation and Research (OPER), the three offices that made awards to RTP. We also reviewed RTP's operations and files at its headquarters in New York and at one field office in Bridgeport, Connecticut.

We limited our review of RTP field office operations to one location because it was one of three outreach offices (located in the New York/New England area) that was still operating at the time of our fieldwork, which was conducted from November 1981 through April 1982. Other RTP field offices were closed and operations were curtailed because of the phasing out of the 1981 contract and other Labor actions undertaken to reduce funding of CETA titles III and IV programs. The curtailment of RTP's operations greatly limited (1) the scope and extent of our analysis of RTP's implementation of contracts and (2) our ability to observe RTP's service delivery system in operation.

At the Bridgeport office, we reviewed participant and placement files related to the fiscal year 1981 award. We randomly selected 23 participant files for detailed review to determine what services had been provided. We similarly selected 11 participants who had been placed on jobs (about one-tenth of the Bridgeport office's claimed placements) to verify the extent to which RTP had provided services that were responsive to their individual needs.

We did not review RTP's administration of contracts and grants it received from CETA prime sponsors.

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Our work was performed in accordance with GAO's current "Standards for Audit of Governmental Organizations, Programs, Activities, and Functions."

AWARD PROCEDURES

The award of a CETA contract is a complex process subject to numerous Federal laws, regulations, and requirements. The following are the procedures and administrative review processes that were applicable to Labor when the CETA titles III and IV discretionary awards were made to RTP.

- Determining the need for a good or service.
- Determining the specifications for the good or service.
- Obtaining approvals to obtain the good or service.

- Determining the method of obtaining the good or service (either advertising or soliciting from one or more prospective suppliers and obtaining proposals).
- Evaluating proposals to determine whether they meet the agency's needs.
- Determining contractor fiscal responsibility and conducting preaward surveys of performance.
- Negotiating, as appropriate, with a potential supplier(s) to obtain an agreement that is most advantageous to the government.
- Finalizing the award documents and obtaining all necessary approvals.

Statutes, regulations, and Comptroller General decisions require that Federal agencies entrusted with appropriated funds obligate these funds only to fulfill current and valid needs. Labor's award policy requires that (1) awards be undertaken after determining they are necessary, (2) awarding a contract to fulfill the need will be cost effective, and (3) proper planning and scheduling of award activities be practiced by program and management officials. Labor has had a basic procurement policy that the selection of contractors shall be based on competition among responsible suppliers. Labor's policy also states that all programs involving discretionary recipients shall provide for competition whenever appropriate.

Both Federal and Labor procurement regulations require that any noncompetitive contract award be fully justified and approved at a high level. For Labor, the Assistant Secretary for Administration and Management generally has approved noncompetitive awards.

Labor had established a Procurement Review Board to review proposed noncompetitive contracts or award modifications. Generally, the board was responsible for reviewing all proposed noncompetitive awards or modifications of \$10,000 or more. Notwithstanding Labor guidelines, certain kinds of awards were exempt from board review and approval by the Assistant Secretary, including most of the CETA titles III and IV discretionary awards. At the time of our prior reports, ¹/ Labor's Acting Solicitor explained the exemption relating to title III as follows:

¹/"Labor Needs to Better Select, Monitor, and Evaluate Its Employment and Training Awardees" (HRD-81-111, Aug. 28, 1981) and "Information on Funding Commitments from Comprehensive Employment and Training Act Titles III and IV During Fiscal Year 1981" (HRD-81-145, Aug. 31, 1981).

"The justification for exempting certain ONP awards from the general requirement of the prior approval for non-competitive contracts is contained in CETA § 123 (1), which provides:

"* * * The Secretary and recipients of financial assistance under this Act shall give special consideration, in carrying out programs authorized by this Act, to community-based organizations, as defined in section 3, which have demonstrated effectiveness in the delivery of employment and training services. * * *"

Labor's Acting Solicitor added that Labor had administratively defined "demonstrated effectiveness" to mean that the services an awardee will provide relate specifically to competencies in (1) access to target groups, (2) capability of providing specific training, and (3) access to jobs. This interpretation applied to the awards covered by our review.

OYP, which administered title IV youth discretionary funding awards, considered most of these awards as demonstration programs. Most of them were funded noncompetitively. Under Labor procedures and practices in effect during the period our review covered, non-competitive demonstration program awards did not need to be reviewed by the Procurement Review Board.

Another review process Labor used regarding the titles III and IV discretionary funds involved a steering committee established by the Secretary of Labor. This committee was to approve or disapprove expenditures related to titles III and IV funding plans. The funding plan was the document that ONP and OYP prepared to serve as a guide detailing the program efforts or projects these offices hoped to fund during the fiscal year.

Federal and Labor regulations also require Labor to be responsible for monitoring contracts and closing them out in an orderly and timely manner. Many of the preaward, monitoring, and closeout procedures that were in effect when Labor made the RTP awards have been revised recently, primarily in response to our prior reports on Labor's administration of CETA titles III and IV awards. Labor's revised procedures, which we believe should correct the award administration problems discussed in this report, are discussed on page 7.

EXTENT AND ADMINISTRATION OF RTP AWARDS

During fiscal years 1978-81, three offices within ETA awarded 10 contracts to RTP on a sole-source basis. The awards, which totaled \$33.3 million, were from CETA titles III and IV discretionary funds. ONP awarded six contracts totaling \$27.5 million;

OYP awarded three contracts totaling \$5.4 million; and OPER awarded one contract for about \$400,000. Exhibit A shows, for each contract, the period of performance and detailed cost data, including the number of modifications.

The three ETA offices awarded all 10 contracts to RTP on a sole-source basis, while seldom noting in their records why they did not consider other potential awardees. Additionally, about half of the RTP contracts were renewals or extensions of previous awards made by ONP and OYP. These renewals were made, however, without reassessing Labor's use of sole-source procurements.

Labor has a basic procurement policy that the selection of contractors shall be based on competition among suppliers. However, Labor recognizes that in some circumstances one organization or individual has exclusive or predominant capability by reason of expertise, specialized facilities, or technical competence to perform the work within the time required at a reasonable price. Labor also recognized the use of preferential procurement procedures in which CETA funds may be used to benefit specific ethnic or target population groups or specific geographic areas. However, regulations also require that where follow-on contracts are anticipated, sufficient data should be obtained to permit competition of later contracts.

Labor, according to program officials and award files, based its determination of need for RTP services and its use of sole-source awards on RTP's (1) unique capability and expertise in working with labor unions and with youths on the verge of dropping out of high school and (2) "demonstrated effectiveness" in operating programs for special target groups with particular disadvantages in the labor market. In addition, OYP and OPER used a process wherein they had developed information on particular problems of specific groups which was used to determine what data were needed regarding service delivery to these target groups. This process was used before RTP's proposals were received and was presumably the basis used to determine whether RTP's proposals met Labor's needs. However, while the process may have been adequate for analyzing RTP's proposals, the award files contained no documentation for ONP and OYP renewal of RTP contracts to indicate these offices' efforts to acquire sufficient data to permit competition for the renewal contracts.

You requested information on the role of Labor's special departmental or steering committee in reviewing the use of titles III and IV discretionary funds and in approving RTP awards. Eight RTP contracts, in the period covered by our review, were awarded before the committee was established. We could not determine from committee records if the two other awards were considered individually or as part of ONP's and OYP's funding plans.

ETA officials who had been delegated the authority to sign contracts using titles III and IV discretionary funds were the Administrators or Acting Administrators of ONP and OPER. These officials signed all RTP contracts. While OYP officials handled the administration and monitoring of most title IV contracts, the ONP Administrator or Acting Administrator had approval authority for these awards.

Labor's CETA contracts generally authorized RTP, an organization headquartered in New York City, to provide recruitment and job placement services to minorities and women interested in the (1) building and construction industry skilled crafts and apprenticeship and journeyworker positions, (2) industrial sector blue-collar mechanical crafts and skilled and semiskilled positions, and (3) private sector professional, managerial, and technical positions. More specifically, RTP's responsibilities included providing outreach services, classroom instruction and test tutoring, other applicant preparation services, job and career counseling, targeted job development, and/or followup services to eligible minorities and women. Exhibit B summarizes the purposes and objectives for each contract that had quantifiable goals and quantifiable results which could be reported.

Award administration

Our review of the award files and discussions with program officials indicated that prudent award administration procedures were not always followed during the award process and, with respect to contract modifications, throughout the contract performance period. Information obtained on the 10 contracts reviewed showed that the three offices (ONP, OYP, and OPER) responsible for these awards during fiscal years 1978-81 generally had similar award administration problems. We found

- no comprehensive reviews of contract proposals (8 awards);
- a lack of documentation regarding the comprehensive review of past contract performance and current fiscal responsibility before making awards (9 awards);
- incomplete records of negotiation and little evidence of participation or involvement from Labor representatives and contracting specialists in contract negotiations (8 awards);
- insufficient documentation of onsite visits (7 awards), periodic assessments of progress (7 awards), and feedback to RTP regarding its progress in achieving desired results (10 awards);
- no verification of performance data submitted by RTP (9 awards); and

--no written assessments of performance at the end of the contract period or certifications, by the program or contracting officers, regarding the adequacy of RTP's performance in achieving desired contract objectives and in meeting reporting requirements (9 awards).

In addition, most preaward activities, such as evaluating proposals and negotiations, were handled by program office staff with little assistance from Labor's contracting offices.

REVISED AWARD AND CLOSEOUT PROCEDURES

The problems we found with Labor's administration of RTP awards in this review were similar to those discussed in our prior reports on employment and training awards. (See note, p. 3.) We believe that Labor's revised procedures in response to those reports and its recent reorganization should improve its contract award administration.

Under new contract closeout procedures, effective October 27, 1981, the contracting officer will review Labor representatives' available monitoring reports to determine whether performance has been satisfactory or whether any known or suspected problems exist that could delay closeout, including suspected fraud or mismanagement. Recent closeout audits of six RTP contracts, performed by auditors hired by Labor, included the review of progress reports that RTP submitted to Labor representatives.

In a December 23, 1981, internal policy directive, the Assistant Secretary for Employment and Training revised management procedures to tighten the controls on awarding and administering contracts and bring greater uniformity to managing contracts and grants. The directive provides instructions for conducting preaward reviews and postaward monitoring and assessment.

Additionally, the Assistant Secretary's directive instructed ETA to make maximum use of the competitive award procedures when awarding contracts and grants. These procedures (1) address our concern for competition so as to minimize favoritism and collusion, (2) provide greater assurance that services are obtained at the lowest prices, and (3) provide for consideration of quality and other factors. During the last week of January 1982, Labor began using the competitive bidding system to award 1982 Targeted Outreach Program contracts (awards similar to those previously made on a sole-source basis to RTP) and issued a request for proposals for these services. At the completion of our fieldwork, Labor was reviewing proposals for Targeted Outreach Program contracts. RTP submitted a proposal under this competitive bidding process.

On May 2, 1982, the Assistant Secretary reorganized ETA's national office. This reorganization consolidated the responsibility of program operations formerly handled through OYP and ONP under a new Office of Comprehensive Employment and Training. In addition, this reorganization centralized contracting services units, formerly dispersed through OPER, ONP, and the Office of Administration and Management, under the new Office of Financial Control. These actions, which make contract management and program functions independent of each other, respond to concerns discussed in prior GAO reports (see note, p. 3) regarding the management of CETA titles III and IV discretionary awards and the need for Labor to make more competitive awards in the national employment and training program area.

ONP'S HANDLING OF THE 1981 AWARD

Your office expressed particular interest in the contract awarded to RTP on December 31, 1980, for \$8.6 million. The contract, awarded on a sole-source basis, involved two CETA funding sources--\$7,486,000 of title III funds and \$1,130,000 of title IV funds. Although title IV funds from OYP were used, ONP awarded the funds and administered the contract, which was signed by the Administrator of ONP. The basis for the sole-source procurement was the Secretary's exemptions for Targeted Outreach Program sponsors that have demonstrated effectiveness for special target groups with particular disadvantages in the labor market.

The contract authorized RTP to perform employment and training services in three program areas in which Labor previously had awarded contracts to RTP--targeted outreach (for facilitating the placement of minorities and women in construction and industrial jobs in the private sector), the minority women employment program (which focused on placement of women in managerial, technical, and professional positions in white-collar employment), and the youth employment program. The targeted outreach and minority women employment program activities were funded with title III funds and the youth program with title IV funds. ONP, even though it had decided to phase out RTP's contract, nevertheless deemed it desirable to award a modification in June 1981, which increased the contract budget from \$8.6 million to \$8.9 million. The purpose of the modification was to add three subcontractors' sites to expand the scope of RTP targeted outreach activities. After this modification, ONP deobligated \$307,033 in OYP title IV discretionary funds, which decreased the total contract cost to \$8.6 million.

Overall, RTP-reported accomplishments showed that RTP met or came close to meeting most of the goals contained in the contract, except those for total placements. Under this 10-month contract RTP was to place 3,648 minorities and women in construction and industrial jobs in the private sector. Seventy-five percent of

these placements were to be in apprenticeable 1/ occupations and 25 percent of all apprenticeable placements were to be women.

RTP's reports of performance for the period December 1980 through September 1981 (which had not been verified by Labor) showed that RTP made 2,326 placements in skilled occupations and, thus, attained about 64 percent of the placement goal specified in the contract. RTP also reported that 65 percent of its placements were in apprenticeable occupations and 25 percent of all placements in such occupations were women. RTP told us that it had not met its overall placement goal because of Labor's gradual phaseout of the fiscal year 1981 contract, a factor discussed in the next paragraph. (See exhibit B for a description of this contract and other contracts having quantifiable goals and the reported results.)

As a result of the anticipated reduction in CETA title III funding for targeted outreach programs, in late May 1981 ONP required RTP to conduct an orderly phaseout of several employment program activities by the end of September 1981. While Labor did not provide formal notification for phasing out local sites, RTP notified ONP on September 23, 1981, that it had implemented procedures to close 21 local offices. ONP officially notified RTP by telegram during November 1981 to phase out the remaining contract activities by no later than February 28, 1982. A contract modification was made on January 4, 1982, to facilitate the closeout. However, on April 22, 1982, ONP authorized an extension of the performance period for this contract from March 1 through April 30, 1982.

RTP'S ADMINISTRATION AND PERFORMANCE OF CONTRACTS DURING THE 1981 CONTRACT YEAR

You requested that we assess RTP's management of the contract that involved the fiscal year 1981 award. Because RTP was curtailing its operations at the time of our fieldwork, we limited our work to examining RTP's systems and procedures for administering Labor contracts at the headquarters office. We performed limited work at one (Bridgeport, Conn.) of the few RTP field offices in operation during that time. That office was later closed on February 26, 1982.

As previously mentioned, under the 1981 contract RTP was to facilitate the placement of interested, qualified minorities and women in construction and industrial jobs in the private sector. More specifically, RTP was to place major emphasis on apprenticeable positions in the construction, manufacturing, utilities, and service industries. Additionally, RTP was to concentrate on the

1/"Apprenticeable" is a term commonly used in Labor awards to refer to entry-level jobs that can lead to apprenticeship and journey-worker positions.

recruitment, screening, career counseling, tutoring, resume preparation, job development and referral, and followup of members of socioeconomic groups who had been excluded from or underrepresented in primary labor market occupations (unions, contractors, and other private sector employers). This project also was to include efforts in journeyworker upgrading and training. These services were to be performed by RTP staff at 42 local sites.

RTP maintained system for
managing resources and staff

RTP's policies, procedures, and other elements of its management system for administering Labor awards were adequate. We examined RTP's organizational alignment, controls used in managing staff resources, internal controls (that is, policies, procedures, and internal review processes), accounting system, and guidelines to field offices regarding service delivery. Our review of RTP operations at headquarters showed that the

- organizational structure was one under which responsibilities, lines of authority and accountability, and duties for carrying out contracts were clearly defined;
- executive and professional staff had either adequate education or appropriate experience for their positions and were trained to improve employee competence and keep them informed of new Federal policies and procedures;
- internal controls for developing and implementing policies, procedures, and internal review processes were present;
- accounting system contained controls over disbursements of Federal funds and use of staff and property resources and provided documentation that could be followed; and
- guidance was provided to field offices regarding the delivery of employment/training services and administration of field office programs.

Organizational alignment

RTP organized the responsibilities and its staff resources for carrying out Labor contracts primarily on a contract-by-contract basis. As of January 1, 1981, RTP had 227 staff members. Each of the four ongoing Labor contracts RTP was administering during calendar year 1981 had its own administrative and program staff and budget.

The responsibility, authority, and controls for contract administration and financial functions were centralized at RTP headquarters. Responsibility for program planning and operations functions was decentralized and shared between RTP headquarters

and field offices, although overall authority for these functions was centralized with headquarters officials. In addition, financial responsibilities were separated so that no one person controlled all phases of any activity or transaction. Executive, senior administrative, and program operations staff, who were responsible for making assignments, appeared to have had the necessary followup systems to determine whether assignments relating to programmatic or financial operations were properly carried out.

Because of the expiration of other Labor contracts and the phasing out of the fiscal year 1981 contract, RTP dismantled several organizational components and furloughed a number of staff persons by or during September 1981. In fact, RTP dismantled 6 of its 9 major departments and 21 of its 42 outreach field offices.

RTP's management of staff
resources appeared reasonable

According to the Executive Director, RTP determines its human resource needs by matching staffs' qualifications and experience with requirements RTP identifies in its contract proposals. RTP selects its managerial, administrative, and service delivery staff for Labor contracts based on the requirements outlined in the contract proposals.

RTP's Board of Directors elects the Executive Director, and the Board and the Executive Director hire or select the remaining executive staff persons. Additionally, RTP has a supervisory personnel review committee (consisting of four executive staff persons and two regional supervisors who serve on a rotating basis) for assessing staff persons with potential for filling regional supervisor vacancies.

Our review of 24 randomly selected personnel records from RTP employees, at the headquarters and field office levels during 1981, showed that (1) in 18 of the records, employees' applications or resumes were on file and (2) executive and professional staff appeared to have either adequate education or appropriate experience for their positions. While an RTP executive informed us that the performance of staff persons should be evaluated twice a year, 19 of the files we reviewed contained no performance evaluations after 1978.

Our review showed that RTP had provided staff development training for improving its employees' competence and keeping them informed of requirements of new Federal policies and procedures through its Training Institute. RTP's training from 1978 through 1981 included sessions on recruitment of CETA participants, job development and placement, RTP's data retrieval system, government reporting policy and procedures, and various other areas of responsibility and duties. However, according to RTP's Executive Director, the Training Institute was recently phased out because of reductions in RTP's 1981 contract.

RTP had established internal controls for overseeing CETA funds and program performance

RTP had developed internal controls for overseeing the use of CETA funds and program performance. It had formulated policies or guidelines in financial and personnel areas, such as travel advance, selection and hiring of qualified employees, performance evaluation and in-service training of employees, and project directors' accountability reporting. During 1981, RTP formulated policies regarding the Board's approval of all contracts, key employees filing of fidelity bonds for the Board's review and determination, and headquarters' review of field offices for possible probation and reduction in staff and/or placement goals when offices failed to achieve an 85-percent placement goal during the transition period of the fiscal year 1981 contract.

We found two situations contrary to RTP's policies regarding travel advances. Our review of a recent audit report, prepared by auditors hired by Labor, showed that two RTP staff persons took cash advances for travel and failed to account for outstanding balances, thus violating RTP's policy for accounting for such balances (either by submitting a travel voucher or paying the outstanding balance) within 30 days. One staff person accounted for his cash advances. The other, whose outstanding travel advances totaled \$20,000, resigned but was retained as a consultant on RTP's payroll until July 15, 1981.

Our analysis of the \$20,000 travel advance balance showed that the advances were initially charged to RTP's 1981 contract, which would have resulted in Labor reimbursing RTP for the amount. However, RTP executives took corrective action on this matter and accounted for the balance.

We further determined that RTP had established procedures for accounting (including budget preparations), personnel administration, internal audit and review, the provision of job training services, and documentation and reporting of service delivery. Additionally, RTP's reporting system included procedures, developed by the University of Texas under contract with Labor, for monitoring how targeted outreach activities were being implemented.

Responsibility for internal reviews and program operations audits established

During 1981, the regional supervisors and program analysts at the RTP headquarters level were responsible for monitoring the field offices' program operations. Program analysts, operating in their staff or advisory capacity as inspectors and verifiers to ensure compliance with RTP corporate requirements, were responsible for (1) monitoring and analyzing monthly and quarterly

reports submitted to RTP headquarters from field offices and (2) auditing field offices' implementation of RTP's program policies and procedures.

Operating procedures, established in March 1981 for program analysts, suggested that audits of field office operations should be conducted twice per contract year. Additionally, the procedures required program analysts to review all documents submitted by field offices (for placement credit) for accuracy and internal logic and to make necessary corrections in conjunction with project directors and other field staff.

RTP's financial management
and accounting system

Our examination of audit reports prepared by RTP's external auditors and auditors hired by Labor and our selective examination of accounting records showed that RTP's overall system of management controls over receipts and disbursements of Federal funds and utilization of property and staff resources were adequate. RTP's accounting system provided for proper execution of transactions with authorizations and for documentation for audit purposes. Disbursement vouchers and canceled checks were readily available. RTP maintained separate checking accounts and books of accounting records for each Labor contract.

Our comparative analysis of RTP's February 20, 1981, payroll accounting records related to staff working in headquarters and six selected cities (Pittsburgh, Pennsylvania; Youngstown, Ohio; Rochester, New York; Bridgeport, Connecticut; Westchester County, New York; and Evansville, Indiana) for three concurrent contracts revealed no duplication.

Our comparative analysis of RTP records on the use of leased property resources for headquarters and seven selected field sites, which had concurrent Labor contracts in the same city, revealed that (1) staff working under concurrent contracts administered at headquarters share the same office space, but evidence showed that charging of expenses to more than one contract was not occurring for the headquarters office space and (2) office space expenses for staff administering each concurrent contract at the seven selected sites were accounted for by contract. Based on our discussions with real estate agents concerning the rents of two offices in Connecticut and two in New York City, we believe that RTP's rental expenses for these offices charged to Labor contracts were reasonable.

RTP's guidelines on employment/
training service delivery
provided to field offices

Our work at the Bridgeport field office indicated that RTP's guidelines to field offices for providing employment/training services were adequate. These guidelines included not only definitions of the services and information on providing each service, but also information on the documentation and reporting requirements that field office personnel are responsible for following when they provide employment/training services from the screening through the followup phases of the service delivery process.

Because the Bridgeport site's records on delivery of employment/training services were incomplete in certain respects, we could not determine how well the field office implemented guidelines for service delivery. Based on RTP records which we did not verify, Bridgeport received 585 applicants, made 126 tutorial contacts, and made 329 job referrals.

The Bridgeport office also claimed to have made 576 counseling contacts from April through December 1981 and to have placed 94 individuals, of whom 36 were placed in apprenticeable positions from December 1980 through October 1981.

We examined Bridgeport office records on 12 RTP participants and contacted 9 of these individuals by phone. Although all nine said they had received tutorial services from RTP, their records in the field office showed no evidence (except for two notification letters about attending tutorial classes) that they had actually received this service. We also could not locate Bridgeport's 1981 attendance records for tutorial sessions.

In addition, we contacted 8 of 11 selected individuals who had been placed in jobs during the 1981 contract year. We discussed their placements and experiences under RTP's program. Six of the individuals met with us at the Bridgeport office, and the other two provided us information over the telephone. We were unable to contact three individuals in our sample.

All eight individuals informed us that they had found jobs, some more than one job, through the RTP Bridgeport program and that they had been very satisfied with RTP's placement services. Of the participants, two had been placed in apprenticeable positions, one who had formerly been placed in an apprenticeship position had been upgraded to a journeyworker under RTP's 1981 program, and the other five had employment in other than apprenticeship or journeyworker positions. Five of the individuals indicated that their starting wages in the positions in which they were placed were much higher than they had received in their previous jobs.

All individuals we interviewed received two or more preplacement services from RTP's Bridgeport offices--for example, resume preparation, career counseling, job referral, and job training referral.

We reviewed monthly and quarterly reports to see whether postplacement followup was being done on individuals placed from December 1980 through December 1981. We found no documentation on RTP's 3- or 6-month postplacement followup activities for individuals placed between December 1980 and May 1981, although we found documentation of followup contacts made for June, July, and August 1981 placements.

Although the assigned program analyst did not audit the Bridgeport field office operations, the analyst had informed the Director of Program Operations not only of discrepancies between Bridgeport's placement forms and client characteristic worksheets (for the September 1981 monthly report) regarding starting dates, application dates, and ethnic codes, but also of Bridgeport's nonadherence to RTP corporate reporting procedures, such as submitting the quarterly followup forms and typing employer/union information on the placement form. The Director of Program Operations, on October 9, 1981, notified the project director of the discrepancies and nonadherence to the corporate procedures and returned the September report for the project director's immediate correction.

LABOR'S AWARDS TO RTP, INC., FISCAL YEARS 1978-81

Name of Labor/ETA sponsor and contract number	Date (note a)	Period of performance	Initial funding		Changes		Total cost
			Title III	Title IV	Number	Increases	
ONP and OYP:							
99-8-111-33-14	7- 1-78	4-21-78 to 9-30-81		\$1,497,488	2	\$1,287,780	\$ 2,785,268
99-8-111-01-18	8-18-78	9- 1-78 to 9-28-79	\$ 6,305,479		1	4,062	6,309,541
20-36-75-15	c/2-15-78	10-29-74 to 9-30-79	c/767,093		3		\$ 66,343 700,750
99-8-111-42-45	8-18-78	9- 1-78 to 9-28-79	1,449,959		1		106,066 1,343,893
99-9-111-33-43	5- 9-79	3- 1-79 to 1-15-81		1,099,600	1		124,857 974,743
99-9-2332-01-19	9-21-79	9-29-79 to 11-28-80	1,680,661		1		69,464 1,611,197
99-9-111-01-18	9-21-79	9-29-79 to 9-30-81	7,953,309		4	999,520	8,952,829
99-0-111-33-53	9-24-80	5-15-80 to 11-30-81		1,179,317	1	470,000	1,649,317
99-1-111-01-2	12-31-80	11-29-80 to 4-30-82	<u>7,486,000</u>	<u>d/1,130,000</u>	<u>2</u>	<u>282,000</u>	<u>307,033</u> <u>8,590,967</u>
Subtotal			<u>25,642,501</u>	<u>4,906,405</u>	<u>16</u>	<u>3,043,362</u>	<u>673,763</u> <u>32,918,505</u>
OPER:							
20-36-79-29	7-20-79	7-19-79 to 10-18-81	<u>203,753</u>		<u>1</u>	<u>200,000</u>	<u>403,753</u>
Subtotal			<u>203,753</u>		<u>1</u>	<u>200,000</u>	<u>403,753</u>
Total for ONP, OYP, and OPER			<u>\$25,846,254</u>	<u>\$4,906,405</u>	<u>17</u>	<u>\$3,243,362</u>	<u>\$673,763</u> <u>\$33,322,258</u>

a/Represents the date Labor signed the award.

b/With the exception of the 1981 contract (no. 99-1-111-01-2) decrease, figures represent funds RTP did not use and returned to the Government. The 1981 decrease represents Labor's deobligation of funds to reduce the contract budget and accomplish a reduction in youth services.

c/This reflects the date the contract administration was transferred from OPER to ONP. The award amount represents \$119,000, which OPER awarded (on Jan. 20, 1978) for fiscal year 1978, and \$648,093, which ONP awarded (on June 7, 1978) to cover the remainder of fiscal year 1978.

d/While the source was CETA title IV youth funds, ONP administered the award. The other three title IV contracts (for \$1,497,488, \$1,099,600, and \$1,179,317) were awarded and administered by OYP.

SUMMARY OF OBJECTIVES, GOALS, AND REPORTED RESULTS FOR RTPAWARDS THAT REQUIRED QUANTIFIABLE REPORTING, FISCAL YEARS 1978-81 (note a)

<u>Project title/ contract objectives</u>	<u>Contract goals</u>	<u>RTP's reported results</u>
<p>1. <u>Targeted Outreach Program (99-8-111-01-1B)</u> Assist in the placement of interested and qualified minority group men and women into skilled jobs, primarily in the building, construction, and other private sector industries. Major emphasis was to be placed upon apprenticeship.</p>	<p>Serve thousands of minority men and women in target areas.</p> <p>Make 4,150 placements.</p>	<p>RTP served 33,146 participants (e.g., outreach, recruitment, counseling, job development, and referral services)</p> <p>Made 4,316 placements, of which 1,638 were in apprenticeship and journeyworker positions.</p>
<p>2. <u>Targeted Outreach Program (99-9-111-01-1B)</u> Facilitate the placement of interested, qualified minorities and women in construction and industrial jobs in the private sector. Major emphasis was to be placed on apprenticeable training positions. RTP was to operate the project in 33 sites.</p>	<p>Serve thousands of minority men and women in target areas.</p> <p>Make 4,975 placements, of which 275 were to be in journeyworker positions.</p> <p>Placement of women was to be a minimum of 20 percent of the total placements in the target areas.</p>	<p>Served 30,579 participants in 33 sites (e.g., outreach, recruitment, counseling, job development, and referral services)</p> <p>Made 3,513 placements. Of these, 1,287 were apprentices, 348 were journeyworkers, and 1,878 were in other skilled occupations.</p> <p>Met or exceeded its 20-percent placement goals for women in 21 of 33 locations; 4 locations missed the goal by 1 or 2 placements, and 8 locations fell considerably below the goal.</p>
<p>3. <u>Targeted Outreach, Minority Women Employment and Youth Program (99-1-111-01-2)</u> Facilitate the placement of interested, qualified minorities and women in construction and industrial jobs in the private sector of the labor market. Major emphasis was to be placed on apprenticeable positions.</p> <p>Services were to be provided by RTP staff in 42 outreach and minority women employment local sites.</p>	<p>Make 3,648 Targeted Outreach Program placements. b/</p> <p>Seventy-five percent (or 2,736) of all Targeted Outreach Program placements were to be in apprenticeable occupations and 25 percent (or 684) of all apprenticeable placements were to be women.</p> <p>Within registered apprenticeship placements, 25 percent were to be women.</p>	<p>Made 2,326 Targeted Outreach Program placements between December 1, 1980, and September 30, 1981.</p> <p>Approximately 65 percent (or 1,518) of RTP's 2,326 placements were in apprenticeable occupations, and about 25 percent (386) of RTP's total apprenticeable placements were women.</p> <p>Within RTP's registered apprenticeship placements of 400, for the period of April 1, 1981, to September 30, 1981, 27 percent were women.</p>

<u>Project title/ contract objectives</u>	<u>Contract goals</u>	<u>RTP's reported results</u>
<p>4. <u>RTP/Employment Service Demonstration Project for Placing Minorities in Managerial, Professional, and Technical Jobs (20-36-79-29)</u> Test the feasibility of establishing a prototype relationship between a State Employment Service and a community-based organization. The intent was to increase employment opportunities and placement for minority men and women in managerial, professional, and technical occupations through specialized applicant recruitment, job development, and job readiness counseling provided for the Employment Service by RTP.</p>	<p>Fifteen percent of all Targeted Outreach Program placements were to be youths 16 to 21 years old.</p>	<p>Approximately 25 percent of all RTP Targeted Outreach Program placements were youths 16 to 21 years old.</p>
<p>The major objective was to (a) select a test city, (b) arrange with the State Employment Service for 18 months of services to be provided to qualified minorities in the test city, and (c) evaluate the success and the extent to which specialized services provided to Employment Service clients and employers resulted in increasing managerial, professional, and technical job opportunities and placement for qualified minorities.</p>	<p>Increase the number of minority applicants to the Employment Service in Phoenix, Arizona (test city), who are qualified for managerial, professional, and technical jobs. (Contract did not specify exact number.)</p>	<p>Tripled the number of college-educated minority applicants to the Employment Service (305 applicants during 15 months of the contract as compared to 96 applicants received by the Employment Service during fiscal year 1979.)</p>
	<p>Increase the number of requests from employers for managerial, professional, and technical occupations. (Contract did not specify exact number.)</p>	<p>Generated 265 managerial, professional, and technical job orders. These job orders included permanent, full-time positions in managerial, professional, or technical categories offering potential for advancement. These job orders were in addition to the 11,801 job orders that the Employment Service reported for the period from May 1980 through July 1981.</p>
	<p>Increase the number of minorities placed in managerial, professional, and technical jobs. (Contract did not specify exact number.)</p>	<p>Placed 43 minorities (of whom 32 had a college degree) in managerial, professional, and technical jobs. Comparatively, the Employment Service placed 17 college-educated minorities in full-time jobs, 8 of whom were placed in managerial, professional, or technical jobs.</p>

a/This summary does not include awards made to RTP for conducting the minority women employment program and youth program projects (i.e., 6 of the 10 contracts), since Labor did not require RTP to quantitatively report the results of its efforts on a contract-by-contract basis.

b/This goal represents an adjusted goal for a 10-month period, rather than the original contract goal of 4,013 placements which was for an 11-month period, due to the phaseout of this contract.

SUMMARY OF LABOR'S AWARD ADMINISTRATION PROBLEMS RELATED TO FISCAL YEARS 1978-81 RTP CONTRACTS

Project title/ contract number	Evidence of preaward administration			Evidence of monitoring				No end-of- contract performance evaluation
	No compre- hensive review of contract proposals (note a)	No comprehensive review of past performance and contractor fiscal responsibility (note b)	Incomplete records of negotiation	No adequate evidence of labor rep- resentatives' onsite visits (note c)	Inadequate review of progress reports	No written feedback on compli- ance and performance	No veri- fication of per- formance data	
1. School-to-Work Program (99-8-111-33-14)	X	X	X	X	X	X	X	X
2. Targeted Outreach Program (note a) (99-8-111-01-18)	X	X	X	X	X	X	X	X
3. Minority Women Employ- ment Program (note d) (20-36-75-15)	(d)	(d)	(d)	X	X	X	X	X
4. Minority Women Employ- ment Program (98-8-111-42-45)	X	X	X		X	X	X	X
5. Summer Career Explora- tion Program (99-9-111-33-43)	X	X	X	X		X	X	X
6. Minority Women Employ- ment Program (99-9-2332-01-19)	X	X	X	X		X	X	X
7. Targeted Outreach Program (99-9-111-01-18)	X	X	X		X	X		X
8. Career Exploration Program (99-0-111-33-53)	X	X	X	X	X	X	X	X
9. Targeted Outreach, Minority Women Employment and Youth Project (99-1-111-01-2)	X	X				X	X	X
10. RTP/Employment Service Demonstration Project for Placing Minoriti- es in Managerial, Professional, and Technical Jobs (20-36-79-29)	-	X	X	X	X	X	X	-
Total	<u>8</u>	<u>9</u>	<u>8</u>	<u>7</u>	<u>7</u>	<u>10</u>	<u>9</u>	<u>9</u>

a/Indicates files contained no documentation which would show contract proposals had been circulated and comprehensively evaluated, in accordance with regulations requiring unsolicited proposals to be circulated within the agency responsible for the receipt and handling of these proposals.

b/Reflects files which contained no preaward review forms, as well as those in which the forms were present but they contained no supporting documentation to provide a definitive assessment of RTP's financial management condition and adequacy of its resources and operational controls to perform the prospective contract.

c/Includes contracts (i.e., 99-8-111-33-14 and 99-9-111-33-43) for which labor representatives made no onsite visits because labor had contracted with an independent firm to monitor the performance of RTP's local offices.

d/Contract was initially awarded to RTP in 1974 and continued under several supplemental modifications. The award administration was transferred from OPER to ONP in fiscal year 1978, which is why it is included in our review; however, the preaward activities related to this award did not fall within our review time frame.



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