



Semiannual Report to Congress

Office of Inspector General for the U.S. Department of Labor





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A Message from the Inspector General

I am pleased to present this *Semiannual Report to Congress*, which highlights the most significant activities and accomplishments of the U.S. Department of Labor (DOL) Office of Inspector General (OIG) for the 6-month period ending September 30, 2019. Our audits and investigations continue to assess the effectiveness, efficiency, and integrity of DOL's programs and operations, including those performed by its contractors and grantees. The OIG also continues to investigate the influence of labor racketeering and organized crime in internal union affairs, employee benefit plans, and labor-management relations, and has partnered with other law-enforcement agencies on human trafficking matters.



During this reporting period, the OIG issued 11 audit and other reports with 39 recommendations for corrective action. These reports identified \$13 million in funds that could be put to better use. Among our many significant findings, we reported the following:

- The Office of Workers' Compensation Programs (OWCP) policy on opioids was too permissive, and OWCP needs to develop sufficient controls to mitigate the risk of opioid addiction.
- The Mine Safety and Health Administration's Civil Monetary Penalties program did not demonstrate that it deterred unsafe mine operations, and there was no correlation between penalties paid and the safety of mine operations.
- The Employment and Training Administration did not provide reasonable assurance that Technical Skills Training grantees delivered training that resulted in participants' obtaining and retaining jobs in H-1B occupations.
- The Job Corps program lacks the necessary controls, including oversight, to prevent, detect, and mitigate cheating in high school programs.
- DOL lacks procedures for identifying, managing, and preserving electronic messages as federal records of official activities.

The OIG's investigative work also yielded impressive results, with a total of 149 indictments, 125 convictions, and more than \$65 million in monetary accomplishments. Highlights of this work include the following:

- An Arkansas woman was sentenced to 12 months in prison and ordered to pay more than \$26 million in restitution to OWCP for her role in a scheme to defraud the Federal Employees' Compensation Act program.
- A Pennsylvania man was sentenced to 37 months in prison and ordered to pay more than \$2 million in restitution for his role in a scheme to overbill addiction-treatment health care benefit programs for unnecessary medical tests and treatment.
- A Southern California woman was sentenced to 54 months in federal prison for defrauding the State of California's Unemployment Insurance program out of more than \$500,000.
- A Texas resident was ordered to forfeit more than \$5 million in restitution for his role in an H-2B visa fraud scheme.
- Two organized crime associates were sentenced to 24 months in prison, one of whom was ordered to pay more than \$3.5 million for their roles in long-running racketeering schemes.

These are just a few examples of the exceptional work done by our dedicated staff. I want to express my gratitude to them for their significant achievements during this reporting period. We are continuing to work on many important audits. For more details, see our audit workplan for FY 2020, which is located in the appendix to this report.

I look forward to continuing to work constructively with the Department and Congress on our shared goals of identifying improvements to DOL programs and operations, and protecting the interests and benefits of the nation's workers and retirees.



Scott S. Dahl
Inspector General



OIG Mission

The Office of Inspector General (OIG) at the U.S. Department of Labor (DOL) conducts audits to review the effectiveness, efficiency, economy, and integrity of all DOL programs and operations, including those performed by its contractors and grantees. This work is conducted in order to determine whether the programs and operations are in compliance with the applicable laws and regulations; DOL resources are efficiently and economically being utilized; and DOL programs achieve their intended results. The OIG also conducts criminal, civil, and administrative investigations into alleged violations of federal laws relating to DOL programs, operations, and personnel. In addition, the OIG conducts criminal investigations to combat the influence of labor racketeering and organized crime in the nation's labor unions in three areas: employee benefit plans, labor-management relations, and internal union affairs. The OIG also works with other law enforcement partners on human trafficking matters.

Core Values

Excellence

We deliver relevant, quality, timely, high-impact products and services through a workforce committed to accountability and the highest professional standards.

Integrity

We adhere to the highest ethical principles and perform our work in an honest and trustworthy manner.

Independence

We are committed to being free of conflicts of interest through objectivity and impartiality.

Service

We are a unified team, vigilant to duty through dedicated public service.

Transparency

We promote an environment of open communication through information sharing, accountability, and accurate reporting.

Strategic Goals

Goal 1: Deliver timely, relevant, and high-impact results.

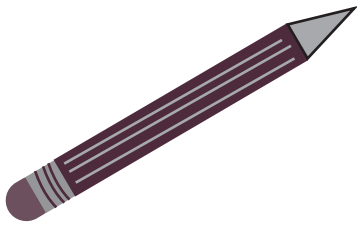
Goal 2: Foster an internal OIG culture that drives high performance and engagement.

Goal 3: Promote responsible stewardship of OIG financial and non-financial resources.

Audit Statistics

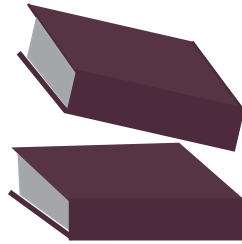
11

Audits and Other Reports Issued



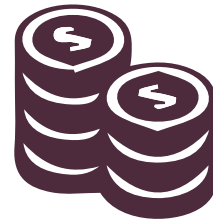
39

Recommendations for Corrective Action



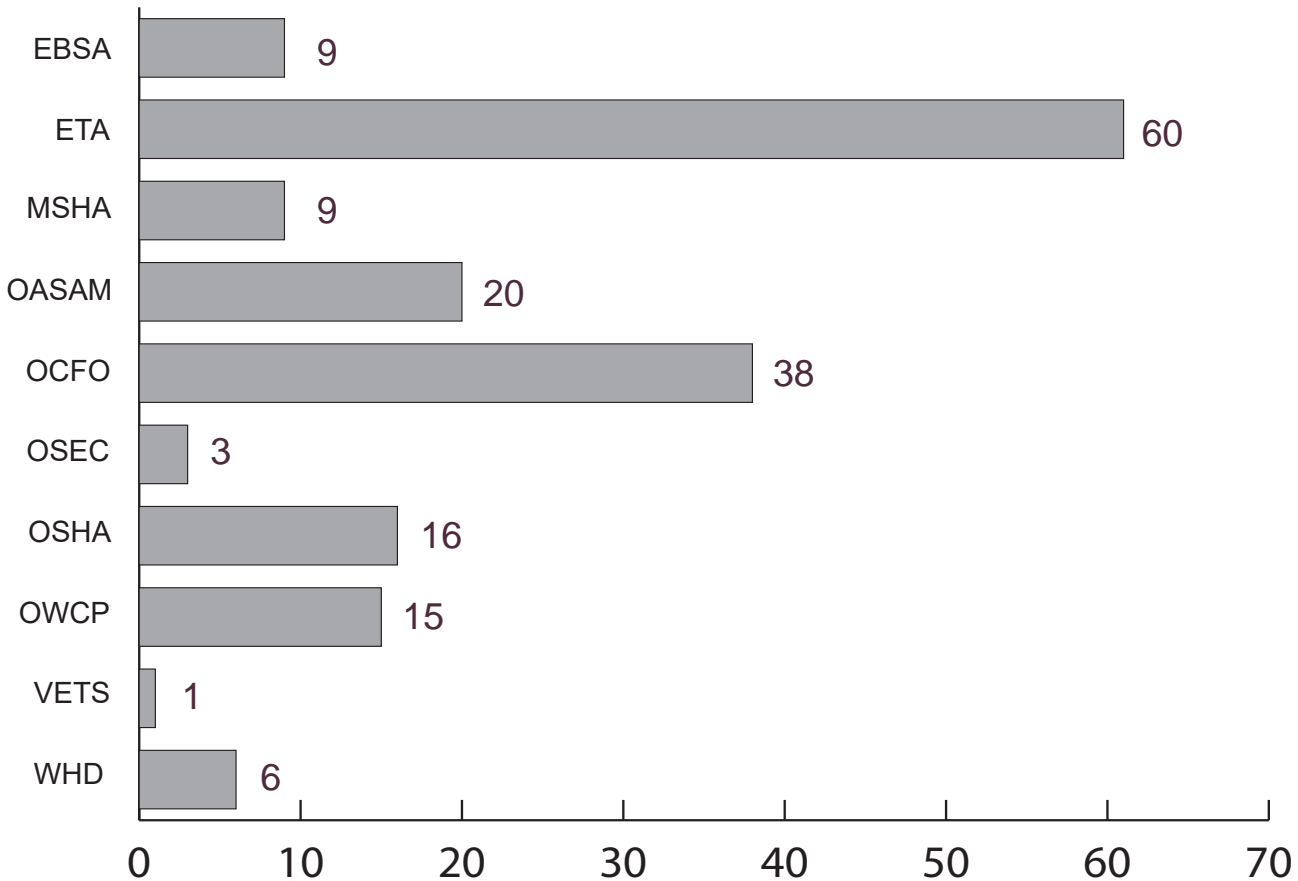
\$13 million

Funds Put to Better Use



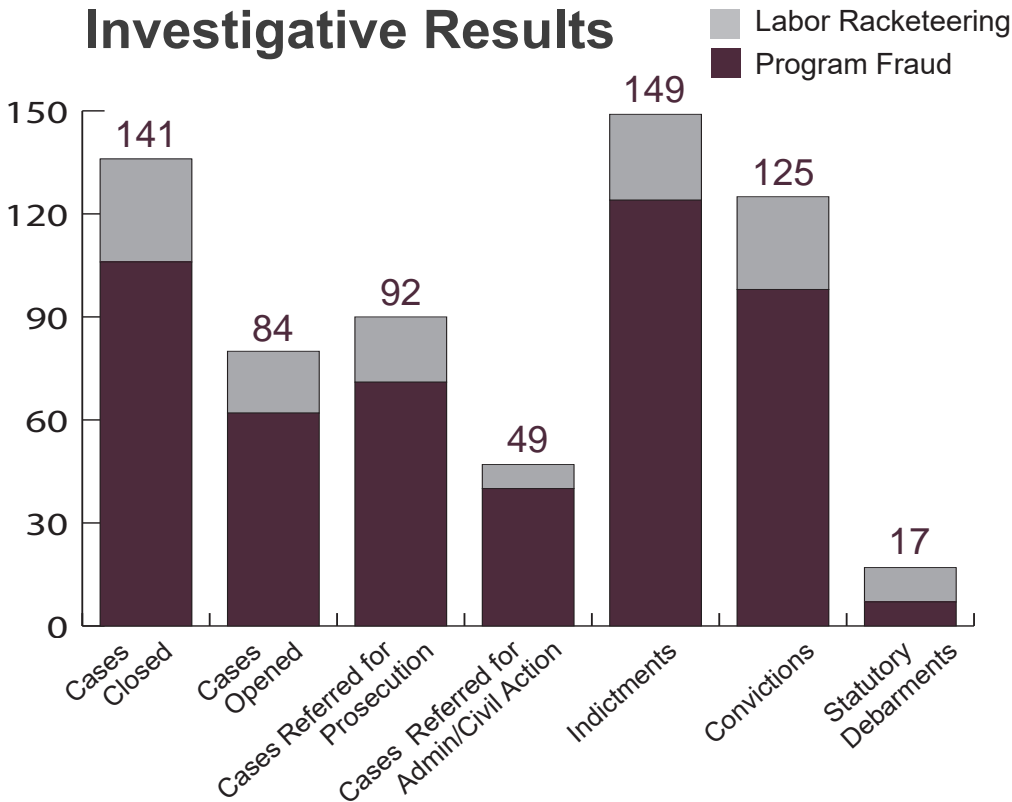
OIG Unimplemented Recommendations

OIG recommendations not fully implemented as of September 30, 2019

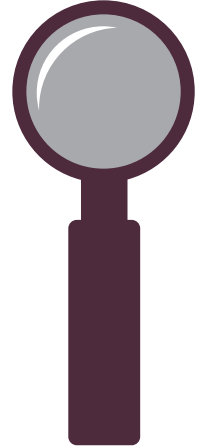


Investigative Statistics

Investigative Results

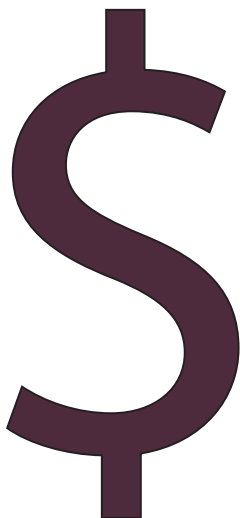


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Over 80 investigative cases opened and over 140 cases closed

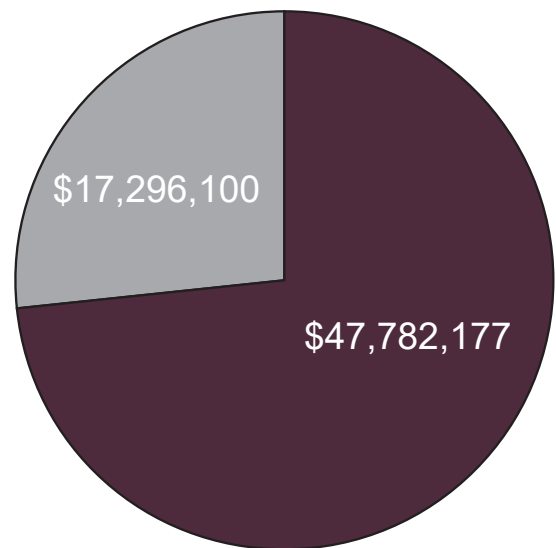
Monetary Accomplishments



This includes:

- Recoveries
- Cost-Efficiencies
- Restitutions
- Fines/ Penalties
- Forfeitures
- Civil Monetary Actions

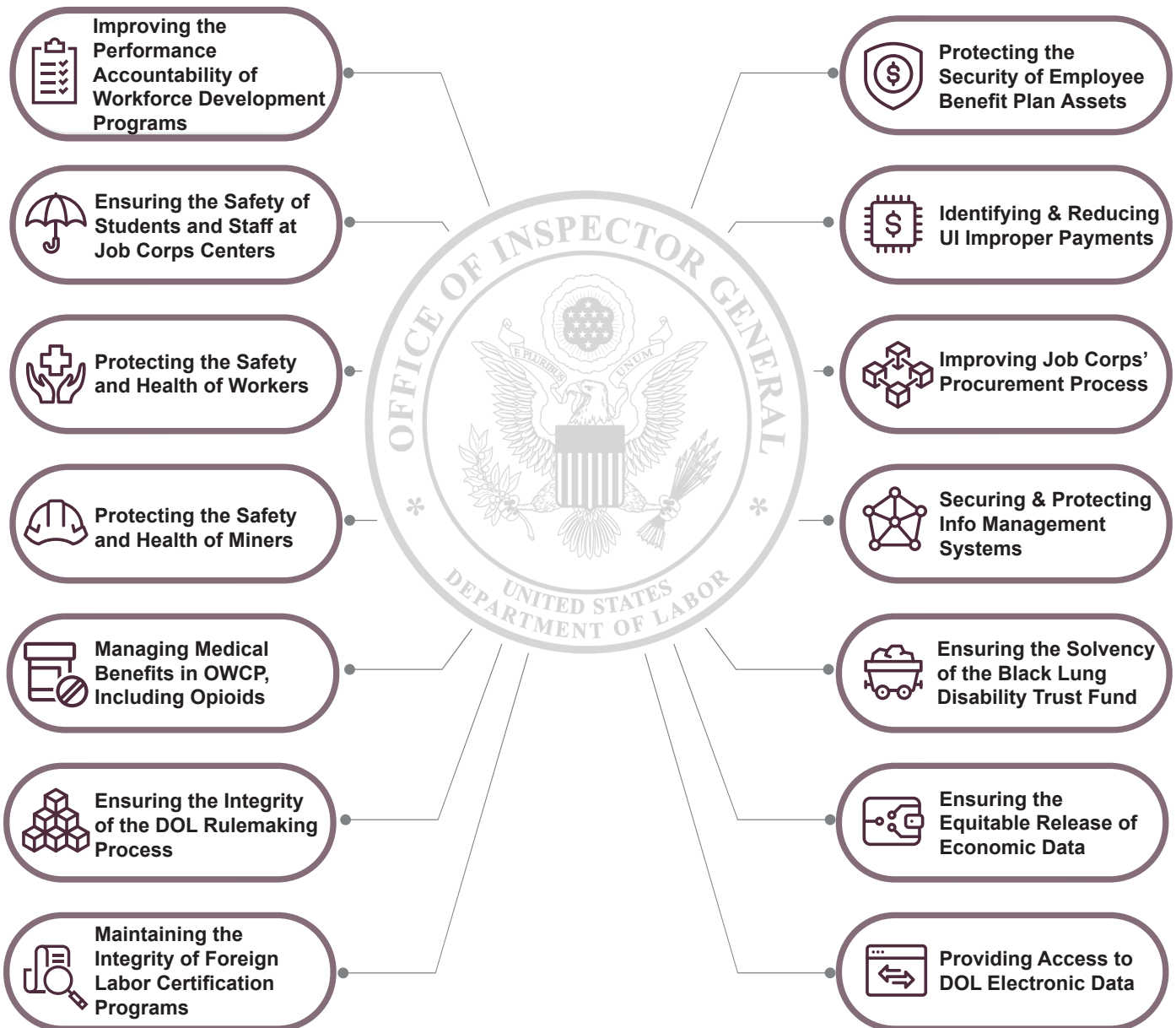
\$65,078,277
Total



Legend:
 Labor Racketeering
 Program Fraud

Significant Concerns

The OIG has identified the following areas of significant concern that cause the Department to be at particular risk of fraud, mismanagement, waste, deficiencies, or abuse. The identified areas of concern reflect continuing matters as well as emerging issues. Most of these issues appear in our annual Top Management and Performance Challenges report, which can be found in its entirety at www.oig.dol.gov.



Significant Concerns

Improving the Performance Accountability of Workforce Development Programs

The Department's ability to ensure that its planned \$5 billion investment in workforce development programs is successful in advancing participants' skills and placing them in suitable employment is an area of concern for the OIG. Critical to this task is the Department's ability to obtain accurate and reliable data with which to measure, assess, and make decisions regarding the performance of grantees, contractors, and states in meeting the programs' goals. In particular, the Department needs to ensure that its investments in credential attainment align with the needs of local employers and are having the desired impact on participants' ability to obtain or advance in a job.

A recent audit, which followed up on the employment status of a sample of Job Corps students 5 years after they left the program, found that Job Corps was challenged to demonstrate the extent to which its training programs helped participants obtain meaningful jobs appropriate to their training.

In the YouthBuild program, grantees reported that 18,750 participants had successfully exited their programs from 2011 to 2016, but these reported "successful exits" included 1,155 participants (6 percent) who had not yet secured an industry credential or earned a high school diploma or general equivalency diploma (GED) and who had not obtained any employment or enrolled in another educational program.

Finally, recent research suggests that opioid dependency has been a leading cause of workforce exits for workers ages 25 to 54. To date, the Employment and Training Administration has approved 19 states and the Cherokee Nation

for up to \$96 million in National Health Emergency Grants for the purpose of addressing the opioid crisis. The Department needs to monitor the performance of the discretionary grants it has awarded for delivering services to employers and workers impacted by the opioid crisis.

Ensuring the Safety of Students and Staff at Job Corps Centers

The OIG remains concerned about the ability of the Job Corps program to provide a safe environment for its students and staff. Controlling violence and other criminal behavior on campus has been a challenge for Job Corps centers for years. OIG audits from 2015 and 2017 disclosed that some Job Corps centers failed to report and investigate serious misconduct, such as drug abuse and assaults, or downgraded incidents of violence to lesser infractions, creating an unsafe environment for students and staff. The follow-up work we completed in December 2017, and our ongoing review of Job Corps' corrective actions, showed that Job Corps has taken steps to improve center safety and security. However, the Department's corrective action plan has not yet been fully implemented. The OIG continues to monitor Job Corps' progress in completing its various safety initiatives.

Protecting the Safety and Health of Workers

With more than 9 million establishments under the oversight of the Occupational Safety and Health Administration (OSHA), the OIG remains concerned about OSHA's ability to target its compliance activities to those areas where they can have the greatest impact. OSHA carries out its compliance responsibilities through a combination of self-initiated and complaint-based investigations. However, the program can

Significant Concerns

reach only a fraction of the entities it regulates. Consequently, OSHA must strive to target the most egregious and persistent violators and protect the most vulnerable worker populations. For this targeting to be effective, OSHA needs to address issues related to the under-reporting of injuries by employers. As one example, OSHA is challenged in targeting the highest-risk workplaces, specifically for silica dust, with its limited resources. Employers are required to limit worker exposure to respirable crystalline silica and to take other steps to protect workers. About 2.3 million people in the United States are exposed to silica at work.

The OIG is also concerned with OSHA's ability to measure the impact of its policies and programs and those of the 28 OSHA-approved state plans for occupational safety and health. In addition, we are concerned that some employers do not take adequate actions to correct hazards cited by OSHA.

Protecting the Safety and Health of Miners

The ability of the Mine Safety and Health Administration (MSHA) to effectively manage its resources to help ensure the safety and health of miners is a concern for the OIG. Mine operators' under-reporting of occupational injuries and illnesses hinders MSHA's ability to focus its resources on the most dangerous mines. In addition, we are concerned with the continued high incidence of powered haulage accidents in mines. MSHA also needs to develop strategies to address the increasing occurrence of black lung disease in Appalachian coal-mining states; related risks from quartz content in respirable dust, which can cause silicosis—a deadly and incurable disease; and respiratory health risks arising from diesel particulate emissions.

Managing Medical Benefits in OWCP, Including Opioids

The OIG is concerned about the Office of Workers Compensation Programs' (OWCP's) ability to effectively manage the use and cost of pharmaceuticals in the Federal Employees' Compensation Act (FECA) program. The Department needs to make certain it has controls in place to ensure that the treatments prescribed for FECA claimants are safe, effective, medically necessary, and the most cost-effective.

The prevalence of prescriptions for highly addictive opioids has the potential to lead to abuse. While opioids accounted for less than 20 percent of total pharmacy expenditures in FY 2019, 43 percent of FECA's monthly claimants receiving pharmaceuticals were receiving opioid prescriptions. OWCP allowed physicians to prescribe initial opioid prescriptions for up to 60 days without establishing medical necessity. Consistent with OIG's recommendations, effective September 23, 2019, OWCP imposed restrictions on all initial opioid prescriptions to 7 days with three subsequent 7-day refills. Prior authorization is now required to obtain opioids beyond 28 days. Additionally, OWCP stated that its efforts to address the opioid problem have resulted in overall declines in opioid use and new prescriptions. However, OWCP still needs to develop quality information to help identify claimants at risk of opioid dependence and the associated costs of addiction treatment.

Past audit work has shown that OWCP's lack of comprehensive analysis of medical benefit payments in the FECA program allowed increases in billings for compounded drugs to go undetected. Recent actions taken by OWCP have resulted in significant decreases in compounded

Significant Concerns

drug costs—from more than \$250 million in FY 2016 to less than \$1 million in FY 2019—which further underscores the enormous monetary impact from failure to implement controls earlier. Given the high risk of fraud related to prescription payments, OWCP still needs to conduct comprehensive analysis and monitoring of FECA program costs to promptly detect and address emerging issues before they manifest into material concerns.

Ensuring the Integrity of the DOL Rulemaking Process

The adequacy of DOL's procedures for issuing guidance that accurately reflects its rules and policies is of significant concern to the OIG. The Department issues rules, which can be standards or regulations, and guidance documents that explain the rules. Both are intended to help reduce hazards and protect 121 million workers at 9 million worksites.

DOL faces challenges in ensuring transparency during the rulemaking process. Based on concerns with recently proposed and finalized rules, DOL is challenged to issue rules that are transparent to the American taxpayer and comply with the requirements of the Administrative Procedure Act and other applicable executive orders. DOL also faces challenges in ensuring that it enters into rulemaking when appropriate rather than issuing guidance.

A recent audit found that OSHA lacked a procedure to determine the appropriateness of issuing a document as guidance rather than as a rule. Issuing a document as guidance is appropriate if the document is interpretative or a general statement of policy, and if it does not create, modify, or revoke a standard. Between

2014 and 2016, OSHA also did not follow procedures for 80 percent of sampled guidance; the lapses included failure to determine whether guidance was consistent with OSHA rules, to consider the anticipated reception of the guidance by significant stakeholders, and to obtain official approval to issue the guidance.

Our audit coverage continues to address this area of concern. In particular, we are currently reviewing the rulemaking process used by the Wage and Hour Division related to its proposal to rescind portions of its tip regulations issued pursuant to the Fair Labor Standards Act. In addition, we are reviewing OSHA's process for issuing and managing regulations and are monitoring the Department's progress in reviewing its overall rulemaking process.

Maintaining the Integrity of Foreign Labor Certification Programs

Foreign labor certification (FLC) programs are intended to permit U.S. businesses to hire foreign workers when necessary to meet their workforce needs while protecting the jobs, wages, and working conditions of U.S. workers. The Department's administration of the FLC programs under current laws has been an ongoing concern of the OIG for decades. OIG investigations have shown these visa programs, in particular the H-1B program, to be susceptible to significant fraud and abuse, often by dishonest immigration agents, attorneys, labor brokers, employers, and organized criminal enterprises. DOL is statutorily required to certify an H-1B application unless it determines that the application is "incomplete or obviously inaccurate." Given this fact, it is not surprising that OIG investigations have revealed schemes in which fictitious companies or dishonest businesses seeking to acquire foreign

Significant Concerns

workers filed fraudulent applications with DOL. Our investigations have also uncovered numerous instances of unscrupulous employers' misusing FLC programs to engage in human trafficking, with victims often exploited for economic gain.

In the H-2B program, which is used to hire foreign workers for temporary nonagricultural jobs, rising application numbers and seasonal spikes in employer workforce demands have resulted in periodic application processing delays. The Department needs to continue its efforts to ensure that H-2B applications are processed in time for employers to hire foreign workers by their dates of need while at the same time ensuring that the review process protects the interests of U.S. workers.

Protecting the Security of Employee Benefit Plan Assets

The OIG remains concerned with DOL's ability to administer and enforce Employee Retirement Income Security Act (ERISA) requirements that protect the benefit plans of about 149 million plan participants and beneficiaries, particularly in light of statutory limitations on DOL's oversight authority. One challenge the Employee Benefits Security Administration (EBSA) has been facing for decades is that ERISA allows billions of dollars in pension assets held in otherwise regulated entities, such as banks, to escape full audit scrutiny. We have previously found that as much as \$3.3 trillion in pension assets, including an estimated \$800 billion in hard-to-value alternative investments, received limited-scope audits that provided few assurances to participants regarding the financial health of their plans.

In addition, given the number of benefit plans that the agency oversees relative to the number of

investigators, EBSA needs to focus its available resources on investigations most likely to result in the deterrence, detection, and correction of ERISA violations. Finally, EBSA needs to consistently apply its newly developed audit risk assessment for the Thrift Savings Plan (TSP) to improve the usefulness of its TSP audits, as well as seek amendments to ERISA to improve its ability to provide sufficient oversight of the approximately \$600 billion in assets and ensure that TSP audit recommendations are implemented.

Identifying and Reducing Unemployment Insurance Improper Payments

The Department's ability to measure, report, and reduce improper payments in its Unemployment Insurance (UI) program continues to be a concern for the OIG.

The UI program paid benefits totaling \$26.91 billion during the period July 1, 2018, to June 30, 2019. Of this, estimated improper payments totaled \$2.86 billion, making the estimated improper payment rate 10.61 percent. Although this estimate remained above the \$2 billion threshold established by the Office of Management and Budget under the authority of the Improper Payments Elimination and Recovery Improvement Act of 2012 (IPERA) for designation as a "high-priority" program, the new estimate represents a 23 percent reduction from this time last year.

However, our prior audit work revealed that the Department has not done enough to formally assess the various strategies and determine what issues persist, due in part to a lack of reliable state-reported data. Further, improper payments stemming from fraudulent activity continue to pose a significant threat to the integrity of the

Significant Concerns

UI program, as identity thieves and organized criminal groups have found ways to exploit program weaknesses. For example, the payment of benefits using non-state-issued prepaid debit cards provides anonymity to those who submit fraudulent claims.

The Department needs to continue its ongoing work with states to implement strategies designed to reduce the UI improper payment rate, which would include sharing best practices identified among states.

Improving Job Corps' Procurement Process

Job Corps spends approximately \$1 billion on goods and services annually for its 121 centers nationwide and is currently transitioning center operations from cost-reimbursement to fixed-price contracts. This transition is intended to lower government risk, reduce administrative burdens, generate more pre-award efficiencies, and encourage more participants in competition for contracts, which should also lead to improved services, including those for center safety and security, by reducing staff shortages.

Prior OIG work in this area consistently found Job Corps' procurements did not ensure best value for taxpayers. As the Department moves to fixed-price contracting, Job Corps must ensure that its contract requirements are well developed, contract competition is fair, contractor payments are more closely aligned to performance metrics and related outcomes, and controls are implemented to make certain that the goods and services delivered are consistent with requirements and help the Department fully achieve program goals.

Securing and Protecting Information Management Systems

For many years, we have reported on long-standing information security deficiencies, including weaknesses in third-party oversight, incident response and reporting, risk management, and continuous monitoring. For example, DOL has not

- provided adequate oversight of its systems that are either owned or operated by contractors or other federal entities on behalf of DOL;
- promptly reported its computer security incidents to the DOL Computer Security Incident Response Capability and the United States Computer Emergency Readiness Team for investigation and action;
- accurately determined its system inventory, as well as its hardware and software asset inventory; or
- implemented a program to identify system security vulnerabilities and ensure that appropriate actions are being taken.

These deficiencies represent ongoing, unnecessary risks to the confidentiality, integrity, and availability of DOL's information within the information systems that support DOL's mission.

We have recommended that the Department place greater emphasis on these deficiencies and prioritize available resources to address them. We likewise recommended realigning the position of the Chief Information Officer (CIO) to report directly to the agency head. Such a realignment will provide the CIO with greater independence and authority to implement and maintain an effective information security program.

Significant Concerns

Ensuring the Solvency of the Black Lung Disability Trust Fund

Miners and their survivors who have been awarded benefits as a result of Black Lung claims receive lifetime benefits. These benefits are paid by a mine operator when possible or by the Black Lung Disability Trust Fund (BLDTF) when the miner's former employer does not or cannot assume liability. The BLDTF's current annual income (primarily from an excise tax on coal) is not sufficient to cover its annual obligations to pay benefits, meet administrative costs, and service its past debt. As of September 30, 2019, the BLDTF was carrying a \$5.8 billion deficit balance, which is projected to grow to nearly \$15.3 billion (in constant dollars) by September 30, 2044.

The excise tax that funds the BLDTF is levied on domestic sales of coal mined in the United States (coal exports and lignite, often referred to as "brown coal," are not subject to the coal excise tax). For 2018, the tax rates on coal, established in 1986, were \$1.10 per ton of underground-mined coal or \$0.55 per ton of surface-mined coal, limited to 4.4 percent of the sales price. As of January 2019, the tax rates were reduced to the rates originally set when the trust fund was established in 1978: \$0.50 per ton of underground-mined coal or \$0.25 per ton of surface-mined coal, limited to 2 percent of the sales price. The Congressional Research Service reports that "the decline in the excise tax rates will likely put additional financial strain on a trust fund that already borrows from the general fund to meet obligations."¹ The U.S. Energy Information Administration also projects that coal production will decline through 2022. Both the reduced tax

rate and the reduction in coal production will result in decreased cash inflows to the BLDTF.

In addition, the downturn in the coal industry has resulted in several coal mine operators' filing for bankruptcy. Although some have emerged from bankruptcy, others, along with their many subsidiaries, have gone out of business. In some instances, the BLDTF will be responsible for benefit payments previously made by former mine operators that were self-insured but are now no longer able to cover their federal Black Lung liabilities.

Ensuring the Equitable Release of Economic Data

The Department issues a number of reports and statistics that include leading economic indicators, such as the Unemployment Insurance Weekly Claims Report and the Producer Price Index. Because the data in these reports have the potential to move financial markets, the Department protects the information via an embargo, meaning the data cannot be disseminated or used in any unauthorized manner before they are released to the public. The Department provides approved news organizations prerelease access 30 minutes prior to the official release time, with the objective of improving the accuracy of initial news reports about the information. However, news organizations' use of preformatting and data-queuing software to transmit the data enables their paying clients to trade on the data before the Department can post the information to its website for the general public to access once the embargo is lifted. Even fractions of a second can provide these clients with a significant trading advantage over individuals and other organizations that cannot access the embargoed data.

¹S. Szymendera, *The Black Lung Program, the Black Lung Disability Trust Fund, and the Excise Tax on Coal: Background and Policy Options*, CRS Report No. R45261 (Washington, DC: Congressional Research Service, 2019).

Significant Concerns

To ensure an equitable release of these data, the Department must eliminate this competitive advantage by either changing or eliminating the lockup process. Since we first reported on this concern in January 2014, the Department has consulted with other federal agencies that conduct similar press lockups; however, no action has been taken to resolve this issue.

Providing Access to DOL Electronic Data

The Department's ability to provide timely access to its many electronic data systems is a concern for the OIG. This challenge has been particularly acute for systems owned or operated by third parties. As the Department pushes its information to the cloud, the management and control of these systems and of the data they contain become even more crucial. The Department needs to ensure that contract language for third-party systems specifically allows the Department, along with its Inspector General, to have timely access to those systems and of the data they contain. It also needs to continue to facilitate the OIG's access to all systems. To ensure that these changes are implemented throughout the Department, top leaders need to clearly communicate this requirement as critical to the Department's efforts to combat fraud, waste, and abuse.







Worker and Retiree Benefit Programs

Office of Workers' Compensation Programs

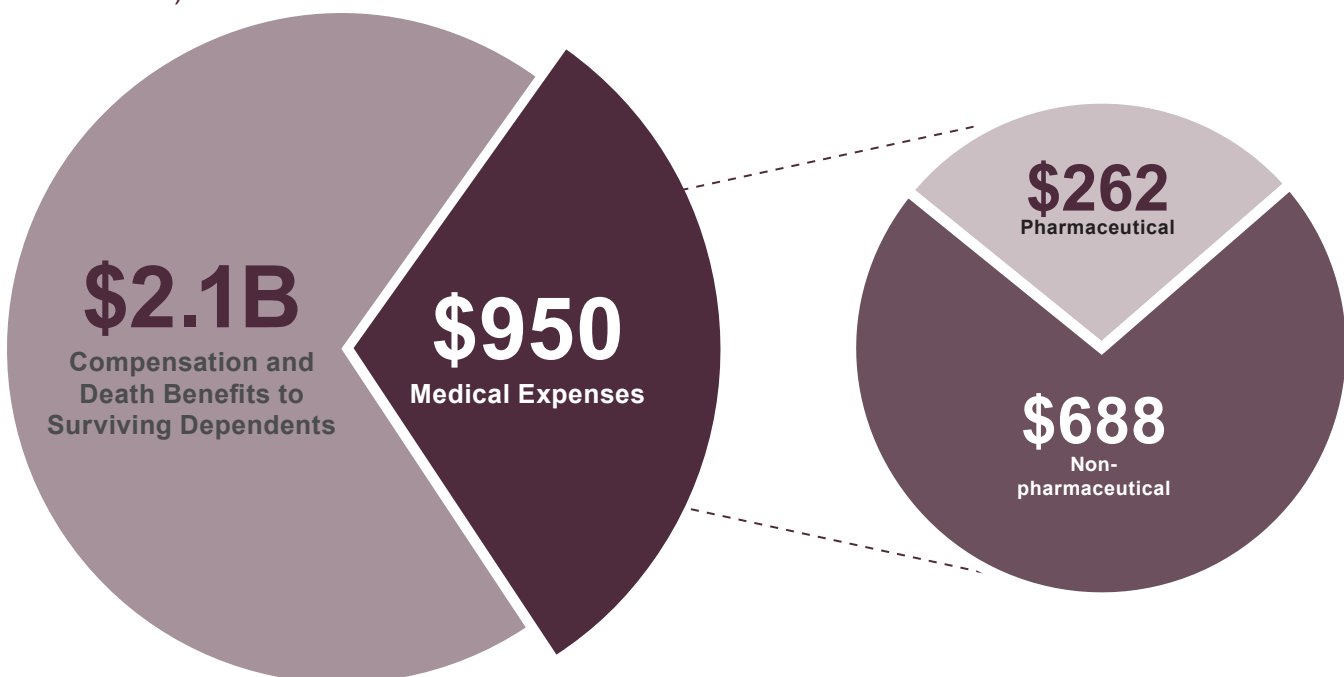
The Office of Workers' Compensation Programs (OWCP) administers four workers' compensation programs: the Federal Employees' Compensation Act (FECA) program, the Energy Employees Occupational Illness Compensation Program, the Longshore and Harbor Workers' Compensation Act program, and the Coal Mine Workers' Compensation program.

The FECA program provides workers' compensation coverage to millions of federal, postal, and other employees for work-related injuries and illnesses. Benefits include wage loss benefits, medical benefits, vocational rehabilitation benefits, and survivors' benefits for covered employees' employment-related deaths.

OWCP Must Continue Strengthening Management of Pharmaceutical Benefits, Including Opioids, in the FECA Program

DOL-OIG and the United States Postal Service (USPS) have both noted the rapidly increasing costs, questionable safety, and likelihood of fraud associated with pharmaceutical benefits in the FECA program. Dramatic increases in compounded drug costs, from \$2 million in FY 2011 to \$254 million in FY 2016, and dangers related to opioid abuse have gained significant attention from Congress and the public. As a result of the FECA program's subsequent actions, the costs of compounded drugs dropped to under \$1 million

FIGURE 1: TOTAL FECA BENEFITS PAID, FY 2018 (IN MILLIONS EXCEPT WHERE INDICATED)

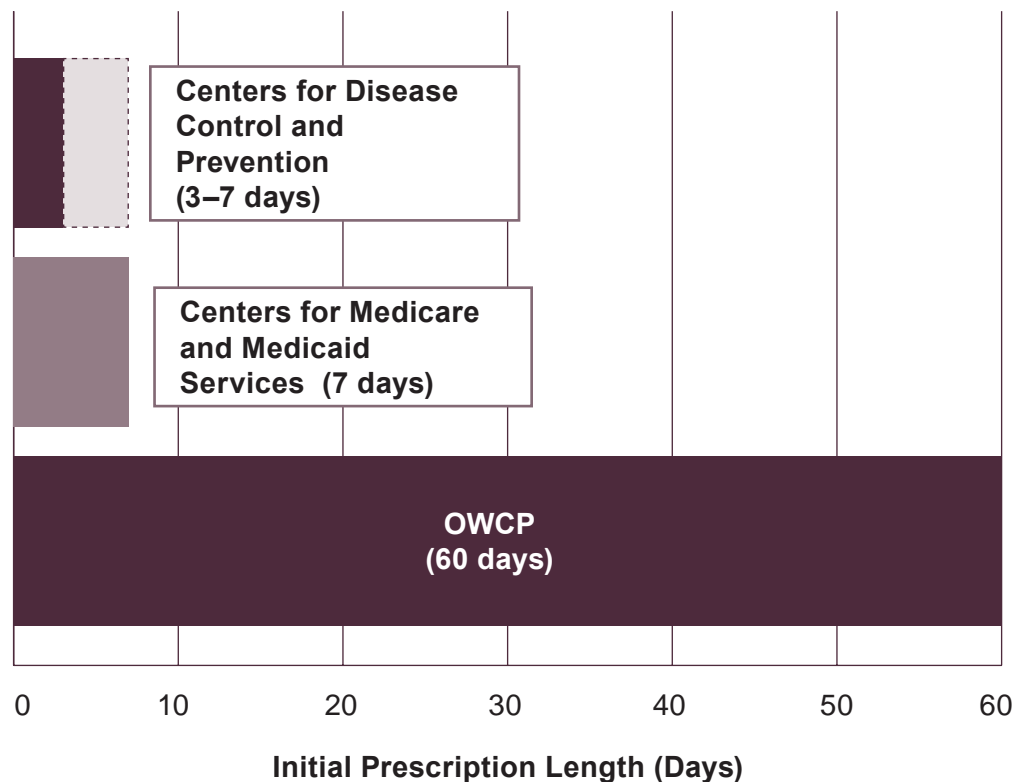


Worker and Retiree Benefit Programs

in FY 2019, and overall pharmaceutical costs dropped to \$217 million in FY 2019 (from \$473 million in FY 2016) for the approximately 28,000 monthly average claimants receiving pharmaceuticals, of whom 43 percent received opioid prescriptions.

Given these risks, the purpose of our audit was to assess OWCP's controls over the pharmaceutical benefits in the FECA program. Specifically, we set out to determine if OWCP effectively managed pharmaceutical use and cost. While OWCP has made progress in addressing recommendations from a previous OIG report on these issues, more action is needed to strengthen its controls over pharmaceuticals in the FECA program.

FIGURE 2: COMPARISON OF OPIOID PRESCRIPTION GUIDELINES



Our audit determined that OWCP's policy on opioids at the time was too permissive—allowing physicians to prescribe initial opioid prescriptions for up to 60 days without establishing medical necessity. Further, OWCP had not developed sufficient controls to manage opioid addiction. OWCP also did not ensure that it paid the best price for prescription drugs, as we found that OWCP

- had not determined if alternative drug pricing methodologies would be more competitive;
- had not used drug formulary lists or preferred providers;
- had not implemented cost-limit checks on high or excessive drug charges; and
- had not ensured that its generic drug policy was effective.

Worker and Retiree Benefit Programs

In addition, we found that OWCP also could have done more to help ensure that FECA prescriptions were safe from overuse and adverse interaction with other FECA medications. Our analysis revealed that OWCP had not implemented drug utilization reviews or quantity limits on initial fills and refills of maintenance drugs; had not determined if classes of drugs other than compounded drugs and opioids should require prior authorization for medical necessity; and had not monitored claimant and prescriber relationships to ensure that drugs were actually prescribed by attending physicians.

Finally, OWCP had not reported excluded providers to the national health care fraud and abuse data collection program or accessed these data to ensure that FECA providers were qualified. However, OWCP had taken actions to identify questionable providers and refer them to OIG for investigation, and had excluded providers convicted of fraud.

For more information, go to: www.oig.dol.gov/public/reports/oa/viewpdf.php?r=03-19-002-04-431&y=2019, Report No. 03-19-002-04-431 (May 14, 2019).

Arkansas Woman and Niece Sentenced for Their Roles in Scheme to Defraud Federal Health Care Program of More Than \$26 Million

On May 15, 2019, Lydia Bankhead was sentenced to 1 year in prison followed by a 1-year period of supervised release. Bankhead was ordered to pay more than \$26 million in restitution to OWCP. On the same date, Lydia Taylor was sentenced to 2 years of probation and ordered to pay more than \$265,000 in restitution to OWCP.

Bankhead opened Union Medical Supplies and Equipment (UMSE), an OWCP-enrolled company, with Tshombe Anderson in 2013. They billed OWCP claimants for durable medical equipment that the claimants neither wanted nor needed. Anderson continued to submit these bills despite knowing that the companies were billing OWCP for items unassociated with claimants' injuries.

Taylor was an unpaid intern for OWCP. In February 2018, Taylor pleaded guilty to failure to disclose a financial interest on her employment application. She failed to disclose to OWCP that she worked for UMSE, an OWCP-enrolled company, when she applied for the internship. Bankhead pleaded guilty to aiding and abetting her niece's failure to disclose a financial interest to the government. Bankhead managed the day-to-day operations of UMSE.

Bankhead and Taylor were responsible for shipping the items to the claimants, although most of the billed items were never shipped. In instances in which the items were shipped, claimants often refused to take delivery of the durable medical equipment. Later in the scheme, Bankhead paid for Taylor to move to Dallas and facilitated her role as an intern with OWCP.

This is a joint investigation with USPS-OIG. *United States v. Lydia Bankhead* and *United States v. Lydia Taylor* (N.D. Texas)

Worker and Retiree Benefit Programs

Jury Convicts Seven North Texans of Receiving Kickbacks for Referring OWCP Patients to Dallas-Area Surgical Hospital

On April 9, 2019, following 4 days of deliberations, a federal jury returned guilty verdicts for seven individuals implicated in a health care fraud scheme.

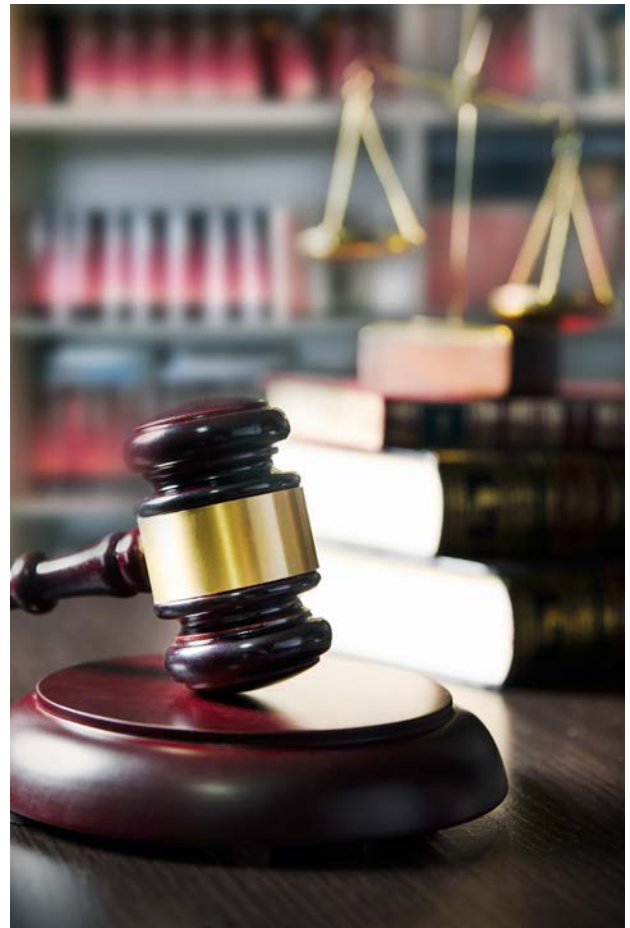
Wilton McPherson “Mac” Burt, Jackson Jacob, Douglas Sung Won, Michael Bassem Rimlawi, Shawn Mark Henry, Mrugeshkumar Shah, and Iris Kathleen Forrest were all convicted of conspiracy to pay or receive health care bribes. Several of the defendants were also convicted of other crimes, including conspiracy to commit money laundering, substantive counts of paying and soliciting bribes and kickbacks, Travel Act violations, and aiding and abetting commercial bribery.

Ten other defendants had already pleaded guilty in the \$200 million scheme designed to induce doctors to steer lucrative patients—particularly those with high-reimbursing, out-of-network private insurance—to Forest Park Medical Center (FPMC), a now-defunct hospital.

Most of the kickbacks, which totaled more than \$40 million, were disguised as consulting fees or “marketing money” doled out as a percentage of the surgeries each doctor referred to FPMC.

Instead of billing patients for out-of-network co-payments, instituted by insurers to de-incentivize the high costs associated with out-of-network treatment, FPMC allegedly assured patients they would pay in-network prices. Because the defendants knew the insurers would not tolerate such practices, they concealed the patient discounts and wrote off the difference as uncollected “bad debt.”

This was a joint investigation with the Employee Benefits Security Administration (EBSA), the FBI, the IRS Criminal Investigation Division, the Office of Personnel Management (OPM)–OIG, and the Defense Criminal Investigative Service. *United States v. Beauchamp et al.* (N.D. Texas)



Employee Benefit Plans

The Department's Employee Benefits Security Administration (EBSA) is responsible for protecting the security of retirement, health, and other private-sector employer-sponsored benefit plans for America's workers and retirees, and their families. EBSA is charged with protecting about 149 million workers, retirees, and family members who are covered by nearly 703,000 private retirement plans, 2.3 million health plans, and similar numbers of other welfare benefit plans that together hold estimated assets of \$9.4 trillion.

Doctor Involved in Addiction-Treatment Health Care Fraud Scheme Sentenced to 37 Months in Prison and Ordered to Pay More Than \$2.4 Million in Restitution

On September 20, 2019, Domenick Braccia was sentenced to 37 months in prison and ordered to pay more than \$2.4 million in restitution for his role in a scheme to overbill health care benefit programs for testing and treatment of drug-addicted patients at facilities owned by Liberation Way (LW).

Braccia was the medical director and the only medical doctor on staff at LW's three locations in Pennsylvania. As part of a multistate scheme to defraud insurers, Braccia signed blank prescription forms and affirmed the medical necessity of testing for patients whom he never treated and of treatment never performed. Targeting high-payout insurance plans, LW submitted claims for unnecessary medical tests and intensive inpatient treatment for people allegedly suffering from opioid addictions.

In addition, LW ran a number of outpatient rehabilitation facilities, which were advertised to insurance companies as intensive inpatient

recovery homes aimed at rehabilitating people addicted to opioids. After patients were discharged from the recovery homes, LW would almost immediately re-enroll them on paper, fraudulently indicating that they had had an opioid-related relapse. This enabled LW to bill the insurance providers for additional inpatient treatment at the highest rate possible. Some patients were enrolled on paper as many as eight times for treatment of relapses.

In August 2019, LW co-founder Jason Gerner pleaded guilty to federal health care fraud.

This is a joint investigation with EBSA, OPM-OIG, the FBI, and the Pennsylvania Office of the Attorney General. *United States v. Domenick Braccia* (E.D. Pennsylvania)

Former California UPS Employee Sentenced for Defrauding UPS Health Care Benefit Program

On April 22, 2019, former United Parcel Service (UPS) employee Eddie Hernandez was sentenced to 30 months in prison and ordered to pay more than \$530,000 in restitution for his role in a

Worker and Retiree Benefit Programs

scheme to defraud the UPS health care benefit program provided by the Teamsters Western Region and Local 177 Health Care Plan.

From January 2015 to June 2016, Hernandez engaged in a scheme to recruit UPS employees to participate in medically unnecessary, and sometimes never performed, sleep study testing at Atlas Diagnostic Services, Inc., a sleep study diagnostic center located in Studio City, California. Hernandez recruited employees by offering cash in exchange for their participation as well as offering additional monetary benefits for bringing dependents and referring co-workers to participate in the scheme. Hernandez recruited patients knowing that no doctor had prescribed sleep study testing for them and regardless of whether the testing was medically necessary.

Based on the fraudulent insurance claims, the UPS health care benefit program mailed reimbursement checks to Atlas Diagnostic and to UPS employees. At the direction of Hernandez, the UPS employees would then endorse the insurance checks or remit payments to Atlas Diagnostic or to bank accounts controlled by Hernandez. In total, Atlas Diagnostic fraudulently billed the UPS health care plan for approximately \$4.1 million.

This is a joint investigation with the FBI, EBSA, and OPM-OIG. *United States v. Vishnevsky et al.* (C.D. California)



Unemployment Insurance Programs

Enacted more than 80 years ago as a federal–state partnership, the Unemployment Insurance (UI) program is the Department’s largest income-maintenance program. This multibillion-dollar program provides unemployment benefits to eligible workers who become unemployed through no fault of their own. Although the program’s framework is determined by federal law, the benefits for individuals depend on state law and, generally, state funding of benefits that are administered by State Workforce Agencies in 53 jurisdictions covering the 50 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands, under the oversight of DOL’s Employment and Training Administration. The federal government pays the program’s administrative expenses.

San Jose Man Sentenced for UI Fraud

On September 19, 2019, Russell White III was sentenced to 51 months in prison for his role in a scheme to defraud the State of California by filing false UI claims.

Between July 2015 and July 2016, White conspired with others, including Pamela Emanuel, to defraud the State of California. Emanuel worked as a tax compliance representative for the California Employment Development Department (EDD). She allegedly used her position to access the personally identifiable information of workers throughout California. Emanuel and her co-conspirators used that information to file fraudulent unemployment claims in the names of the unknowing victims. White participated in the scheme by receiving EDD documents at addresses associated with or controlled by him and using at least 12 EDD debit cards issued in the names of identity-theft victims to withdraw the fraudulently obtained benefits. In total, the conspirators filed at least 269 false claims and received approximately \$900,000 in fraudulent benefits. This is a joint investigation with the FBI, the U.S. Postal Inspection Service, and the California EDD. *United States v. Emanuel et al.* (E.D. California)

Southern California Woman Sentenced in UI Scheme

On April 9, 2019, Rolanda Ashley was sentenced to 54 months in federal prison for defrauding the State of California’s UI program out of more than \$500,000 by using stolen identities to submit dozens of bogus claims for nonexistent employees at sham companies.

The investigation revealed that from October 2010 to November 2013, Ashley participated in a scheme to defraud the California EDD. During the course of the scheme, Ashley and a co-conspirator registered fictitious companies with the EDD and then submitted false wage information for individuals who purportedly worked for these sham companies. She then fraudulently applied for and obtained UI benefits in these individuals’ names. When registering the business addresses of fictitious companies with the EDD, Ashley listed addresses she controlled or had access to. As a result of Ashley’s fraudulent submissions, the EDD directed a bank to mail debit cards to addresses she listed for the fake claimants. In total, Ashley submitted approximately 40 fraudulent claims seeking more than \$550,000 in UI benefits. This was a joint investigation with the California EDD. *United States v. Ashley* (C.D. California)



Worker Safety, Health, and Workplace Rights

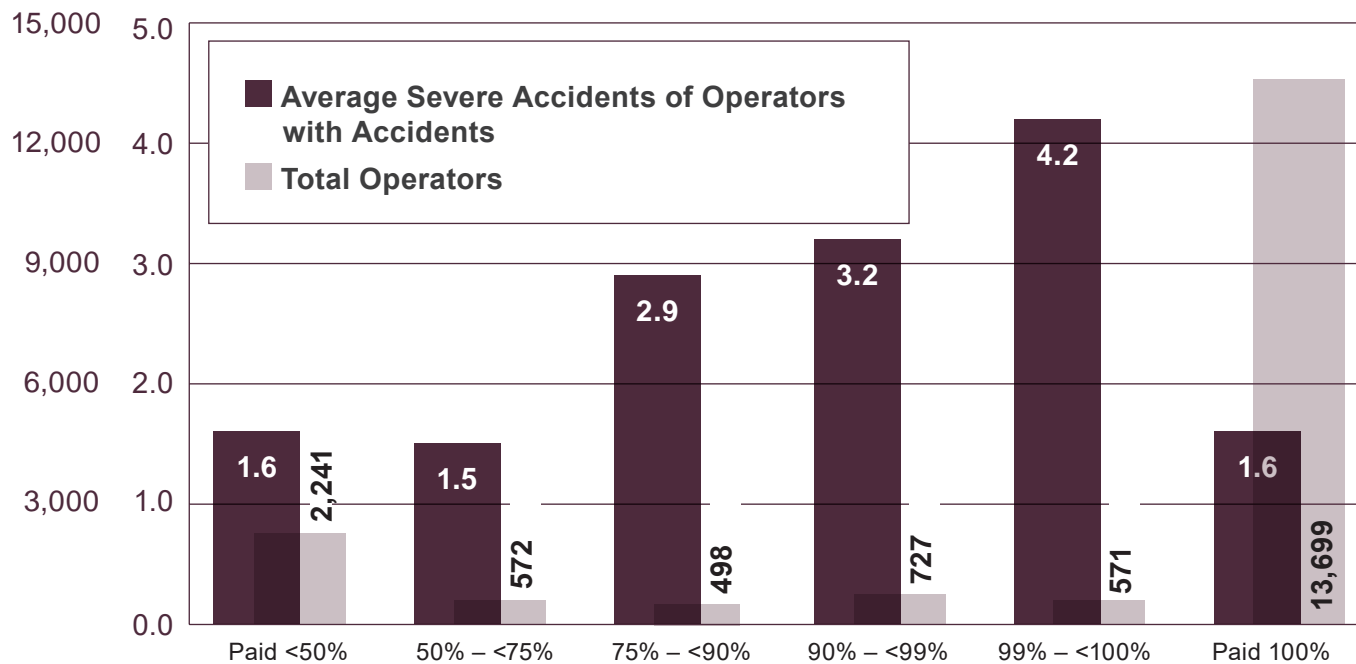
Mine Safety and Health Administration

The federal Mine Safety and Health Act of 1977 (Mine Act), as amended by the Mine Improvement and New Emergency Response Act of 2006 (MINER Act), charges the Mine Safety and Health Administration (MSHA) with setting and enforcing standards to protect the health and safety of approximately 350,000 men and women working in our nation’s mines.

MSHA Did Not Evaluate Whether Civil Monetary Penalties Effectively Deterred Unsafe Mine Operations

MSHA’s Civil Monetary Penalties (CMP) program financially penalizes mine operators for safety hazards identified during inspections. These penalties are intended to remedy safety violations and discourage future mine safety hazards. While MSHA issued more than \$1 billion in CMP violation penalties during calendar years 2000–2017, the media reported that MSHA had allegedly allowed mine operators who were delinquent in paying their penalties to continue to operate without consequence.

FIGURE 1: AVERAGE NUMBER OF SEVERE ACCIDENTS BY OPERATOR AND TOTAL NUMBER OF OPERATORS BY PAID PERCENTAGE



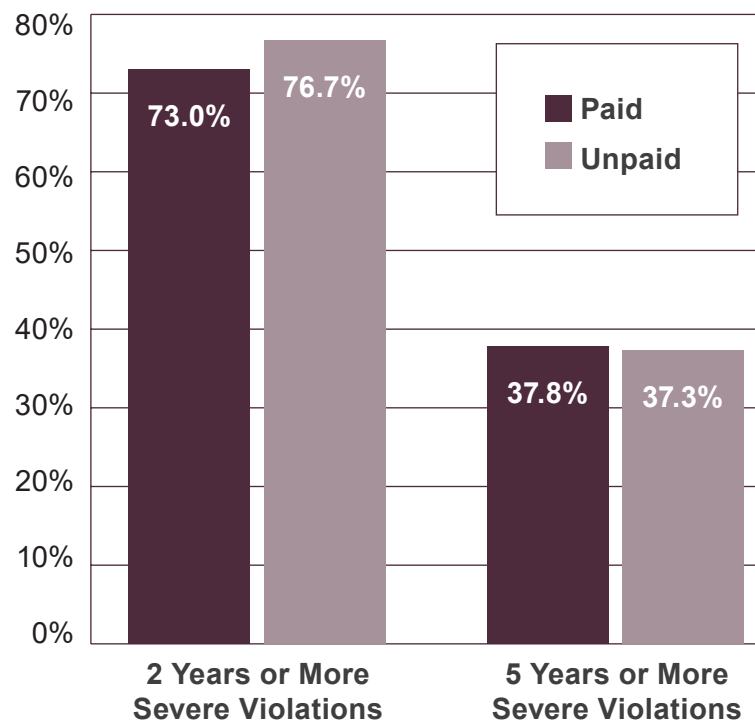
Source: OIG Analysis of MSHA Public Datasets

Worker Safety, Health, and Workplace Rights

Thus, the purpose of this audit was to determine the extent to which MSHA's CMP program deterred unsafe mine operations. We conducted data analysis of publicly available information to identify trends and patterns regarding safety violations, penalties assessed, and penalty payment statuses as they related to mine conditions.

Our data analysis showed no correlation between penalties paid and the safety of mine operations, as most fatal or permanent-injury accidents occurred at mines where operators generally paid their penalties in full. We also found no correlation between the percentage of penalties paid and the average number of fatal or permanent-injury accidents. Further, the frequency of severe violation recurrence was very similar whether or not violation penalties were paid.

FIGURE 2: NUMBER OF SEVERE VIOLATIONS OVER THE PAST 18 YEARS, OPERATORS WHO PAID OR DID NOT PAY PENALTIES

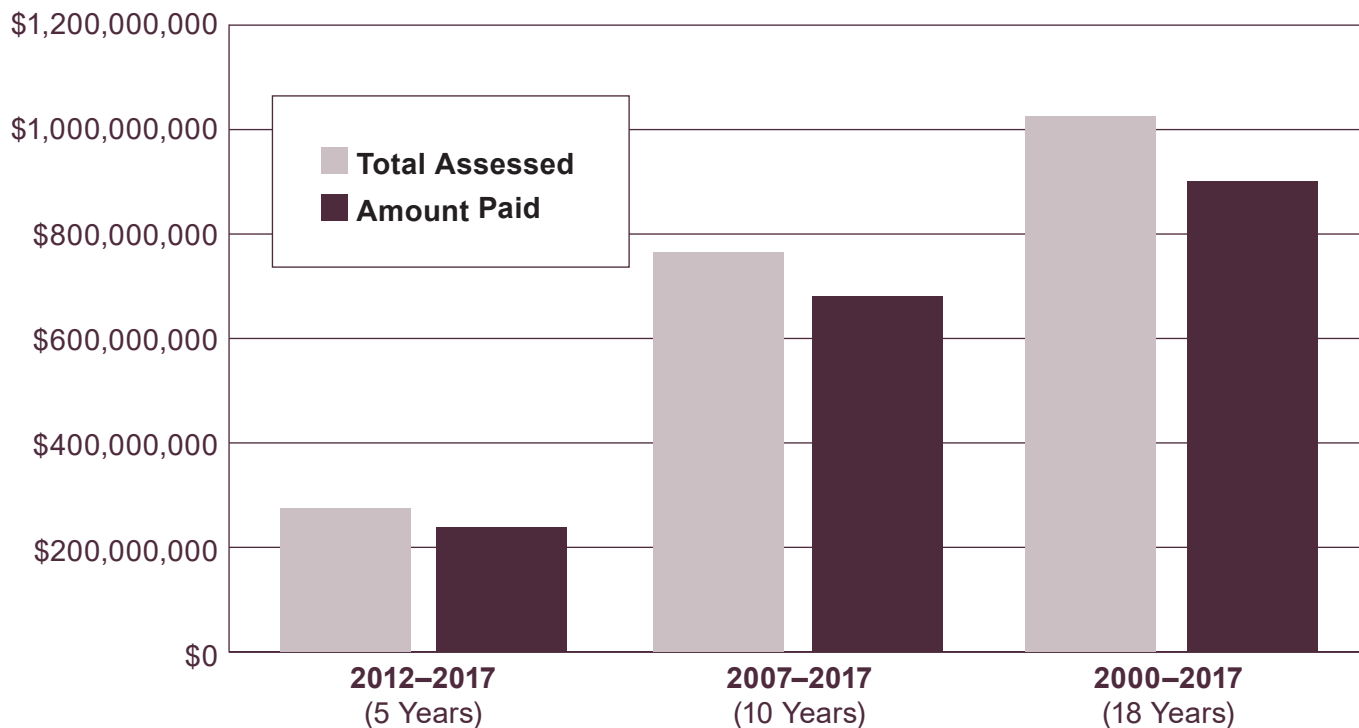


Source: OIG Analysis of MSHA Public Datasets

While MSHA collected approximately 90 percent of the penalties it imposed during calendar years 2000–2017, the agency could not demonstrate the effectiveness of the CMP program in deterring future safety hazards. Although MSHA officials believed their safety programs collectively improved mine safety, MSHA did not separately evaluate the impact of the CMP program on deterring unsafe mine operations. Additionally, we noted that MSHA did not prevent mine operators that were delinquent in paying their penalties from commencing operations on a new mine without consequence.

Worker Safety, Health, and Workplace Rights

FIGURE 3: CMP PENALTIES COLLECTED



Source: OIG Analysis of MSHA Public Datasets

MSHA needs to develop metrics for CMP that will allow review and measurement of the effect of the CMP program in terms of changing operator behavior to deter unsafe mine operations. MSHA also needs to implement controls to ensure that operators are in good standing prior to assigning legal identification numbers for new mines.

For more information, go to: www.oig.dol.gov/public/reports/oa/viewpdf.php?r=23-19-002-06-001&y=2019, Report No. 23-19-002-06-001 (August 16, 2019).

MSHA Can Improve Its Pre-assessment Conferencing Program

We received hotline complaints alleging irregularities in MSHA's pre-assessment conferencing program, which affords mine operators the opportunity to present evidence challenging a violation. In addition, we identified several risk areas, such as the risk presented by the pre-assessment conferencing program's lack of an effective feedback loop. We were also concerned that mine operators would initiate a conference on violations with MSHA, but still go on to challenge the same violations in court, thus ultimately increasing MSHA's costs and workload.

Given our concerns, we conducted an audit to determine if MSHA had properly managed its pre-assessment conferencing program. We determined it had not properly managed certain aspects of the program.

Worker Safety, Health, and Workplace Rights

MSHA inspects mines to ensure their safety. When MSHA finds safety violations, it can issue citations to mine operators and engage in other types of enforcement actions, which frequently carry fines. Mine operators can challenge citations in court, but court challenges are time-consuming and costly for both MSHA and operators, and the backlog of court cases had grown to almost 90,000 by 2011. To help reduce the backlog and avoid court challenges, MSHA encouraged its districts to re-implement a conferencing process intended to allow operators to challenge and settle fines informally. Additionally, MSHA intended for this process to help train staff to write better citations and thus reduce court challenges, help mine operators better identify safety hazards, and ultimately ensure safer mines.

Conference Decision	Violations
Upheld	269
Modified	130
Vacated	33
Other	83
Total	515
Source: OIG Data Sample	

Our audit work included interviewing MSHA personnel, reviewing a statistical sample of conference files, and analyzing system data covering all conferences from 2013 to early 2017, amounting to more than 8,700 conferences for about 22,700 violations. We found the following:

- In three-quarters of the cases in our sample, MSHA did not sufficiently document specific reasons for modifying or vacating a violation, making it unclear why MSHA made a particular decision.
- MSHA did not consistently provide feedback to inspectors and other stakeholders regarding conference results, missing opportunities to train staff and improve operations.
- MSHA personnel entered incomplete or inaccurate information into its electronic data systems.

Collectively, these issues reduced the assurance that MSHA was making well-supported decisions. We determined that the above issues were largely caused by insufficient training, guidance, and oversight.

For more information, go to: www.oig.dol.gov/public/reports/oa/2019/05-19-001-06-001.pdf, Report No. 05-19-001-06-001 (September 23, 2019).

Occupational Safety and Health Administration

The mission of the Occupational Safety and Health Administration (OSHA) is to ensure that employers provide every working man and woman in America safe and healthy working conditions. OSHA pursues this mission by setting and enforcing workplace safety and health standards; investigating whistleblower complaints; providing training, outreach, and education; and encouraging continuous improvement in workplace safety and health.

Florida Man Pleads Guilty to Violation of the Occupational Safety and Health Act That Resulted in Employee's Death

On September 26, 2019, Stalin Barahona, president and sole owner of SB Framing Services, Inc., pleaded guilty to willfully violating an Occupational Safety and Health Act regulation, which resulted in the death of an employee.

In August 2015, SB Framing Services, Inc., was hired to install sheathing and framing at a new residential development in Naples, Florida. While installing a beam at the worksite, the victim fell approximately 20 feet, striking his head, and died from his injuries. Had the victim been equipped with proper fall-protection equipment, he likely would not have died. Prior to the victim's fall, Barahona had personally observed the victim and his co-worker working on the roof with no fall-protection equipment but failed to intervene to ensure his workers' safety. Additionally, in the weeks leading up to the victim's death, Barahona had been warned more than once by other construction contractors that his employees were not wearing fall-protection equipment, as required by the Occupational Safety and Health Act.

This is a joint investigation with OSHA. *United States v. Stalin Rene Barahona* (M.D. Florida)



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Employment and Training Programs

Foreign Labor Certification Programs

The Employment and Training Administration (ETA) administers a number of foreign labor certification (FLC) programs that allow U.S. employers to employ foreign workers to meet American worker shortages. The H-1B specialty workers' program requires employers that intend to employ foreign specialty-occupation workers on a temporary basis to file labor condition applications with ETA stating that the employer will pay the applicable wage rates and meet other conditions of employment required by statute. The H-2B program establishes a means for U.S. employers to bring foreign workers into the United States on a temporary basis to perform nonagricultural services to address a shortage of available, qualified U.S. workers. The OIG also investigates labor trafficking cases that involve fraud against FLC programs.

ETA Had No Reasonable Assurance That \$183 Million in H-1B Technical Skills Training Grant Funds Helped Participants Get H-1B Jobs

In 2002, both the Government Accountability Office and the OIG issued audit reports on Technical Skills Training (TST) grants indicating that grantees did not actually train program participants in skills for which employers were hiring foreign workers. Given this history, we conducted an audit to see if the problem persisted, and to determine if ETA provided reasonable assurance that TST grantees were delivering training that resulted in participants' obtaining and retaining jobs in H-1B occupations. We found that ETA did not provide such assurance.

Systemic weaknesses in the grant award process, oversight, and performance measurement meant ETA could not ensure that non-H-1B training provided a clear pathway to H-1B jobs as required by grant solicitations. Forty-two (53 percent) of the 79 TST grants were awarded to grantees who proposed non-H-1B training; all 42 grants, totaling \$183 million, were at risk of not meeting the intent of the TST program.

We reviewed 3 of these 42 grantees and found that ETA awarded TST grants to grantees that had no clear plan for how the non-H-1B training they proposed would lead to H-1B occupations. Further, a review of 400 participants in these 3 grantees' programs revealed that only 7 percent received H-1B training and only 5 percent obtained and retained H-1B jobs. Despite ETA's oversight, it was unaware of these outcomes because it used generic performance measures. These systemic weaknesses can be attributed to ETA's lack of a primary focus on training participants along H-1B career pathways leading to H-1B jobs. Instead, ETA focused on increasing the number of applicants to create a more competitive applicant pool and on getting participants jobs.

ETA's grant award process allowed applicants to propose non-H-1B training along a career pathway they claimed would lead to an H-1B job. However, ETA's guidance for scoring grant proposals did not

Employment and Training Programs

adequately define how applicant plans for providing non-H-1B training were to be scored. For example, ETA did not assign point values to the evaluation factors but instead allowed panelists to use discretion when they scored each factor. This allowed applicants to be awarded grants even though their proposed training would not lead participants along a career pathway to H-1B jobs.

For more information, go to: www.oig.dol.gov/public/reports/oa/2019/06-19-001-03-391.pdf, Report No. 06-19-001-03-391 (September 27, 2019).

Two Texas Residents Sentenced for Roles in H-2B Visa Scam

On September 4, 2019, Marco Pesquera, owner of Pangea Enterprises, Inc., was sentenced to 38 months in prison and ordered to forfeit \$5 million and his Houston, Texas, residence for his involvement in a visa fraud scheme. In January 2019, Pesquera pleaded guilty to conspiracy to commit visa fraud. On September 10, 2019, Pesquera's co-conspirator, Saul Atkinson, was sentenced to 5 years of probation and fined \$4,800 for his involvement in the visa fraud scheme.

From 2011 to 2018, Pesquera and his co-conspirators used legitimate and fictitious companies to petition for H-2B visas. Pesquera recruited and paid individuals to petition for visa workers they did not need and then used the foreign workers to fulfill lucrative labor contracts. He contracted with large companies to provide labor and profited by paying foreign workers, who often worked in positions and locations outside those specified in their visa application, an hourly wage well below the contract rate. Pesquera and his co-conspirators obtained H-2B visas for more than 1,000 foreign workers to work in the United States.

This is a joint investigation with Homeland Security Investigations (HSI) and the U.S. Department of State Diplomatic Security Service (DSS). *United States v. Marco Pesquera and Saul Atkinson* (S.D. Texas)

Silicon Valley Tech Contractor Pleads Guilty to H-1B Visa Fraud Scheme

On April 30, 2019, Kishore Pallapothu pleaded guilty to visa fraud, conspiracy to commit visa fraud, and witness tampering.



Atiric Software in San Jose, California

Pallapothu owned and operated multiple companies that served as H-1B labor visa contractors for tech firms. The investigation uncovered that Pallapothu fraudulently obtained H-1B visas by falsely stating to the government that the visa beneficiaries would work for Atiric Software, when, in fact, it was a shell company and no such job opportunities existed. Pallapothu became aware of the government's investigation and began contacting visa recipients and directing

Employment and Training Programs

them to give false and misleading information to agents with the intention to hinder, delay, and prevent the federal investigation.

This was a joint investigation with the Document and Benefit Fraud Task Force in San Francisco, HSI, and DSS. *United States v. Vecham et al.* (N.D. California)

YouthBuild

YouthBuild is a youth and community development program that simultaneously addresses a range of core issues facing low-income communities: housing, education, employment, crime prevention, and leadership development. In YouthBuild programs, low-income people ages 16–24 work toward their general equivalency diploma (GED) credentials or high school diplomas, learn job skills, and serve their communities by building affordable housing.

California Woman Sentenced for Theft and Embezzlement from Federally Funded Charity

On May 6, 2019, Foundation for Second Chances (FFSC) founder and executive director Melissa Wyatt was sentenced to 6 months in prison and ordered to pay \$358,900 in restitution for theft and embezzlement of employment and training funds from DOL. FFSC is a community-based nonprofit organization whose stated mission is to provide education, mentoring, health awareness, and community service opportunities to youth.

In October 2016, ETA awarded a \$1.1 million grant to FFSC intended for a YouthBuild program. The investigation revealed that from November 2016 through June 2017, Wyatt abused her position of trust as the executive director of FFSC and the recipient of a YouthBuild grant by spending the federal funds for her own personal benefit. Specifically, Wyatt spent more than \$350,000 in YouthBuild grant funds to pay for a personal trip to Iceland, personal credit card

bills, a residential mortgage, renovation of her personally owned properties, home furnishings, and non-grant-related meals and entertainment.



Foundation for Second Chances building

United States v. Melissa Marie Wyatt (C.D. California)

Job Corps

The Job Corps program provides education, training, and support services to more than 50,000 disadvantaged, at-risk youths, ages 16–24, at 121 Job Corps centers nationwide, both residential and nonresidential. The goal of the nearly \$1.7 billion program is to offer an intensive intervention to members of this targeted population as a means to help them learn vocational skills, earn a high school diploma or GED, and find and keep a good job.

Job Corps Should Do More to Prevent Cheating in High School Programs

Job Corps provides academic training, which includes programs to help participants earn a high school diploma or equivalent, at 121 centers. During program years 2014–2016, an average of about 17,000 students received a diploma or GED through Job Corps each year.

Job Corps high school education programs have long been subject to allegations of cheating. From 2013 through 2018, we received more than a dozen hotline complaints alleging cheating, and since 2009, we have reported concerns about center staff allowing or helping students to cheat in its technical training programs. Given our continued concerns, we performed an audit to determine whether Job Corps' oversight was adequate to prevent, detect, and mitigate cheating in high school education programs. We determined that Job Corps, for the most part, lacked the necessary controls to prevent, detect, and mitigate cheating.

Our work included reviewing Job Corps policies and procedures, internal reviews, and other records to identify instances of cheating. We found the following:

- Job Corps implemented a set of basic preventive controls for about 40 percent of the total number of high school programs.
- Job Corps relied on infrequent, periodic internal reviews to detect cheating, and did not make use of relevant data it already had available—data that might have yielded red flags for the agency to investigate.
- Job Corps took, on average, about 2 years to mitigate cheating it found in its reviews.

In addition, Job Corps did not require centers to collect sufficient data on cheating. As a result, Job Corps took between 3 and 14 months to provide us with the bulk of the information we requested on its efforts to address cheating. Because Job Corps did not provide us a usable dataset in a timely manner, we were unable to develop our own analyses of potential cheating.

For more information, go to: www.oig.dol.gov/public/reports/oa/2019/26-19-001-03-370.pdf, Report No. 26-19-001-03-370 (September 25, 2019).





Labor Racketeering

Labor Racketeering

Under the Inspector General Act of 1978, the OIG is responsible for investigating labor racketeering and the influence of organized criminal enterprises involving unions, employee benefit plans, and labor-management relations.

Labor racketeering refers to the infiltration, exploitation, or control of a union, employee benefit plan, employer entity, or workforce, carried out through illegal, violent, or fraudulent means. OIG labor racketeering investigations focus largely on individuals and organized criminal enterprises engaged in embezzlement, extortion, violence against union members or employers, and other related criminal activities.

Our investigations also continue to identify complex financial and investment schemes used to defraud benefit fund assets, resulting in millions of dollars in losses to plan participants. OIG investigations have demonstrated that abuses involving service providers are particularly egregious, not only because of their potential for large dollar losses but also because the schemes often affect several plans simultaneously.

Two Organized Crime Associates Sentenced for Conspiring to Commit Racketeering

On July 19, 2019, Vincent Esposito was sentenced to 24 months in prison, ordered to pay more than \$3.8 million in forfeiture, and ordered to pay restitution to his victims. Esposito, over the course of more than a decade, made millions with members of the Genovese Crime Family by extorting payments, demanding kickbacks, committing fraud, and instilling fear. Esposito directed the long-running extortion of a union official for annual tribute payments of more than \$10,000.

In relation to another extortion scheme, Esposito's co-conspirator, Frank Cagnetta, was sentenced to 24 months in prison for conspiring to commit racketeering offenses with members and associates of the Genovese Crime Family.

Cagnetta, a former official of Local 1-D of the United Food and Commercial Workers Union, engaged in various schemes to defraud his union by, among other things, soliciting and accepting bribes and steering union benefit plans into investments in exchange for kickbacks, which resulted in more than \$1 million in unlawful payments.

This was a joint investigation with the FBI, the Office of Labor-Management Standards (OLMS), and the New York City Police Department. *United States v. Esposito et al.* (S.D. New York)

Pennsylvania Businessman Sentenced for Embezzling from Union Pension Plans and Polluting Environment

On August 14, 2019, Andrew Manganas was sentenced to nearly 4 years in prison and fined \$20,000. Manganas's industrial painting company, Panthera Painting, Inc., was sentenced to 5 years of probation and fined \$200,000. Both Manganas and his company were also debarred from bidding, working, or consulting on federally funded projects.

Manganas was paid nearly \$10 million under a contract to safely remove lead-based paint from the steel surfaces of a bridge and repaint the steel with an environmentally friendly product meant to prolong the life of the aging structure.

During the early stages of the work, members of the International Union of Painters and Allied Trades (IUPAT) launched complaints that Manganas was cheating them on payroll. An investigation determined that Manganas had skimmed and pocketed more than \$600,000 in IUPAT members' pay and benefits. Manganas perpetrated this fraud through an intricate system of manipulation and falsification of certified payroll reports submitted to DOL.

During their further inspection of the project, investigators found that Manganas and Panthera Painting had knowingly discharged pollutants into the Susquehanna River without a permit.

This was a joint investigation with the FBI, the U.S. Department of Transportation–OIG, the Environmental Protection Agency Criminal Investigation Division, and the IRS. *United States v. Andrew Manganas* and *United States v. Panthera Painting, Inc.* (M.D. Pennsylvania)

Former UAW Vice President Sentenced to Prison for Conspiring with Fiat Chrysler to Accept Illegal Payments

On August 5, 2019, Norwood Jewell, the former vice president of the International Union, United Automobile, Aerospace, and Agricultural Implement Workers of America (UAW) and the highest-ranking official in the UAW's Chrysler Department, was sentenced to 15 months in prison for accepting bribes from high-level executives of Fiat Chrysler Automobiles (FCA) and individuals acting in FCA's interest.

As the leader of the UAW's Chrysler Department, Jewell was responsible for the negotiation and implementation of the national collective bargaining agreements between FCA and the UAW. Jewell used, and directed others to use, funds funneled through the UAW-Chrysler National Training Center for lavish meals, golf, retail purchases, and entertainment expenses.

During the course of the conspiracy, Jewell accepted more than \$90,000 in illegal payments from FCA for his own personal benefit, for the benefit of his friends, and for the lavish entertainment of UAW's senior leadership. Jewell spent tens of thousands of dollars in FCA money to pay for high-end meals, liquor, and cigars for his own personal enjoyment and that of other senior UAW officials.

This was a joint investigation with the FBI, the IRS, and OLMS. *United States v. Norwood Jewell* (E.D. Michigan)

Labor Racketeering

Former Ohio Union Trustee Sentenced to Prison for Embezzling Joint Apprenticeship Training Committee Funds

On June 4, 2019, Terry Doan, a former labor union trustee for the Joint Apprenticeship Training Committee (JATC) of the International Association of Heat and Frost Insulators and Allied Workers Local 84, was sentenced to a year in prison for embezzling nearly \$200,000 from the JATC. He was ordered to pay full restitution and barred from serving in certain positions and capacities at an Employee Retirement Income Security Act benefit plan for a period of 13 years.

As the JATC financial secretary/treasurer, Doan controlled the JATC checking account. However, checks over a specific amount required a second trustee's signature. In 2012, Doan had this requirement removed, enabling him to embezzle funds from the organization until 2017.

This was a joint investigation with the Employee Benefits Security Administration. *United States v. Terry Doan* (N.D. Ohio)

Former Manager of International Labor Union Pleads Guilty to Defrauding and Stealing from Union

On May 16, 2019, Michael J. Carney pleaded guilty to one count of conspiracy to commit honest services wire fraud and theft and embezzlement of labor union funds. Carney is the former facilities and real estate manager for a large international labor union based in Herndon, Virginia.

Between about May 2012 and at least mid-2015, Carney received tens of thousands of dollars in kickbacks from a heating, ventilation, and air-conditioning (HVAC) company located in Maryland in exchange for awarding the union's HVAC service agreements and maintenance contracts to that company. The benefits included a high-end outdoor kitchen and free HVAC and plumbing services for Carney and a relative over a multiyear period. With Carney's knowledge, Howard W. Janoske, the president and majority owner of the HVAC company, and his subordinates submitted inflated and fraudulent invoices to the union to recoup expenses for these personal benefits.

Janoske pleaded guilty to the same charge on March 1, 2019, and he was sentenced on July 12, 2019, to 24 months of probation, which includes 6 months of home confinement with electronic monitoring. Janoske was also ordered to pay more than \$23,000 in joint restitution to the union, and a consent judgment of forfeiture of more than \$92,000 was issued against him.

This is a joint investigation with OLMS. *United States v. Michael J. Carney* and *United States v. Howard W. Janoske* (E.D. Virginia)



Departmental Management

Departmental Management

The OIG performs oversight work involving the Department's operations, financial management, and information technology services.

DOL Did Not Comply with Improper Payments Elimination and Recovery Act for FY 2018

Since 2002, federal agencies have been required to identify programs susceptible to significant improper payments and to estimate and report on actions taken to reduce improper payments for those programs. The Improper Payments Elimination and Recovery Act of 2010 (IPERA) further requires federal agencies to take additional steps to reduce improper payments. Therefore, the OIG contracted with the independent accounting firm KPMG LLP for two engagements related to DOL compliance with IPERA for the year ended September 30, 2018.

The first engagement was a performance audit related to DOL's compliance with the requirements of Section 3(a)(3) of IPERA. The second was an agreed-upon procedures engagement to assist the OIG in evaluating certain objectives of Office of Management and Budget Circular A-123, Section C.

For the performance audit, KPMG determined that DOL complied with five of the six requirements listed in IPERA Section 3(a)(3). The requirement it did not meet was an Unemployment Insurance (UI) improper payment rate of 13.05 percent, which did not meet the IPERA requirement of less than 10 percent.

For the agreed-upon procedures engagement, KPMG noted that the Veterans' Employment and Training Service's Transition Assistance Program was inadvertently excluded from the FY 2018 Agency Financial Report, which erroneously reported another program in its place. KPMG identified differences in the reported overpayment and recovery information, since the source data used for the original computation were not retained to match up with state-reported data KPMG used in its recalculation.

For more information, go to: www.oig.dol.gov/public/reports/oa/viewpdf.php?r=22-19-007-13-001&y=2019, Report No. 22-19-007-13-001 (June 3, 2019).

Departmental Management

Department of Labor Needs Improvement in Its Records Management Program to Capture and Preserve Electronic Messages as Federal Records of Official Activities

Federal electronic records pose a challenge to record keeping in the federal government. To maintain public trust and ensure transparency in the preservation of federal records, DOL needs to be aware of and capture electronic messages that constitute federal records of official activities. Furthermore, all DOL employees must be aware of their responsibility to capture federal electronic records created or received in personal accounts, to ensure their preservation.

The purpose of this audit was to determine if DOL had sufficient controls in place to preserve electronic messages as federal records of official activities. DOL-OIG contracted with RMA Associates to conduct this audit, in which RMA found that DOL lacked procedures for identifying, managing, and preserving electronic messages as federal records of official activities. RMA reviewed policies and procedures concerning electronic messages and documents, interviewed relevant personnel with knowledge of policies, and interviewed employees for awareness of and compliance with policies.

Although not all electronic messages are federal records, electronic messages used for official business are federal records that must be captured and preserved. DOL relied on employees to self-report when they conducted official business via electronic messaging requiring preservation. Further, DOL did not establish formal procedures to provide effective oversight of the U.S. National Archives and Records Administration's (NARA's) Capstone approach.¹

In addition, electronic messages on government-owned devices were deleted and not preserved when the device user's job responsibilities changed or when the device user left DOL. DOL employees surveyed were not aware of departmental guidance regarding (1) the use of personal electronic messaging accounts to conduct official business or (2) the authorized use of mobile applications and monitoring of mobile application downloads that encrypt and automatically delete messages.

Finally, actions to address three of the five recommendations from an assessment of DOL's record management program conducted by NARA are in process, but not complete.

For more information, go to: www.oig.dol.gov/public/reports/oa/viewpdf.php?r=17-19-001-07-001&y=2019, Report No. 17-19-001-07-001 (September 20, 2019).

¹ The Capstone approach permits agencies to manage e-mail records in a more simplified and automated way that allows for the categorization and scheduling of e-mail based on the work and/or position of the e-mail account owner, rather than on the content of each e-mail. This allows e-mail disposition to be carried out in a systematic way, whereby e-mail within accounts designated as permanent are transferred to the legal custody of the National Archives, and e-mail within accounts designated as temporary are eligible for eventual destruction.

Single Audits

A single audit provides an organizationwide examination of an entity expending federal funds received for its operations. The audit is typically conducted annually by an independent certified public accountant, and its objective is to provide assurance to the U.S. government regarding the management and use of funds by recipients such as states, schools, universities, and nonprofits.

Single Audits Identified Material Weaknesses or Significant Deficiencies for 39 DOL Grantees

The OIG reviewed 83 single audit reports this period, covering DOL expenditures of about \$18.25 billion. For 39 organizations that received DOL grant funds, the auditors identified material weaknesses or significant deficiencies, indicating that improvements are needed in those organizations' management of DOL funds and/or compliance with grant requirements. We reported 108 findings and 108 related recommendations identified in these 39 single audit reports to the appropriate DOL funding agencies and requested that the agencies ensure the grantees take the necessary corrective actions.

Uniform Guidance provides for cognizant federal agencies to oversee the implementation of single audit requirements. The OIG is currently the cognizant agency for 17 entities and is required to periodically perform quality control reviews (QCRs) of their single audits. During this reporting period, we performed a QCR of the single audit of Experience Works, Inc., and Affiliate for the years ended June 30, 2015, through June 30, 2017, conducted by RSM US LLP. While we found that the audit was conducted in accordance with applicable standards, including generally accepted government auditing standards, generally accepted auditing standards, and Uniform Guidance, we found one exception. Specifically, we determined that RSM should have conducted additional audit procedures during its single audit of Experience Works for the period ending June 30, 2015, in response to risks of financial mismanagement reported by the Employment and Training Administration. We recommend that in conducting future audits, the firm comply with government auditing standards by applying additional audit procedures to address known matters of abuse.

We also performed a QCR of the single audit of the AARP Foundation for the fiscal year ended December 31, 2018, conducted by Grant Thornton LLP. Based on our review of the audit documentation related to DOL-funded programs, we determined that Grant Thornton LLP's audit work was acceptable and met the requirements of applicable standards, including generally accepted government auditing standards, generally accepted auditing standards, and Uniform Guidance.

Employee Integrity Investigations

The OIG is responsible for investigating possible misconduct or criminal activities involving senior DOL employees or individuals providing services to the Department.

Unsubstantiated Allegations

The OIG received an allegation that a senior official had acted with a lack of candor and provided a false statement to management. The complaint stated that the official had provided false and misleading statements relating to an internal inquiry. Our investigation did not substantiate the allegations.







OIG Whistleblower Activities

OIG Whistleblower Activities

Whistleblower Protection Coordinator

Pursuant to Section 2 of the Whistleblower Protection Coordination Act of 2018 (S.1869, June 25, 2018), every inspector general's office is required to designate a whistleblower protection coordinator. According to Section 2, the coordinator (1) educates agency employees about prohibitions against retaliation for protected disclosures; (2) educates agency employees who have made or are contemplating making a protected disclosure about their rights and the remedies against retaliation for protected disclosures, including the means by which employees may seek review of any allegation of reprisal, as well as the roles of the OIG, the Office of Special Counsel (OSC), the Merit Systems Protection Board, and any other relevant entities; and (3) provides general information about the timeliness of such cases, the availability of any alternative dispute mechanisms, and avenues for potential relief. Within DOL-OIG, an Assistant Counsel to the Inspector General has been designated to serve as the whistleblower protection coordinator. Pursuant to this designation, the coordinator has

- provided input into training that was presented to, and required to be completed by, all DOL employees, entitled "Prohibited Personnel Practices, Whistleblower Protection";
- prepared a slide presentation on whistleblower protections, which is available on the DOL and OIG websites and has been provided to all DOL employees;
- established a dedicated e-mail address (OIGWhistleblower@oig.dol.gov) to receive and respond to whistleblower-related inquiries from DOL employees;
- worked with DOL to help obtain recertification of its 2302(c) program (October 2019); and
- monitored whistleblower retaliation complaints received by the OIG, as well as whistleblower retaliation investigations conducted by the OIG.

Whistleblower Retaliation Investigations

The OIG can initiate its own investigations into allegations of improper or illegal retaliation brought by DOL employees or, on a discretionary basis, refer such allegations to OSC for review and investigation.

Further, pursuant to 41 U.S.C. § 4712, the OIG is required, with some exceptions, to investigate whistleblower retaliation allegations made by employees of DOL contractors or grantees. During this reporting period, the OIG closed one investigation into alleged whistleblower retaliation made by an employee of a government contractor or grantee after preliminary investigation revealed that the individual had not made a protected communication or engaged in a protected activity before adverse action was taken against them, or otherwise found the complaint to be frivolous, or found that DOL-OIG did not have jurisdiction over the complaint.

The OIG ended this reporting period with three pending investigations.

In addition, the Department issued a decision on one complaint during this reporting period and is overdue in issuing its decisions on two other complaints.







OIG Congressional Testimony

OIG Congressional Testimony

During this semiannual reporting period, the OIG testified before one congressional committee. The full text of our testimony is available on our website at www.oig.dol.gov/testimony.htm.

September 18, 2019—House Committee on Oversight and Reform; Subcommittee on Government Operations

Scott S. Dahl, Inspector General, U.S. Department of Labor, testified on “Overseeing the Overseers: Council of the Inspectors General on Integrity and Efficiency at 10 Years.”





Legislative Recommendations

Legislative Recommendations

The Inspector General Act requires the OIG to review existing or proposed legislation and regulations and to make recommendations in the Semiannual Report concerning their impact both on the economy and efficiency of the Department's programs and on the prevention of fraud, waste, and abuse. The OIG continues to believe that the following legislative actions are necessary to increase efficiency and protect the Department's programs.

Allow OIG Direct Access to NDNH Records

The National Directory of New Hires (NDNH) is a nationally consolidated database operated by the U.S. Department of Health and Human Services (HHS) Administration for Children and Families that contains Unemployment Insurance (UI) claimant data and wage information from state and federal agencies. The NDNH cannot be used for any purpose not authorized by federal law. In 2004, the law was amended to allow the State Workforce Agencies to cross match UI claims against the NDNH in order to better detect overpayments to UI claimants who have returned to work but continue to collect UI benefits. However, the applicable law does not permit the OIG to obtain NDNH data, and the OIG cannot use its subpoena authority to obtain NDNH records. Granting the OIG statutory access to NDNH data would provide the OIG with a valuable source of information for both audits and investigations. For example, OIG auditors could use these records to verify the eligibility of Workforce Innovation and Opportunity Act program participants and their reported outcomes. In addition, OIG investigators could use these records to investigate employer fraud in the UI program, claimant fraud in the Federal Employees' Compensation Act (FECA) program, and prevailing-wage violations by federal contractors.

Allow DOL Access to Wage Records

To reduce overpayments in employee benefit programs, including UI, FECA, and Disaster Unemployment Assistance, the Department and the OIG need authority to easily and expeditiously access state UI wage records and Social Security Administration (SSA) wage records. Access to SSA and UI data would allow the Department to measure the long-term impact of employment and training services on job retention and earnings. This type of outcome information for program participants is otherwise difficult to obtain.

Enact UI Integrity Legislative Proposals

In October 2016, the Department submitted a legislative package to Congress proposing legislative changes that would help address UI program integrity and the high improper payment rates experienced in the UI program. These proposals were also included in each of the President's budget requests since FY 2018. The OIG encourages Congress to consider and adopt these proposals to aid the Department's efforts to combat improper payments in the UI program. The proposals include the following:

- require states to use the State Information Data Exchange System;

Legislative Recommendations

- Require states to cross match against the NDNH
- Allow the Secretary of Labor to require states to implement UI corrective actions related to performance and integrity
- Require states to cross match with SSA's prisoner database and other repositories of prisoner information
- Allow states to retain 5 percent of UI overpayment recoveries for program integrity use
- Require states to use UI penalty and interest collections solely for UI administration

These legislative proposals are consistent with previous OIG findings and recommendations to address UI improper payments.

Provide Authority to Ensure Integrity of H-1B Program

If DOL is to have a meaningful role in the H-1B specialty-occupations foreign labor certification process, it must have the statutory authority to ensure the integrity of that process, including the ability to verify the accuracy of information provided on labor condition applications. Currently, the Department is statutorily required to certify an H-1B application unless it determines that the application is “incomplete or obviously inaccurate.” Our concern with the Department's limited ability to ensure the integrity of the certification process is heightened by the results of OIG analyses and investigations showing that the program is susceptible to significant fraud and abuse, particularly by employers and attorneys.

Amend Pension Protection Laws

Legislative changes to the Employee Retirement Income Security Act (ERISA) and criminal penalties for ERISA violations would enhance the protection of assets in pension plans. To this end, the OIG recommends the following legislative actions:

- **Repeal ERISA's limited-scope audit exemption.** This exemption excludes pension plan assets invested in financial institutions, such as banks and savings and loans, from audits of employee benefit plans. The limited-scope audit prevents independent public accountants who are auditing pension plans from rendering an opinion on the plans' financial statements in accordance with professional auditing standards. These “no opinion” audits provide no substantive assurance of asset integrity either to plan participants or to the Department.
- **Expand the authority of the Employee Benefits Security Administration (EBSA) to correct substandard benefit plan audits and ensure that auditors with poor records do not perform additional plan audits.** Changes should include providing EBSA with greater enforcement authority over registration, suspension, and debarment, as well as the ability to levy civil penalties against employee benefit plan auditors. The ability to correct substandard audits and take action against auditors is important because benefit plan audits help protect participants and beneficiaries by ensuring the proper valuation of plan assets and computation of benefits.

Legislative Recommendations

- **Require direct reporting of ERISA violations to DOL.** Under current law, a pension plan auditor who finds a potential ERISA violation is responsible for reporting it to the plan administrator but not directly to DOL. To ensure that improprieties are addressed, we recommend that plan administrators or auditors be required to report potential ERISA violations directly to DOL. This change would ensure the timely reporting of violations and would more actively involve auditors in safeguarding pension assets, providing a first line of defense against the abuse of workers' pension plans.
- **Strengthen criminal penalties in Title 18 of the U.S. Code.** Three sections of U.S. Code Title 18 serve as the primary criminal enforcement tools for protecting pension plans covered by ERISA. Embezzlement or theft from employee pension and welfare plans is prohibited by Section 664, making false statements in documents required by ERISA is prohibited by Section 1027, and giving or accepting bribes related to the operation of ERISA-covered plans is prohibited by Section 1954. Sections 664 and 1027 subject violators to up to 5 years' imprisonment, while Section 1954 calls for up to 3 years' imprisonment. We believe the maximum penalty should be raised to 10 years for all three violations to correspond with the 10-year penalty imposed by Section 669 (theft from health care benefit programs), to serve as a greater deterrent and to further protect employee pension plans.

Improve Integrity of FECA Program

The OIG believes reforms should be considered to improve the effectiveness and integrity of the FECA program in the following areas:

- **Provide statutory access to Social Security wage records and the NDNH.** Currently, the Department can access Social Security wage information only if the claimant gives it permission to do so, and it has no access to HHS NDNH data. Granting the Department routine access to these databases would aid in detecting fraud committed by individuals receiving FECA wage loss compensation but failing to report income they have earned.
- **Establish a 3-day waiting period at the beginning of the claim process.** FECA legislation provides for a 3-day waiting period intended to discourage the filing of frivolous claims. As currently written, the legislation places the waiting period at the end of the 45-day continuation-of-pay period, thereby negating its purpose. Legislation passed in 2006 placed the waiting period for postal employees immediately after an employment-related injury. If the intent of the law is to ensure a true waiting period before an employee applies for benefits, then that period should likewise come immediately after an employment-related injury for all federal workers, not just postal employees.
- **Allow the temporary suspension of questionable medical providers pending the outcome of an investigation.** While FECA regulations allow the Office of Workers' Compensation Programs (OWCP) to exclude a provider through administrative means, OWCP must provide notice to the provider and afford the provider an opportunity for a

Legislative Recommendations

hearing before DOL's Office of Administrative Law Judges. This process and the various procedures involved can be lengthy. Legislative changes are needed to enable DOL to promptly suspend payment to providers who have been indicted for fraud in their billing practices. This proposal is included in the President's budget proposal for FY 2019.

- **Set prescription drug price limitations.** Through the Federal Ceiling Price statute (38 U.S.C. § 8126), Congress mandated controls on prices that manufacturers can charge for drugs in four specific medical programs operated by the U.S. Department of Veterans Affairs, the U.S. Department of Defense, the U.S. Public Health Service, and the U.S. Coast Guard. Granting DOL similar authority to implement such ceiling prices would help ensure that the prices it pays for drugs are fair and reasonable.

Clarify Mine Safety and Health Administration's Authority to Issue Mine Closure Orders

The Mine Safety and Health Act of 1977 (Mine Act) charges the Secretary of Labor with protecting the lives and health of workers in coal and other mines. To that end, the Mine Act contains provisions authorizing the Secretary to issue mine closure orders. Specifically, Section 103(j) states that in the event of any accident occurring in a coal or other mine where rescue and recovery work is necessary, the Secretary or an authorized representative of the Secretary shall take whatever action he or she deems appropriate to protect the life of any person. Under Section 103(k), an authorized representative of the Secretary, when present, may issue such orders

as he or she deems appropriate to ensure the safety of any person in the coal or other mine. Two decisions issued by the Federal Mine Safety and Health Review Commission affirmed that these provisions place limitations on the Mine Safety and Health Administration's (MSHA's) authority and clearly evidence the need for legislative action.

The primary purpose of the Mine Act is to give the Secretary the authority to take appropriate action, including ordering a mine closure, to protect lives. Therefore, the OIG recommends a review of the existing "rescue and recovery work" language found in Section 103(j) and the "when present" language found in Section 103(k) to ensure that MSHA's long-standing and critically important authority to take whatever actions may be necessary to protect miner health and safety, including issuing mine closure orders, is broad, clear, and not vulnerable to challenge.



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Appendices

Reporting Requirements Under the Following Acts

Inspector General Act of 1978

REPORTING REQUIREMENT	PAGE	
Section 4(a)(2)	Recommendations on Existing and Proposed Legislation and Regulations relating to the programs and operations of DOL	54
Section 5(a)(1)	Description of Significant Problems, Abuses, and Deficiencies relating to the administration of programs and operations	ALL
Section 5(a)(2)	Description of Recommendations for Corrective Action with Respect to Significant Problems, Abuses, and Deficiencies	ALL
Section 5(a)(3)	Significant Recommendations from Previous Semiannual Reports on Which Corrective Action Has Not Been Completed	70
Section 5(a)(4)	Matters Referred to Prosecutive Authorities and the Prosecutions and Convictions Which Have Resulted	88
Section 5(a)(5) and Section 6(c)(2)	Summary of Each Report Made to the Head of DOL under Section 6(c)(2) (Information or assistance requested and unreasonably refused in the judgment of the IG).	None to report
Section 5(a)(6)	List of Audit Reports, Inspection Reports, and Evaluation Reports Subdivided According to Subject Matter	65
Section 5(a)(7)	Summary of Particularly Significant Reports	ALL
Section 5(a)(8)	Statistical Tables Showing the Total Number of Audit Reports, Inspection Reports, and Evaluation Reports and the Total Dollar Value of Questioned Costs, Including Unsupported Costs, for Reports— (A);(D) for which no management decision had been made by the beginning or the end of the reporting period; (B) which were issued during the reporting period; (C) for which a management decisions was made during the reporting period, including the dollar value of disallowed and not disallowed costs	64
Section 5(a)(9)	Statistical Tables on Management Decisions on Recommendations That Funds Be Put to Better Use (A);(D) for which no management decision had been made by the beginning or the end of the reporting period; (B) which were issued during the reporting period; (C) for which a management decisions was made during the reporting period, including the dollar value of disallowed and not disallowed costs	63

Reporting Requirements Under the Following Acts, continued

Inspector General Act of 1978, continued

Section 5(a)(10)	Summary of Each Audit Report, Inspection Report, and Evaluation Report Issued Before the Commencement of the Reporting Period— (A) for which no management decision has been made by the end of the reporting period (including the date and title of each such report), an explanation of the reasons such management decision has not been made, and a statement concerning the desired timetable for achieving a management decision on each such report; (B) for which no establishment comment was returned within 60 days of providing the report to the establishment; and (C) for which there are any outstanding unimplemented recommendations, including the aggregate potential cost savings of those recommendations	75 – 87
Section 5(a)(11)	Description and Explanation for Any Significant Revised Management Decision	None to report
Section 5(a)(12)	Information on Any Significant Management Decisions with Which the Inspector General Disagrees	None to report
Section 5(a)(13)	Information from the Federal Financial Improvement Act Section 804(b)—instances and reasons when an agency has not met intermediate target dates in remediation plan	None to report
Section 5(a)(14)	Peer Review Reporting (A) Results of any peer review conducted by another OIG; or (B) A statement identifying the date of the last peer review conducted	90
Section 5(a)(15)	Outstanding Peer Review Recommendations	None to report
Section 5(a)(16)	Peer Reviews Conducted by DOL-OIG and Recommendations Outstanding or Not Fully Implemented	None to report
Section 5(a)(17)	Statistical Tables on Investigative Findings Showing Total Number of— (A) reports issued (B) persons referred to DOJ for prosecution (C) persons referred to State and local prosecuting authorities (D) indictments and criminal informations that resulted from any prior referral to prosecuting authorities	88
Section 5(a)(18)	Metrics Used for Developing the Data for the Statistical Tables Under Section 5(a)(17)	88
Section 5(a)(19)	Summary of Investigations of Senior Government Employees Where Allegations of Misconduct Were Substantiated—including the facts, circumstances, status, and disposition of the matter	45
Section 5(a)(20)	Description of Whistleblower Retaliation Cases Including Information About the Official Found to Have Engaged in Retaliation and What, if any, Consequences that Establishment Imposed to Hold that Official Accountable	48

Reporting Requirements Under the Following Acts, continued

Inspector General Act of 1978, continued

Section 5(a)(21)	Summary of Instances of Attempted Departmental Interference with the Independence of the Office, including—with budget constraints and incidents where the establishment has: resisted or objected to oversight activities; or restricted or significantly delayed access to information	None to report
Section 5(a)(22)	(A) Descriptions of Inspections, Evaluations, Audits, and Investigations That Are Closed and Were Not Disclosed to the Public; and (B) Descriptions of Investigations Conducted By the Office Involving a Senior Government Employee that is Closed and Was Not Disclosed to the Public	45

Dodd–Frank Wall Street Reform & Consumer Protection Act of 2010

Section 989(C)	Peer Review Reporting	90
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Appendices

Funds Recommended for Better Use

Funds Put to a Better Use Agreed to by DOL*		
	Number of Reports	Dollar Value (\$ millions)
For which no management decision had been made as of the commencement of the reporting period	1	11.2
Issued during the reporting period	<u>1</u>	<u>13.0</u>
Subtotal	2	24.2
For which a management decision was made during the reporting period:		
• Dollar value of recommendations that were agreed to by management		0.0
• Dollar value of recommendations that were not agreed to by management		0.0
For which no management decision had been made as of the end of the reporting period	2	24.2

Funds Put to a Better Use Implemented by DOL		
	Number of Reports	Dollar Value (\$ millions)
For which final action had not been taken as of the commencement of the reporting period	5	30.7
For which management or appeal decisions were made during the reporting period		<u>0.0</u>
Subtotal	5	30.7
For which a management decision was made during the reporting period:		
• Dollar value of recommendations that were actually completed	2	9.9
• Dollar value of recommendations that management has subsequently concluded should not or could not be implemented or completed		0.0
For which no final action had been taken by the end of the period	3	20.8

* The term “recommendation that funds be put to better use” means a recommendation by the OIG that funds could be used more efficiently or achieve greater program effectiveness if management took actions to implement and complete the recommendation. This term is defined by the Inspector General Act and includes, among other things, reductions in future outlays; deobligation of funds from programs or operations; costs not incurred in the future due to the implementation of recommended improvements related to the operations of the establishment, a contractor, or a grantee; and any other savings specifically identified, including reverting funds to the U.S. Treasury to be used for other purposes.

Questioned Costs

Resolution Activity: Questioned Costs*		
	Number of Reports	Questioned Costs (\$ millions)
For which no management decision had been made as of the commencement of the reporting period (as adjusted)	6	8.3
Issued during the reporting period	<u>9</u>	<u>1.9</u>
Subtotal	15	10.2
For which a management decision was made during the reporting period:		
• Dollar value of disallowed costs		0.1
• Dollar value of costs not disallowed		0.1
For which no management decision had been made as of the end of the reporting period	13	10.0
For which no management decision had been made within 6 months of issuance	4	8.1

Closure Activity: Disallowed Costs		
	Number of Reports	Disallowed Costs (\$ millions)
For which final action had not been taken as of the commencement of the reporting period (as adjusted)	58	14.0
For which management or appeal decisions were made during the reporting period	<u>2</u>	<u>0.1</u>
Subtotal	60	14.1
For which final action was taken during the reporting period:		
• Dollar value of disallowed costs that were recovered		0.1
• Dollar value of disallowed costs that were written off		0.0
• Dollar value of disallowed costs that entered appeal status		0.0
For which no final action had been taken by the end of the reporting period	58	14.0

* Includes questioned costs from single audits. As defined by the Inspector General Act, questioned costs include alleged violations of law, regulations, contracts, grants, or agreements; costs not supported by adequate documentation; or the expenditure of funds for an intended purpose that was unnecessary or unreasonable. Disallowed costs are costs that the OIG questioned during an audit as unsupported or unallowable and that the grant/contracting officer has determined the auditee should repay. The Department is responsible for collecting the debts established. The amount collected may be less than the amount disallowed, and monies recovered usually cannot be used to fund other program operations and are returned to the U.S. Treasury.

Appendices

Final Audit Reports Issued

Report Name	Number of Recommendations	Questioned Costs (\$)	Funds Put to Better Use (\$)	Other Monetary Impact (\$)
Employment and Training Programs				
H-1B Program				
ETA Had No Reasonable Assurance That \$183 Million in H-1B TST Grant Funds Helped Participants Get H-1B Jobs; Report No. 06-19-001-03-391; 09/27/19	3	0	13,000,000	0
Job Corps Program				
Job Corps Should Do More to Prevent Cheating in High School Programs; Report No. 26-19-001-03-370; 09/25/19	5	0	0	0
Total (2 Reports)	8	0	13,000,000	0
Worker Benefit Programs				
Federal Employees' Compensation Act Program				
OWCP Must Continue Strengthening Management of FECA Pharmaceuticals, Including Opioids; Report No. 03-19-002-04-431; 05/14/19	7	0	0	0
Service Auditors' Report on the Integrated Federal Employees' Compensation System for the Period October 1, 2018, to June 30, 2019 and Service Auditors' Report on the Central Bill Processing System for the Period October 1, 2018, to June 30, 2019; Report No. 22-19-008-04-431; 09/27/2019	0	0	0	0
Total (2 Reports)	7	0	0	0

Appendices

Final Audit Reports Issued, continued

Report Name	Number of Recommendations	Questioned Costs (\$)	Funds Put to Better Use (\$)	Other Monetary Impact (\$)
Worker Safety				
Mine Safety and Health				
MSHA Can Improve Its Pre-Assessment Conferencing Program; Report No. 05-19-001-06-001; 09/23/19	9	0	0	0
MSHA Did Not Evaluate Whether Civil Monetary Penalties Effectively Deterred Unsafe Mine Operations; Report No. 23-19-002-06-001; 08/16/19	2	0	0	0
Total (2 Reports)	11	0	0	0
Departmental Management				
Assistant Secretary for Administration and Management				
Department of Labor Needs Improvements in Managing Its Records Management Program to Capture Electronic Messages for Preserving Federal Records; Report No. 17-19-001-07-001; 09/20/19	10	0	0	0
Office of the Chief Financial Officer				
Reporting over the U.S. Department of Labor's FY18 Compliance with the Improper Payments Elimination and Recovery Act; Report No. 22-19-007-13-001; 06/03/19	0	0	0	0
Total (2 Reports)	10	0	0	0
Final Audit Report Total (8 Reports)	36	0	\$13,000,000	0

Appendices

Other Reports

Report Name	Number of Recommendations
Employment and Training Programs	
Senior Community Service Employment Program	
Quality Control Review of the Single Audits of Experience Works Inc. and Affiliate for the Years Ended June 30, 2015 Through June 30, 2017; 24-19-003-03-360; Report No. 09/30/2019	1
Quality Control Review (QCR) for Single Audit of the AARP Foundation for the Year Ended December 31, 2018; Report No. 24-19-002-03-360; 09/27/19	0
Total (2 Reports)	1
Departmental Management	
Office of Assistant Secretary for Administration and Management	
Alert Memorandum: Security Vulnerability Relating to DOL Information Security Property; Report No. 50-19-002-07-725; 06/17/19	2
Total (1 Report)	2
Other Reports Total (3 Reports)	3

Appendices

Single Audit Reports Processed

Program/Report Name	Number of Recommendations	Questioned Costs (\$)
Southern California Indian Center, Inc.; Report No. 24-19-546-03-355; 07/30/19	1	0
State of Connecticut; Report No. 24-19-547-03-390; 07/30/19	5	184,870
State of Rhode Island and Providence Plantation; Report No. 24-19-548-03-315; 07/30/19	2	0
State of Massachusetts; Report No. 24-19-549-03-390; 07/30/19	1	0
State of Maine; Report No. 24-19-550-03-315; 07/30/19	0	36,837
Catholic Charities of Hawaii and Affiliates; Report No. 24-19-551-02-201; 07/30/19	1	0
The Navajo Nation; Report No. 24-19-552-03-355; 07/30/19	0	125,276
Government of the District of Columbia; Report No. 24-19-553-03-315; 07/30/19	1	0
Building Futures; Report No. 24-19-540-03-390; 07/23/19	2	0
State of Oklahoma; Report No. 24-19-541-03-315; 07/23/19	1	23,362
Inter-Tribal Council of Louisiana; Report No. 24-19-542-03-390; 07/23/19	10	14,720
Commonwealth of Puerto Rico Department of Labor and Human Resources; Report No. 24-19-543-03-315; 07/23/19	9	0
State of Alabama; Report No. 24-19-544-03-315; 07/23/19	1	0
Florida Governors Council on Indian Affairs, Inc.; Report No. 24-19-545-03-355; 07/23/19	1	0
Jobs For The Future, Inc.; Report No. 24-19-535-03-390; 07/18/19	2	0
Commonwealth of Pennsylvania; Report No. 24-19-536-03-315; 07/18/19	3	0
State of Oregon; Report No. 24-19-537-03-390; 07/18/19	0	1,392,948
Northeast Washington Educational Service Dist. No. 101; Report No. 24-19-538-03-390; 07/18/19	1	0
Ivy Technical Community College of Indiana; Report No. 24-19-532-03-390; 07/16/19	3	0
State of Ohio; Report No. 24-19-533-03-390; 07/16/19	2	0

Appendices

Single Audit Reports Processed, continued

Friendly House, Inc.; Report No. 24-19-534-03-390; 07/16/19	3	0
State of Tennessee; Report No. 24-19-527-03-315; 07/11/19	8	59,413
Commonwealth of Kentucky; Report No. 24-19-528-03-315; 07/11/19	3	0
Alu Like, Inc.; Report No. 24-19-529-03-355; 07/11/19	1	0
State of Iowa; Report No. 24-19-536-02-201; 07/11/19	7	0
State of Minnesota; Report No. 24-19-531-02-201; 07/11/19	0	16,464
State of Wyoming; Report No. 24-19-524-03-315; 06/25/19	0	15,587
State of Texas c/o Comptroller of Public Accountants; Report No. 24-19-525-03-315; 06/25/19	1	0
State of Louisiana; Report No. 24-19-526-03-315; 06/25/19	2	0
Catholic Charities, Diocese of Camden, Inc.; Report No. 24-19-519-02-201; 06/12/19	1	0
Single Audit of Easter Seals Servicing DC/ MD/VA for the Year Ending August 31, 2018; Report No. 24-19-520-02-201; 06/12/19	1	0
Oregon Human Development Corporation; Report No. 24-19-522-03-365; 06/11/19	1	0
State of Nevada; Report No. 24-19-523-03-390; 06/11/19	3	0
State of Hawaii Dep't of Accounting & General Services; Report No. 24-19-521-03-315; 06/10/19	8	0
Single Audit of Easter Seals Servicing DC/ MD/VA for the Year Ended August 31, 2016; Report No. 24-19-517-02-201; 05/21/19	3	0
Flying High, Inc.; Report No. 24-19-518-03-360; 05/21/19	6	0
New Mexico Environment Dep't; Report No. 24-19-515-10-001; 05/08/19	1	0
Heart of Oregon; Report No. 24-19-514-03-390; 05/02/19	1	0
Oro Development Corporation; Report No. 24-19-516-03-390; 05/02/19	1	0
Single Audit Report Total (39 Reports)	97	\$1,869,477

Appendices

Unresolved Audit Reports Over 6 Months Old

Agency	Report Name	Number of Recommendations	Questioned Costs (\$)
Agency Management Decision or Grant/Contracting Officer's Final Determination Did Not Resolve; OIG Negotiating with Agency			
ETA	Controls over the Release of the UI Weekly Claim Report Need Improvement; Report No. 17-14-001-03-315; 01/02/14	1	0
ETA	Job Corps Needs to Improve Controls over Student Travel Funds; Report No. 26-14-001-03-370; 04/29/14	1	289,224
OSEC	Alert Memorandum: DOL Needs to Strengthen Its Oversight of NCFMS to Control Costs; Report No. 22-15-007-01-001; 06/02/15	1	0
OSEC	The Department Remains Vulnerable to Premature Release of Embargoed Economic Data; Report No. 17-16-001-01-001; 03/25/16	1	0
ETA	Experience Works' Senior Community Service Employment Program Grant; Report No. 26-16-001-03-360; 09/30/16	1	0
OASAM	FISMA Fiscal Year 2015: Ongoing Security Deficiencies Exist; Report No. 23-16-002-07-725; 09/30/16	1	0
MSHA	MSHA Needs to Provide Better Oversight of Emergency Response Plans; Report No. 05-17-002-06-001; 03/31/17	2	0
ETA	ETA Violated the Bona Fide Needs Rule and Antideficiency Act; Report No. 26-17-002-03-370; 09/21/17	4	0
ETA	Experience Works, Inc. Misused More Than \$4 Million in SCSEP Grant Funds; Report No. 26-18-002-03-360; 09/28/18	6	4,179,954
OCFO	The Department Needs to Take Action to Improve the Quality of Its Data Act Submissions; Report No. 03-18-001-13-001; 01/19/18	3	0
ETA	Investigative Advisory Report—Recommendations for Enhancing Forms Used for H-2B Non-agricultural Temporary Workers; Report No. 50-19-001-03-321; 01/30/19	6	0

Appendices

Unresolved Audit Reports Over 6 Months Old, continued

OSHA	OSHA Procedures for Issuing Guidance Were Not Adequate and Mostly Not Followed; Report No. 02-19-001-10-105; 03/28/19	1	0
Agency Management Decision or Grant/Contracting Officer's Final Determination Not Issued by Close of Period			
ETA	Single Audit: Experience Works; Report No. 24-16-552-03-390; 06/13/16	3	1,619,324
ETA	Single Audit: Experience Works, Inc., and Affiliates; Report No. 24-17-572-03-390; 08/03/17	4	1,991,900
VETS	Single Audit: Black Veterans for Social Justice; Report No. 24-18-508-02-201; 11/29/17	1	0
VETS	Single Audit: Commonwealth of Massachusetts; Report No. 24-18-549-02-201; 08/03/18	4	0
VETS	Single Audit: Easter Seals Serving DC/MD/VA; Report No. 24-18-552-02-201; 08/04/18	1	0
ETA	Single Audit: National Plastering Industry's Joint Apprenticeship Trust Fund; Report No. 24-18-524-03-370; 06/07/18	1	0
VETS	Single Audit: Faith-Hope-Charity, Inc.; Report No. 24-19-510-02-201; 1/28/19	1	0
ETA	Single Audit: Metropolitan School District of Pike Township; Report No. 24-19-511-03-390; 03/15/19	3	0
ETA	Single Audit: State of New Mexico Workforce Solution Department; Report No. 24-19-512-03-390; 03/15/19	3	0
OSHA	Single Audit: The Sustainable Workplace Alliance, Inc.; Report No. 24-19-503-10-001; 12/17/18	4	0
Total Nonmonetary Recommendations and Questioned Costs		53	\$8,080,402

Unresolved Audit Reports Over 6 Months Old, continued

Agency	Report Name	Number of Recommendations	Funds Recommended for Better Use (\$)
Agency Management Decision or Grant/Contracting Officer's Final Determination Did Not Resolve; OIG Negotiating with Agency			
ETA	ETA Violated the Bona Fide Rule and Antideficiency Act; Report No. 26-17-002-03-370; 09/21/17	1	11,180,223
Total Funds Recommended for Better Use		1	\$11,180,223
Total Nonmonetary Recommendations and Questioned Costs		53	8,080,402
Total Funds Recommended for Better Use		1	11,180,223
Total Audit Exceptions and Funds Recommended for Better Use		54	\$19,260,625

Corrective Actions Taken by the Department

During this reporting period, we took final action to close recommendations within reports based on corrective action taken by the Department. The following is a summary of the most significant actions.

DOL Did Not Effectively Manage Mobile Devices and Related Telecommunication Services; Report No. 17-18-003-50-598

In FY 2016, DOL spent \$2.4 million on mobile devices and related telecommunication services. Our audit found that DOL had not effectively managed the acquisition, use, and disposal of mobile devices and related telecommunication services. Specifically, DOL did not maintain accurate inventory records or properly secure and dispose of mobile devices. DOL also did not acquire mobile devices and services efficiently.

In response to our audit, DOL took action to ensure that all wireless purchases are made through the Department's enterprise-wide ordering agreements (EOAs). These actions included (1) monthly review and analysis by Office of Procurement Policy personnel of reports from three data sources to ensure that data acquired were for wireless purchases, and that all current orders and buys were made through EOA; (2) quarterly review and analysis of reports in the Federal Procurement Data System—Next Generation for telecommunication purchases; and (3) establishing protocol for agencies that submit quarterly mobile data to identify a single point of contact to eliminate missing data. In addition, mobile devices purchased using mandatory EOAs are automatically registered in Apple's Device Enrollment Program, which ensures that the mobile devices are in compliance and enrolled in the Department's mobile device management solutions right out of the box.

EBSA Can Provide Greater Oversight of the Thrift Savings Plan by Strengthening Its Audit Program; Report No. 05-18-001-12-001

Proper oversight of the world's largest retirement plan—the federal government's Thrift Savings Plan (TSP)—is vital to ensuring the security of the \$510 billion in retirement assets it holds. The Employee Benefits Security Administration (EBSA) is charged with oversight of the TSP. Our audit found that EBSA's oversight was not effective, for several reasons, including that the oversight was not transparent. We found little information available to participants and beneficiaries about audits of the TSP because EBSA did not post its audit reports and recommendations to a forum such as its website.

In response to our audit, EBSA developed an "advanced" search tool that allows for more robust searching of EBSA's primary information collection tool data, the Form 5500 Annual Return/Report, within the agency. In a "proof of concept," EBSA modified the tool to make it suitable for the public and to increase transparency. EBSA is also in the process of migrating its website to a new platform.

EBSA Did Not Have the Ability to Protect the Estimated 79 Million Plan Participants in Self-Insured Health Plans from Improper Denials of Health Claims; Report No. 05-17-001-12-121

Improper denials of health benefit claims can have catastrophic effects on the health and financial security of plan participants and their families. EBSA is charged with regulating all Employee Retirement Income Security Act self-insured health plans and is thus responsible for protecting the estimated 79 million participants in those plans against improper denials of health benefit claims. Our audit found that EBSA did not have the ability to protect the participants in self-insured health plans from improper claim denials. EBSA did not collect information about denials of health claims from self-insured health plans that cover about 79 million participants. Moreover, Form 5500 did not capture information on denials of health benefit claims.

In response to our audit, EBSA, together with the U.S. Department of the Treasury and the Pension Benefit Guaranty Corporation, published proposed regulatory and form revisions that would modernize and improve Form 5500 to collect more detailed information about various aspects of health plan administration, enrollment, claims processing, and benefit offerings through a new Schedule J. In addition, the proposed new Schedule J would require health plans to report more information in Part II about service providers and would provide more information about health benefit claims processing and payment, including information about denials.

Improved Oversight of States' Use of New Hire Tools Would Help Reduce Improper Payments; Report No. 04-18-003-03-315

In FY 2017, DOL estimated that the Unemployment Insurance (UI) program improperly paid more than \$1 billion to claimants who were ineligible for benefits because they had returned to work. The Employment and Training Administration (ETA) mandated that states use the National Directory of New Hires (NDNH) to detect and prevent these benefit year earnings (BYE) improper payments. States also use the State Directory of New Hires (SDNH) to identify BYE overpayments. Our audit found that ETA did not use state-reported data to identify states that were underutilizing new hire directories, thus missing opportunities to reduce BYE overpayments. In addition, states did not make timely overpayment determinations for new hire investigations and report complete and accurate results of new hire investigations, as required.

In response to our audit, ETA conducted an analysis of the state utilization of new hire cross-matching tools, and developed a methodology to identify states to receive additional technical assistance. ETA developed a technical assistance plan in collaboration with the National Association of State Workforce Agencies' UI Integrity Center to help states improve their use of new hire data. Additionally, ETA issued enhanced guidance on the recommended operating procedures related to state use of NDNH and SDNH information to prevent, detect, and recover BYE improper payments, including procedures for timely follow-up with nonresponsive claimants and employers. Finally, ETA hosted interactive webinars to provide guidance to state UI agencies on how to effectively conduct the new hire cross-matching, and instructions on how to accurately report information on the ETA 227, including reporting on NDNH and SDNH investigation activities.

Unimplemented Recommendations

During this reporting period, we did not encounter any instances of audits or evaluations provided to the Department for comment that were not responded to within 60 days. Furthermore, agencies have provided management decisions in response to all audits and evaluations issued before the commencement of this reporting period.

From October 1, 2009, through March 31, 2019, the OIG made 1,834 audit recommendations to the Department, of which 183 have not been fully implemented. These 183 recommendations include 84 recommendations resulting from audits issued since the end of FY 2017, and in many cases, the Department has corrective action plans in place.

RECOMMENDATIONS MADE PRIOR TO APRIL 1, 2019, NOT YET IMPLEMENTED

Fiscal Year	Total Number of Recommendations Made	Unimplemented Recommendations	
		Total Number	Monetary Impact (\$)
2010	455	3	10,115
2011	319	10	2,274,303
2012	213	7	
2013	195	6	
2014	128	13	126,789,224
2015	163	21	8,258,419
2016	100	8	
2017	112	31	11,180,223
2018	98	39	19,222,202
2019	51	45	
Total	1,834	183	\$167,734,486

High-Priority Unimplemented Recommendations

The following table summarizes the unimplemented recommendations the OIG considers to be the highest priorities for the Department.

Report Name	Unimplemented Recommendation(s)
Employment and Training Programs	
Job Corps Needs to Improve Enforcement and Oversight of Student Disciplinary Policies; Report No. 26-15-001-03-370; 02/27/15	Require Job Corps center operators to strengthen policies and procedures to ensure that serious student misconduct is promptly reported, investigated, and resolved in accordance with Job Corps' disciplinary policies.
Additional Information Needed to Measure the Effectiveness and Return on Investment of Training Services Funded Under the WIA Adult and Dislocated Workers Programs; Report No. 03-11-003-03-390; 09/30/11	Require State Workforce Agencies to report training costs and funding sources at the participant level so stakeholders have adequate information to make return-on-investment decisions.
Review of Job Corps Center Safety and Security; Report No. 26-17-001-03-370; 03/31/17	Define center authority to investigate potentially serious criminal activity and establish jurisdictional agreements that cover applicable federal, state, and local law enforcement for each center.
Job Corps Could Not Demonstrate Beneficial Job Training Outcomes; Report No. 04-18-001-03-370; 03/30/18	Determine and assess liquidated damages to contractors that misreported data based on invalid placements.
Worker Safety	
MSHA Can Improve How It Responds to and Tracks Hazardous Condition Complaints; Report No. 05-16-002-06-001; 09/30/16	Establish standard completion goals for post-complaint inspections.
MSHA Needs to Provide Better Oversight of Emergency Response Plans; Report No. 05-17-002-06-001; 03/31/17	Clarify mine operators' responsibilities for local coordination under the MINER Act, including coordination and communication among the operator, mine rescue teams, and local emergency response personnel, and familiarizing local rescue personnel with surface functions that may be required in the course of mine rescue work.

High-Priority Unimplemented Recommendations, continued

Employee Benefit Plans	
EBSA Did Not Have the Ability to Protect the Estimated 79 Million Plan Participants in Self-Insured Health Plans from Improper Denials of Health Claims; Report No. 05-17-001-12-121; 11/18/16	Reduce or eliminate exemption thresholds for small plans and use reported claims data to focus investigations of health plans.
Departmental Management	
FISMA Fiscal Year 2015: Ongoing Security Deficiencies Exist; Report No. 23-16-002-07-725; 09/30/16	Realign the organizational structure as it relates to the Chief Information Officer to address organizational independence issues.
Alert Memorandum: DOL Needs to Strengthen Its Oversight of NCFMS to Control Costs; Report No. 22-15-007-01-001; 06/02/15	To strengthen its oversight of the New Core Financial Management System (NCFMS) and control costs, the Department should negotiate a firm-fixed-price agreement for a baseline of operation and maintenance services for NCFMS, including the Department's developing its own cost estimate.
Controls over the Release of the Unemployment Insurance Weekly Claims Report Need Improvement; Report No. 17-14-001-03-315; 01/02/14	Develop and implement a strategy to achieve an equitable release of the Unemployment Insurance Weekly Claims Report and eliminate any competitive advantage that news organizations inside the lock up and their clients may have; or, absent a viable solution, consider discontinuing the use of the press lock up.
DOL Did Not Comply with Improper Payments Elimination and Recovery Act for FY 2017; Report No. 03-18-002-13-001; 05/15/18	Develop and implement formalized policies and procedures related to the maintenance of supporting documentation for the Improper Payments Elimination and Recovery Act (IPERA) reporting process. Develop and implement formalized policies and procedures that require a detailed review of the IPERA information in the Agency Financial Report, including the related calculations and supporting documentation. Maintain the current focus on increasing technical assistance and funding to states to improve the improper payment reduction strategies in order to ensure compliance with the improper payments estimate rate threshold.

High-Priority Unimplemented Recommendations, continued

Report Name	Unimplemented Recommendation(s)
OWCP'S Efforts to Detect and Prevent FECA Improper Payments Have Not Addressed Known Weaknesses; Report No. 03-12-001-04-431; 02/15/12	Develop effective procedures, including seeking legislative authority to conduct matches with Social Security Administration (SSA) retirement records, to ensure that claimants who receive SSA retirement benefits are identified in a timely manner and their FECA benefits are adjusted accordingly.

Summary of Reports with Unimplemented Recommendations with Cost Savings/Funds Put to Better Use

Report Name	Number of Recommendations	Funds Put to Better Use (\$)
Employment and Training Administration		
<p>Job Corps Needs to Improve Enforcement and Oversight of Student Disciplinary Policies; Report No. 26-15-001-03-370; 02/27/15</p> <p>Requiring Job Corps centers and their respective operators to strengthen policies and procedures to ensure that serious student misconduct is promptly reported, investigated, and resolved in accordance with Job Corps' disciplinary policies will result in terminating the enrollement of offending students within required time frames and will put \$398,729 to better use and improve the safety of other students at Job Corps centers.</p>	1	398,729
<p>Superstorm Sandy National Emergency Grants: ETA Awarded Funds Promptly, but Could Improve Grant Modification and Eligibility Verification Processes; Report No. 02-15-204-03-390; 03/26/15</p> <p>Reinstating the policy to require disaster national emergency grantees to have systems in place to review eligibility determinations once needed documentation becomes available could put \$7,811,286 to better use.</p>	1	7,811,286
<p>ETA Violated the Bona Fide Needs Rule and Antideficiency Act; Report No. 26-17-002-03-370; 09/21/17</p> <p>We recommend that the Deputy Assistant Secretary for Employment and Training require ETA to develop and implement clear policies and procedures to improve funds management, which should include regularly monitoring obligations to identify unexpended Job Corps funds that can be deobligated during the periods of availability so \$11,180,223 could be put to better use.</p>	1	11,180,223

Appendices

Summary of Reports with Unimplemented Recommendations with Cost Savings/Funds Put to Better Use, continued

Report Name	Number of Recommendations	Funds Put to Better Use (\$)
<p>DOL Could Improve Exit Requirements and Participant Outcomes for the YouthBuild Program; Report No. 04-18-002-03-001; 03/30/18</p> <p>We recommend that the Assistant Secretary for Employment and Training clarify the definition of a “successful exit” and require its use by all grantees. At a minimum, this definition should require that the successful exiter earn a high school diploma or GED or an industry-recognized credential, have a job follow-up plan in place, and receive referrals to either an employer or school.</p>	1	12,600,000
Total	4	\$31,990,238

Summary of Reports with Unimplemented Recommendations with Other Monetary Impact

Report Name	Number of Recommendations	Amount of Other Monetary Impact Recommendations (\$)
Employment and Training Administration		
<p>Job Corps Contractor and DOL Procurement Practices Need Improvement; Report No. 26-14-002-03-370; 09/24/14</p> <p>We recommend that the Assistant Secretary for Employment and Training require the regional Job Corps offices and respective ETA Contracting Officers to refer the 4 small business set-aside contracts we identified held by Alutiiq Education and Training, LLC and Alutiiq Professional Services, LLC to the Small Business Administration for review and guidance on corrective action, if warranted.</p>	1	126,500,000
<p>Job Corps Could Not Demonstrate Beneficial Job Training Outcomes; Report No. 04-18-001-03-370; 03/30/18</p> <p>We recommend that ETA determine and assess liquidated damages to contractors that misreported data based on invalid placements.</p>	1	51,750
Total	2	\$126,551,750

Appendices

Reports with Unimplemented Recommendations for Management Improvement or Disallowed Costs Owed

The following table lists all OIG reports issued prior to this semiannual reporting period with recommendations that have not yet been fully implemented (as of September 30, 2019).

Report Name	Number of Unimplemented Recommendations	Disallowed Costs Owed (\$)
Office of the Chief Financial Officer		
Fiscal Year 2011 Independent Auditor's Report on the DOL Consolidated Financial Statements; Report No. 22-12-002-13-001; 11/14/11	1	0
Management Advisory Comments Identified in an Audit of the Consolidated Financial Statements for the Year Ended September 30, 2015; Report No. 22-16-004-13-001; 03/25/16	2	0
Management Advisory Comments Identified in the Consolidated Financial Statements for the Year Ended September 30, 2017; Report No. 22-18-006-13-001; 03/29/18	4	0
The Department Needs to Take Action to Improve the Quality of Its Data Act Submissions; Report No. 03-18-001-13-001; 01/19/18	8	0
DOL Did Not Comply with Improper Payments Elimination and Recovery Act for FY 2017; Report No. 03-18-002-13-001; 05/15/18	3	0
Management Advisory Comments Identified in an Audit of the Consolidated Financial Statements for the Year Ended September 30, 2018; Report No. 22-19-006-13-001; 03/15/19	20	0
Employee Benefits Security Administration		
Changes Are Still Needed in the ERISA Audit Process to Increase Protections for Employee Benefit Plan Participants; Report No. 09-12-002-12-121; 09/28/12	1	0
EBSA Needs to Provide Additional Guidance and Oversight to ERISA Plans Holding Hard-to-Value Alternative Investments; Report No. 09-13-001-12-121; 09/30/13	2	0

Appendices

Reports with Unimplemented Recommendations, continued

Report Name	Number of Unimplemented Recommendations	Disallowed Costs Owed (\$)
EBSA Could Improve Its Usage of Form 5500 Data; Report No. 05-14-003-12-121; 03/31/14	1	0
Limited-Scope Audits Provide Inadequate Protections to Retirement Plan Participants; Report No. 05-14-005-12-121; 09/30/14	4	0
EBSA Did Not Have the Ability to Protect the Estimated 79 Million Plan Participants in Self-Insured Health Plans from Improper Denials of Health Claims; Report No. 05-17-001-12-121; 11/18/16	1	0
Employment and Training Administration		
Audit of State Workforce Agency Evaluations of Workforce Investment Act Title I-B Program; Report No. 03-10-003-03-390; 08/31/10	1	0
Performance Audit for ResCare, Inc., Job Corps Centers; Report No. 26-10-002-01-370; 03/03/10	1	10,115
Additional Information Needed to Measure the Effectiveness and Return on Investment of Training Services Funded Under the WIA Adult and Dislocated Worker Programs; Report No. 03-11-003-03-390; 09/30/11	1	0
Job Corps Must Strengthen Controls to Ensure Low-Income Eligibility of Applicants; Report No. 26-11-005-03-370; 09/30/11	1	2,274,303
Job Corps SPAMIS System Testing; Report No. 23-12-023-03-370; 09/28/12	2	0
Job Corps Oversight of Center Performance Needs Improvement; Report No. 26-12-006-03-370; 09/28/12	1	0
Job Corps Needs to Improve Timeliness of and Accountability for Maintenance Repairs at Its Centers; Report No. 26-13-002-03-370; 12/07/12	1	0
Navajo Nation Did Not Adequately Manage Workforce Investment Act Grants and Could Serve More Participants with Available Funds; Report No. 02-13-202-03-355; 09/30/13	1	0

Appendices

Reports with Unimplemented Recommendations, continued

Report Name	Number of Unimplemented Recommendations	Disallowed Costs Owed (\$)
Controls over the Release of the UI Weekly Claims Report Need Improvement; Report No. 17-14-001-03-315; 01/02/14	1	0
Job Corps Needs to Improve Controls over Student Travel Funds; Report No. 26-14-001-03-370; 04/29/14	1	289,224
Job Corps Contractor and DOL Procurement Practices Need Improvement; Report No. 26-14-002-03-370; 09/24/14	3	0
Job Corps Needs to Improve Enforcement and Oversight of Student Disciplinary Policies; Report No. 26-15-001-03-370; 02/27/15	3	48,404
Effectiveness of Pennsylvania in Detecting and Reducing Unemployment Insurance Improper Payments and Implementation of Employment and Training Administration National Strategies; Report No. 18-15-001-03-315; 03/31/15	1	0
Investigative Advisory Report—Weaknesses Contributing to Fraud in the Unemployment Insurance Program; Report No. 50-15-001-03-315; 07/24/15	10	0
Recovery Act: Effectiveness of New York in Detecting and Reducing Unemployment Insurance Improper Payments and Implementation of Employment and Training Administration National Strategies; Report No. 18-15-003-03-315; 09/30/15	2	0
Audit of Experience Works' Senior Community Service Employment Program Grant; Report No. 26-16-001-03-360; 09/30/16	1	0
Program-Specific Performance Measures Are Needed to Better Evaluate the Effectiveness of the Reemployment Services and Eligibility Assessment Program; Report No. 04-17-002-03-315; 09/26/17	3	0
Review of Job Corps Center Safety and Security; Report No. 26-17-001-03-370; 03/31/17	5	0
ETA Violated the Bona Fide Needs Rule and Antideficiency Act; Report No. 26-17-002--03-370; 09/21/17	4	0

Reports with Unimplemented Recommendations, continued

Report Name	Number of Unimplemented Recommendations	Disallowed Costs Owed (\$)
Job Corps Could Not Demonstrate Beneficial Job Training Outcomes; Report No. 04-18-001-03-370; 03/30/18	1	0
DOL Could Improve Exit Requirements and Participant Outcomes for the YouthBuild Program; Report No. 04-18-002-03-001; 03/30/18	1	1,390,498
Trade Adjustment Assistance Community College and Career Training Grants: ETA Spent \$1.5 Billion and Met Its Stated Capacity Development Goals, but Is Challenged to Determine if the Investment Improved Employment Outcomes; Report No. 02-18-201-03-330; 07/26/18	3	1,000,000
Experience Works, Inc. Misused More Than \$4 million in SCSEP Grant Funds; Report No. 26-18-002-03-360; 09/28/18	6	4,179,954
Investigative Advisory Report—Recommendations for Enhancing Forms Used for H-2B Non-agricultural Temporary Workers; Report No. 50-19-001-03-321; 01/30/19	6	0
Office of Workers' Compensation Programs		
OWCP'S Efforts to Detect and Prevent FECA Improper Payments Have Not Addressed Known Weaknesses; Report No. 03-12-001-04-431; 02/15/12	1	0
Audit of Federal Employees' Compensation Act, Durable Medical Equipment Payments; Report No. 03-12-002-04-431; 03/26/12	1	0
Procedural Changes Could Reduce the Amount of Time Required to Adjudicate Federal Black Lung Benefit Claims; Report No. 05-15-001-50-598; 04/09/15	1	0
Interim Report on Audit of Pharmaceutical Management in DOL Benefit Programs—OWCP Needs Better Controls over Compounded Prescription Drugs; Report No. 03-17-001-04-431; 05/23/17	8	0
Special Report Relating to the Federal Employees' Compensation Act Special Benefit Fund—September 30, 2018; Report No. 22-19-003-04-431; 11/02/18	4	0

Appendices

Reports with Unimplemented Recommendations, continued

Report Name	Number of Unimplemented Recommendations	Disallowed Costs Owed (\$)
Mine Safety and Health Administration		
MSHA Can Improve Its Section 110 Special Investigations Process; Report No. 05-13-008-06-001; 09/30/13	2	0
MSHA Can Improve How It Responds to and Tracks Hazardous Condition Complaints; Report No. 05-16-002-06-001; 09/30/16	1	0
MSHA Needs to Provide Better Oversight of Emergency Response Plans; Report No. 05-17-002-06-001; 03/31/2017	6	0
Office of the Assistant Secretary for Administration and Management		
The Department Could Do More to Strengthen Controls over Its Personal Identity Verification System; Report No. 04-11-001-07-001; 03/31/11	1	0
Ineffective Accounting for Sensitive Information Technology Hardware and Software Assets Places DOL at Significant Risk; Report No. 23-11-001-07-001; 03/31/11	5	0
FISMA Fiscal Year 2015: Ongoing Security Deficiencies Exist; Report No. 23-16-002-07-725; 09/30/16	1	0
FY 2017 FISMA DOL Information Security Report; Report No. 23-18-001-07-725; 12/29/17	4	0
DOL Did Not Effectively Manage Mobile Devices and Related Telecommunication Services; Report No. 17-18-003-50-598; 09/26/18	4	0
FY18 FISMA DOL Information Security Report; Report No. 23-19-001-07-725; 03/13/19	5	0
Office of the Secretary		
Alert Memorandum: DOL Needs to Strengthen Its Oversight of NCFMS to Control Costs; Report No. 22-15-007-01-001; 06/02/15	2	0
The Department Remains Vulnerable to Premature Release of Embargoed Economic Data; Report No. 17-16-001-01-001; 03/25/16	1	0
Occupational Safety and Health Administration		

Appendices

Reports with Unimplemented Recommendations, continued

Report Name	Number of Unimplemented Recommendations	Disallowed Costs Owed (\$)
OSHA Has Not Determined if State OSH Programs Are at Least as Effective in Improving Workplace Safety and Health as Federal OSHA Programs; Report No. 02-11-201-10-105; 03/31/11	1	0
Voluntary Protection Program: Controls Are Not Sufficient to Ensure Only Worksites with Exemplary Safety and Health Systems Remain in the Program; Report No. 02-14-201-10-105; 12/16/13	2	0
OSHA Needs to Continue to Strengthen Its Whistleblower Protection Programs; Report No. 02-15-202-10-105; 09/30/15	1	0
OSHA Does Not Know if Special Emphasis Programs Have Long-Term Industrywide Effect; Report No. 02-16-201-10-105; 09/28/16	1	0
OSHA Could Do More to Ensure Employers Correct Hazards Identified During Inspections; Report No. 02-17-201-10-105; 03/31/17	1	0
OSHA's Voluntary Protection Programs Require Better Information to Identify Participants with Contract-Worker Fatalities and Catastrophes; Report No. 02-17-202-10-105; 09/11/17	2	0
OSHA Needs to Improve the Guidance for Its Fatality and Severe Injury Reporting Program to Better Protect Workers; Report No. 02-18-203-10-105; 09/13/18	4	0
OSHA Procedures for Issuing Guidance Were Not Adequate and Mostly Not Followed; Report No. 02-19-001-10-105; 03/28/19	4	0
Veterans Employment and Training Service		
Jobs for Veterans State Grants Program: VETS Needs to Improve Financial Monitoring; Report No. 06-16-001-02-001; 03/29/16	1	0
Wage and Hour Division		
Better Strategies Are Needed to Improve the Timeliness and Accuracy of Davis-Bacon Act Prevailing Wage Rates; Report No. 04-19-001-15-001; 03/29/19	6	0
Totals	177	\$9,192,498

Appendices

Investigative Statistics

	Division Totals	Total
Investigative Reports Issued / Cases Closed (includes investigative reports issued, case closing reports, and matters referred for possible civil and/or administrative action):		141
Program Fraud	111	
Labor Racketeering	30	
Cases Opened:		84
Program Fraud	66	
Labor Racketeering	18	
Cases Referred for Prosecution (each case is measured as a singular statistic and may include more than one person or business entity):		92
Program Fraud	73	
Labor Racketeering	19	
Cases Referred for Administrative/Civil Action (each case is measured as a singular statistic and may include more than one person or business entity):		49
Program Fraud	42	
Labor Racketeering	7	
Persons Referred to the Department of Justice for Criminal Prosecution (includes the number of individuals and business entities referred for prosecution):		105
Program Fraud	87	
Labor Racketeering	18	
Persons Referred to State and Local Prosecuting Authorities for Criminal Prosecution (includes the number of individuals and business entities referred for prosecution):		5
Program Fraud	3	
Labor Racketeering	2	
Indictments and Criminal Informations That Resulted from Any Prior Referral to Prosecuting Authorities (includes sealed and unsealed indictments):		149
Program Fraud	124	
Labor Racketeering	25	

Appendices

Investigative Statistics, continued

Indictments (includes sealed and unsealed indictments):		149
Program Fraud	124	
Labor Racketeering	25	
Convictions:		125
Program Fraud	98	
Labor Racketeering	27	
Statutory Debarments:		17
Program Fraud	7	
Labor Racketeering	10	

Recoveries, Cost-Efficiencies, Restitutions, Fines/Penalties, Forfeitures, and Civil Monetary Actions:		\$65,078,277
Program Fraud	\$47,782,177	
Labor Racketeering	\$17,296,100	

Recoveries (the dollar amount/value of an agency's action to recover or to reprogram funds or to make other adjustments in response to OIG investigations):		\$16,876,873
Cost-Efficiencies (the one-time or per annum dollar amount/value of management's commitment, in response to OIG investigations, to utilize the government's resources more efficiently):		\$2,101,984
Restitutions/Forfeitures (the dollar amount/value of restitutions and forfeitures resulting from OIG criminal investigations):		\$15,466,782
Fines/Penalties (the dollar amount/value of fines, assessments, seizures, investigative/court costs, and other penalties resulting from OIG criminal investigations):		\$25,000
Civil Monetary Actions (the dollar amount/value of forfeitures, settlements, damages, judgments, court costs, and other penalties resulting from OIG criminal investigations):		\$30,607,638
Total:		\$65,078,277

Peer Review Reporting

The following meets the requirement under Section 5(1)(14)(A)–(B) of the Inspector General Act (as amended) and Section 989C of the Dodd–Frank Wall Street Reform and Consumer Protection Act (P.L. 111–203) that the Inspectors General include their peer review results as an appendix to each semiannual report. Federal audit functions can receive a rating of “pass,” “pass with deficiencies,” or “fail.”

Peer Review of DOL-OIG Audit Function

The Department of the Treasury–OIG conducted a peer review of the system of quality control for DOL-OIG’s audit function for the period ending September 2018. The peer review report, which was issued on June 6, 2019, resulted in an opinion that the system of quality control was suitably designed and provided reasonable assurance of DOL-OIG’s conforming to professional standards in the conduct of audits. The peer review gave DOL-OIG a pass rating and made no recommendations.

Peer Review of DOL-OIG Investigative Function

The Social Security Administration–OIG conducted a peer review of the system of internal safeguards and management procedures for DOL-OIG’s investigative function for the period ending September 30, 2016. The OIG has been advised that the review did not identify any deficiencies in our investigative program. The peer review gave DOL-OIG a pass rating and made no recommendations.

DOL-OIG Peer Review of USDA-OIG Investigative Function

DOL-OIG conducted an external peer review of the U.S. Department of Agriculture (USDA)–OIG’s system of internal safeguards and management procedures for the investigative function for the period ending April 2019. This peer review, which has been preliminarily completed, found USDA-OIG to be compliant and did not identify any findings or deficiencies.

Appendices

OIG Hotline

The OIG Hotline provides a communication link between the OIG and persons who want to report alleged violations of laws, rules, and regulations; mismanagement; waste of funds; abuse of authority; or danger to public health and safety. During the reporting period April 1, 2019, through September 30, 2019, the OIG Hotline received a total of 671 contacts. Of these, 394 were referred for further review and/or action.

Complaints Received (by method reported):	Totals
Telephone	208
E-mail/Internet	363
Mail	86
Fax	14
Walk-in	0
Total	671

Contacts Received (by source):	Totals
Complaints from Individuals or Non-governmental Organizations	636
Complaints/Inquiries from Congress	0
Referrals from U.S. Government Accountability Office	1
Complaints from Other DOL Agencies	18
Complaints from Other (non-DOL) Government Agencies	15
Referrals from OIG Components	1
Total	671

Disposition of Complaints:	Totals
Referred to OIG Components for Further Review and/or Action	112
Referred to DOL Program Management for Further Review and/or Action	129
Referred to Non-DOL Agencies/Organizations	153
No Referral Required/Informational Contact	301
Total	695*

* During this reporting period, the hotline office referred several individual complaints to multiple offices or entities for review (e.g., to multiple OIG components, or to an OIG component and DOL program management and/or a non-DOL agency).

Fiscal Year 2020 Audit Workplan

Bureau of Labor Statistics (BLS)

Mandatory Audit

BLS Survey Response Rates. This audit will focus on how BLS has incorporated new methodologies and technology into its data collection process to ensure expected response rates and reduced respondent burden. BLS is the principal federal agency responsible for measuring labor market activity, working conditions, and price changes in the nation's economy. The President, Congress, federal policymakers, public institutions, and private citizens use the economic information developed by BLS to guide and support decision making. According to a 2013 study by the National Research Council, "for many household surveys in the United States, response rates have been steadily declining for at least the past two decades." A decline in response rates could increase data collection costs and affect data quality, which may result in unreliable economic information developed by BLS.

Bureau of International Labor Affairs (ILAB)

Mandatory Audit

Memoranda of Agreement between USAID and ILAB. ILAB signed two agreements with the U.S. Agency for International Development (USAID) that transferred approximately \$7 million to ILAB for grant-funded projects. The projects are intended to ensure a fair global playing field for workers by enforcing trade commitments, strengthening labor standards, and combating child labor, forced labor, and human trafficking. This mandatory audit will focus on how taxpayer dollars were spent and if the reported program results were reliable.

Employment and Training Administration (ETA)

Mandatory Audits

Job Corps

Job Corps Contractor Claimed Costs. ETA awards millions of dollars annually in national contracts to provide Job Corps students with trade-specific training. Prior OIG work revealed areas of concern, including achieving contract goals and contractor use of funds. This audit will focus on how contractors have expended training funds, and if students are employed in jobs related to their training.

Job Corps Outreach and Admissions—In Progress. Violence within the Job Corps program, ranging from assault to murder, has impacted Job Corps centers for years. Previous OIG audits have reported lax enforcement of discipline policies in Job Corps centers around the nation. In addition, hotline complaints and media articles have pointed out safety concerns at Job Corps centers. An unsafe center puts students at unnecessary risk of physical and/or psychological harm. These unnecessary risks could lead to an

OIG FY 2020 Audit Workplan

increase in dropouts, a decrease in enrollments, lower student performance, and diminished placement outcomes. Effective screening of applicants decreases the risk of admitting potentially violent or disruptive students. This ongoing audit focuses on how Job Corps' admissions policies and practices have screened for applicants with potential disciplinary issues.

ETA

Discretionary Audits

ETA Contract and Grant Programs

ETA's Use of Evaluations. Evaluations of agency programs can be valuable in demonstrating program success or progress, and can help agencies identify areas of improvement. A 2010 OIG audit found ETA did not consistently share with stakeholders the results of evaluations State Workforce Agencies conducted of Adult, Dislocated Worker, and Youth training programs required under the Workforce Investment Act. Since then, we have remained concerned ETA may not be making the best use of evaluations and research initiatives to improve its programs and activities. Our audit will examine the extent to which ETA has obtained and used evaluation and research results to improve the management and effectiveness of Workforce Innovation and Opportunity Act (WIOA) programs.

ETA Dislocated Worker Grants—In Progress. ETA received \$100 million to assist workers dislocated by hurricanes Harvey, Maria, and Irma, and the 2017 wildfires. Since our 2015 audit identified delays in ETA's approval of dislocated-worker grant modification requests, we have remained concerned about ETA's management of this important grant funding. This ongoing audit focuses on the extent to which ETA has properly administered dislocated worker grants for areas affected by hurricanes Harvey, Maria, and Irma, and the wildfires of 2017.

ETA American Apprenticeship Initiative (AAI) Grants—In Progress. In 2015, ETA awarded 46 grants, totaling more than \$175 million, under the AAI grant program. These grants were meant to create and expand apprenticeship opportunities in H-1B industries and occupations. In 2018, several OIG audits of similar ETA training programs reported ETA did not provide sufficient oversight of grantees, and participants did not benefit from training, despite claims that grantees met their goals. This ongoing audit focuses on how ETA has designed and monitored the AAI grant program.

WIOA Credentials Audit—In Progress. For program years 2016 and 2017, WIOA allotted billions per year in funding to states for Adult, Dislocated Worker, and Youth programs, to help participants achieve various employment-related outcomes, including credential attainment. Our ongoing audit will determine the extent to which credentials earned by participants have been aligned with local employer needs and have assisted participants in finding skilled employment.

Reintegration of Ex-Offenders (RExO) Program—In Progress. The RExO program consists of a portfolio of grant projects that provide pre-release and post-release services to incarcerated youth and

adult offenders. One of these grant projects, the Face Forward Program, is for youth ages 14 to 24 who were involved in the juvenile justice system, but who were never involved in the adult criminal justice system. During FYs 2013 to 2016, ETA awarded 64 Face Forward grants, totaling \$104 million. Our ongoing audit will determine if ETA established appropriate goals and metrics for Face Forward grantees, and the extent to which grantees achieved performance goals and spent funds properly.

Unemployment Insurance (UI) Program

Disaster Unemployment Assistance (DUA)—In Progress. DUA provides financial assistance to individuals who lose their employment or self-employment due to a major disaster. Program guidelines require quick turnarounds on paying DUA claims. This quick payment requirement, particularly when combined with a breakdown of essential systems during a disaster, increases the risk of improper payments. DOL awarded DUA grants, totaling nearly \$57 million, to states impacted by hurricanes Harvey, Irma, and Maria during the 2017 hurricane season. This audit will determine if ETA's controls have been sufficient to detect and prevent DUA improper payments.

Unemployment Insurance Work Search Requirements—In Progress. Since 2016, the leading cause of UI improper payments been from payments to claimants who failed to meet the work search requirements of the UI program. The Department estimated that between April 1, 2017, and March 31, 2018, states overpaid more than \$1.4 billion in UI benefits to recipients who did not meet state work search requirements. This ongoing audit will assess the accuracy of reported noncompliance with work search requirements and recommend possible approaches for improving compliance and reducing improper payments.

Mine Safety and Health Administration (MSHA)

Discretionary Audits

MSHA—Miners' Exposure to Respirable Silica. Respirable silica (e.g., quartz), a highly toxic carcinogen, can cause silicosis, chronic obstructive pulmonary disease, and other conditions, and may be contributing to the resurgence of black lung disease. MSHA could be increasing miners' exposure to excess levels of respirable silica through inconsistent enforcement of regulations. This audit will assess MSHA's regulations, preventive measures, and enforcement actions with respect to silica content in respirable dust.

MSHA Pattern of Violations (POV) Status. MSHA can place mines in POV status when they have a history of "significant and substantial" violations. If MSHA places a mine in POV status, then MSHA can exercise enhanced enforcement activities, such as shutting the mine down. Since 2010, MSHA has issued more than 31,000 significant and substantial violations annually, covering approximately 13,000 mines, and issued 30 "potential" POV and seven POV notices. Yet, the last time MSHA placed a mine in POV status was in 2014. This audit will focus on the extent to which MSHA has exercised its POV authority and the impact of this authority on addressing significant and substantial violations.

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Mine Rescue Response Plan. When disaster strikes, a well-prepared mine rescue effort can mean the difference between life and death for trapped miners. Insufficient personnel, equipment, and training would hamper MSHA's ability to respond quickly and effectively in mine rescue situations. Prior OIG work found MSHA had not provided adequate oversight of mine emergency response plans, a key component of planning for mine emergencies, which includes planning by both mine operators and MSHA. This audit will assess MSHA's preparedness in responding to emergencies requiring mine rescue operations.

MSHA Violations—In Progress. From 2013 through 2016, MSHA inspectors issued more than 453,000 citations and orders to mines for safety violations. During the same time frame, MSHA canceled, or "vacated," more than 7,600 of those citations and orders. Incorrectly vacating citations and orders increases the risk that miners remain exposed to hazards. In addition, if MSHA does not correctly assess and collect monetary penalties, their deterrent effect is minimized. This ongoing audit focuses on whether MSHA appropriately wrote, terminated, modified, collected, or vacated citations and orders.

Occupational Safety and Health Administration (OSHA)

Discretionary Audits

Severe Violators Enforcement Program (SVEP) Activities. SVEP targets the most egregious workplace safety violators, of which there were 654 in 2019. OSHA's policy requires that it enhance inspections of and enforcement on these employers. In 2009, OIG issued an audit report on OSHA's Enhanced Enforcement Program, the predecessor to SVEP. We found for 97 percent of sampled employers, OSHA did not identify all egregious employers and did not perform sufficient inspections and related enforcement. This audit will follow up on OIG's 2009 report to assess whether OSHA has made changes to improve enforcement activities related to employers who demonstrated indifference to their workplace safety responsibilities.

OSHA Complaint Inspections. OSHA conducts approximately 9,000 complaint inspections annually and issues citations in 24 percent of those inspections. Inspectors are not required to interview complainants at any point during the inspection process, which could result in OSHA's having little interaction with complainants and witnesses during complaint inspections. This audit will focus on the extent to which OSHA has used complainant and witness testimony during a complaint inspection.

OSHA Whistleblower Protection Program (WPP)—In Progress. From FYs 2011 through 2018, approximately 900 whistleblowers filed retaliation complaints against their employers with OSHA's San Francisco Region. OSHA investigates such WPP complaints under 22 different statutes. These statutes protect workers' rights to report violations of various workplace safety, consumer product, environmental, financial reform, and securities statutes. If a retaliation complaint is adjudicated in favor of the whistleblower, they may be entitled to reinstatement, back pay, restored benefits, and other remedies to make them whole. Our ongoing review focuses on the extent to which OSHA's San Francisco Region has appropriately investigated WPP complaints.

OIG FY 2020 Audit Workplan

OSHA’s Administration of Rules—In Progress. OSHA has a duty to create and enforce rules, also known as “standards” and “regulations,” to help protect 121 million Americans at 9 million worksites. Because of concerns about recently finalized rules that appeared to violate requirements of the Administrative Procedure Act and other applicable executive orders, particularly as related to transparency and the impact of implementation delays, we are conducting this audit to determine how well OSHA administers the rulemaking process.

Office of Federal Contract Compliance Programs (OFCCP)

Discretionary Audit

Effectiveness of OFCCP Enforcement of Federal Contract Requirements—In Progress. OFCCP enforces, for the benefit of wage earners and job seekers, three Equal Employment Opportunity (EEO) laws directed at those who do business with the federal government. In FY 2017, the federal government obligated more than \$36 billion for public construction projects. Our ongoing audit focuses on OFCCP’s policies and procedures for enforcing EEO requirements over federally funded construction contracts.

Office of the Assistant Secretary for Administration and Management (OASAM)

Mandatory Audit

Federal Information Security Management Act (FISMA) Audit—Annual (FYs 2019 and 2020). In performing its various missions, DOL collects and processes sensitive information through approximately 55 major information systems. FISMA recognizes the significant risks involved with information technology and its important role in fulfilling agency missions. As such, FISMA sets a framework for securing all federal government systems by developing security standards and methods for measuring the effectiveness of those security standards. This audit will focus on the status of the DOL Information Security Program in implementing an effective framework to secure DOL information systems.

OASAM

Discretionary Audits

Information Technology (IT) System Modernization Review Across the Department. IT modernization across the Department is critical to preventing security breaches, excessive costs, missed deadlines, and low-quality IT products and services. DOL has struggled to modernize IT systems, largely allocating resources to maintaining older technologies, rather than to adopting modern technologies. This can result in greater security deficiencies in high-risk areas. Our audit will focus on the Chief Information Officer’s (CIO’s) management of IT modernization efforts across the Department, to include software integration, legacy systems, and shared services.

DOL’s Use of Suspension and Debarment. The Department must operate an effective suspension and debarment program to ensure government contracts, grants, and cooperative agreements are only awarded to responsible parties. Suspensions and debarments are vital tools to protect taxpayers from

OIG FY 2020 Audit Workplan

companies and individuals who engage in dishonest or illegal conduct, or who are otherwise unable to satisfactorily perform their responsibilities. Since 2009, the Department has reported 13 suspensions and 42 debarments. This audit will focus on how effectively the Department has used suspensions and debarments to protect the integrity of its procurement and assistance awards.

Effectiveness of DOL’s Information Technology Governance. DOL spends approximately \$730 million annually on a portfolio of information technology assets that support the operation and management of its programs, but has a history of undertaking IT projects that missed deadlines, went over budget, or did not meet the needs of stakeholders. Additionally, DOL’s information security program has been found to contain deficiencies in critical high-risk areas and security. These issues can be partially attributed to the authority of DOL’s CIO, who had not been elevated to an adequate level to carry out required duties, as cited for many years in previous OIG audits. In 2018, Executive Order 13833 required federal CIOs to report directly to their agency heads. This audit will focus on DOL’s implementation of an IT governance framework, including the authority and independence of the CIO and DOL’s compliance with Executive Order 13833.

Physical Security—In Progress. Security of federal facilities affects the safety of federal employees and the public, as well as the daily operations of the federal government. Several incidents, such as the 2015 fatal shooting at the Varick Street federal building in New York City, have exposed threats to safety that federal facilities, employees, and the public continue to encounter. This ongoing audit is focused on the sufficiency and consistency of the security protections at DOL facilities across the country.

Office of the Chief Financial Officer (OCFO)

Mandatory Audits

DOL Consolidated Financial Statements Audit—Annual. We will determine if DOL’s consolidated financial statements present fairly, in all material respects, the financial position of DOL as of September 30, 2020. We will consider DOL’s internal controls over financial reporting and test DOL’s compliance with applicable laws, regulations, contracts, and grant agreements that have a direct and material effect on the consolidated financial statements.

Review of DOL’s Improper Payment Reporting in the Annual Financial Report—Annual. In FY 2018, the UI program and the Federal Employees’ Compensation Act (FECA) reported outlays of \$28.7 billion and \$3.0 billion respectively, with estimated improper payment rates of 13.05 percent and 2.4 percent, respectively. Based on the Department’s risk assessments, the UI and FECA programs continue to be considered the most susceptible to improper payments of all DOL programs. This audit will determine if DOL complied with the Improper Payments Information Act, as amended, which requires DOL to (1) conduct a program-specific risk assessment for each required program or activity, (2) publish and meet annual reduction targets for each program assessed to be at risk for improper payments, and (3) report information on its efforts to recapture improper payments.

OIG FY 2020 Audit Workplan

The Digital Accountability and Transparency Act of 2014 (DATA Act) Audit. The DATA Act requires federal agencies to report spending data per government-wide data standards developed by the Office of Management and Budget (OMB) and the Department of Treasury. Under this Act, it is critical that the Department report accurate and reliable spending data so taxpayers and policy makers understand how the Department is spending its funds. This mandatory audit will determine the completeness, timeliness, accuracy, and quality of the data submitted by the Department for publication on USASpending.gov, and the extent the Department has implemented and used the data standards established by OMB and Treasury.

OCFO

Discretionary Audit

Working Capital Fund—In Progress. The Department’s working capital fund is intended to provide increased efficiencies in how the Department funds and offers shared services, such as payroll, telecommunications, accounting, mail, and publications. The money for DOL’s working capital fund comes annually from the Department’s component agencies that utilize the shared services, and amounted to more than \$300 million in FY 2017. This ongoing audit will determine if Working Capital Fund activities were appropriate, and if costs were supported and properly allocated to DOL agencies.

Office of Workers’ Compensation Programs (OWCP)

Mandatory Audits

Report Relating to the FECA Special Benefit Fund—Annual. We will determine whether: 1) the Schedule of Actuarial Liability, Net Intra-Governmental Accounts Receivable, and Benefit Expense was fairly presented for the year ending September 30, 2020; and 2) internal controls over financial reporting related to the Schedule were in compliance with laws and regulations that could have a direct and material effect on the Schedule.

Longshore and Harbor Workers’ Compensation Act (LHWCA) Special Fund— Annual. We will determine if DOL’s LHWCA Special Fund financial statements presented fairly, in all material respects, the financial position of the LHWCA Special Funds as of September 30, 2019.

District of Columbia Workmen’s Compensation Act (DCCA) Special Fund Financial Statement Audits—Annual. We will determine if DOL’s DCCA Special Fund financial statements presented fairly, in all material respects, the financial position of the DCCA Special Funds as of September 30, 2019.

FECA Statement on Standards for Attestation Engagements (SSAE) No. 18— Annual. We will determine if DOL’s Integrated Federal Employees’ Compensation System transaction processing for application and general controls, as described in the report, were fairly presented, suitably designed, and effectively operating for the period October 1, 2019, through June 30, 2020.

OIG FY 2020 Audit Workplan

OWCP

Discretionary Audits

Energy Employees Occupational Illness Compensation Program – Delay in Claims Processing.

Since it was enacted in October 2000, OWCP has paid more than \$15 billion in compensation and medical benefits to claimants under the Energy Employees Occupational Illness Compensation Program Act. Many claimants and some members of Congress have recently reported delays and inconsistencies in processing claims, and questioned OWCP's rationale for denying claims. This audit will determine if OWCP processed claims timely and issued consistent justifications when claims were denied.

OWCP Durable Medical Equipment. OWCP paid a total of \$45 million in benefits for durable medical equipment during FY 2017 and FY 2018. Insufficient controls and overpayments for durable medical equipment have been known problems within the FECA program, and have led us to question how the overall program is managed by OWCP. This audit will focus on OWCP's controls over improper payments for durable medical equipment.

Energy Employees' Home Healthcare Costs. Since the inception of the Energy Employee Occupational Illness Compensation program, OWCP has reported \$3 billion in home healthcare costs, from a total \$5 billion in medical benefits paid to claimants. The Department has expressed concern regarding the potential for providers to exploit home healthcare benefits through unauthorized or unnecessary billings. This audit will assess: 1) the policies and controls in place to prevent questionable billings and address improper payments; and 2) the potential for fraud, waste, and abuse in home healthcare.

Wage and Hour Division (WHD)

Discretionary Audits

WHD Enforcement—In Progress. WHD enforces laws that provide more than 143 million workers with minimum wage, overtime pay, migrant and seasonal protections, prevailing wages on government-funded contracts, and other wage protections. To complement its enforcement efforts, WHD uses a variety of methods to help employers understand their labor responsibilities, such as opinion letters, compliance videos, outreach events, and compliance partnerships. This audit will focus on how WHD has met its enforcement requirements and leveraged its resources between compliance assistance and enforcement activities.

Tip Rule—In Progress. The Department published a Notice of Proposed Rulemaking (NPRM) to rescind portions of its tip regulations issued pursuant to the Fair Labor Standards Act. The NPRM proposed removal of the regulatory limitation on an employer's ability to pool the monetary tips received by employees, such as those in the food service industry. The Department issued the NPRM with a qualitative analysis instead of a quantitative analysis of the impact the NPRM may have on workers and businesses. Our ongoing review examines whether DOL followed a sound process when performing the economic analysis for the proposed tip rule change.

OIG FY 2020 Audit Workplan

Multi-Agency

Mandatory Audits

Charge Card Risk Assessment—Annual. The Government Charge Card Abuse Prevention Act of 2012 was designed to prevent recurring waste, fraud, and abuse of government charge cards, and requires agencies to implement safeguards and internal controls to reduce these risks. This audit will determine if DOL has established controls over its purchase and travel card programs to prevent and detect illegal, improper, or erroneous purchases and payments.

Single Audit Compliance, Quality Control Reviews of Single Audit Reports—Annual. We will determine if selected independent auditors complied with the requirements of the Single Audit Act and if there is a need for any follow-up work.

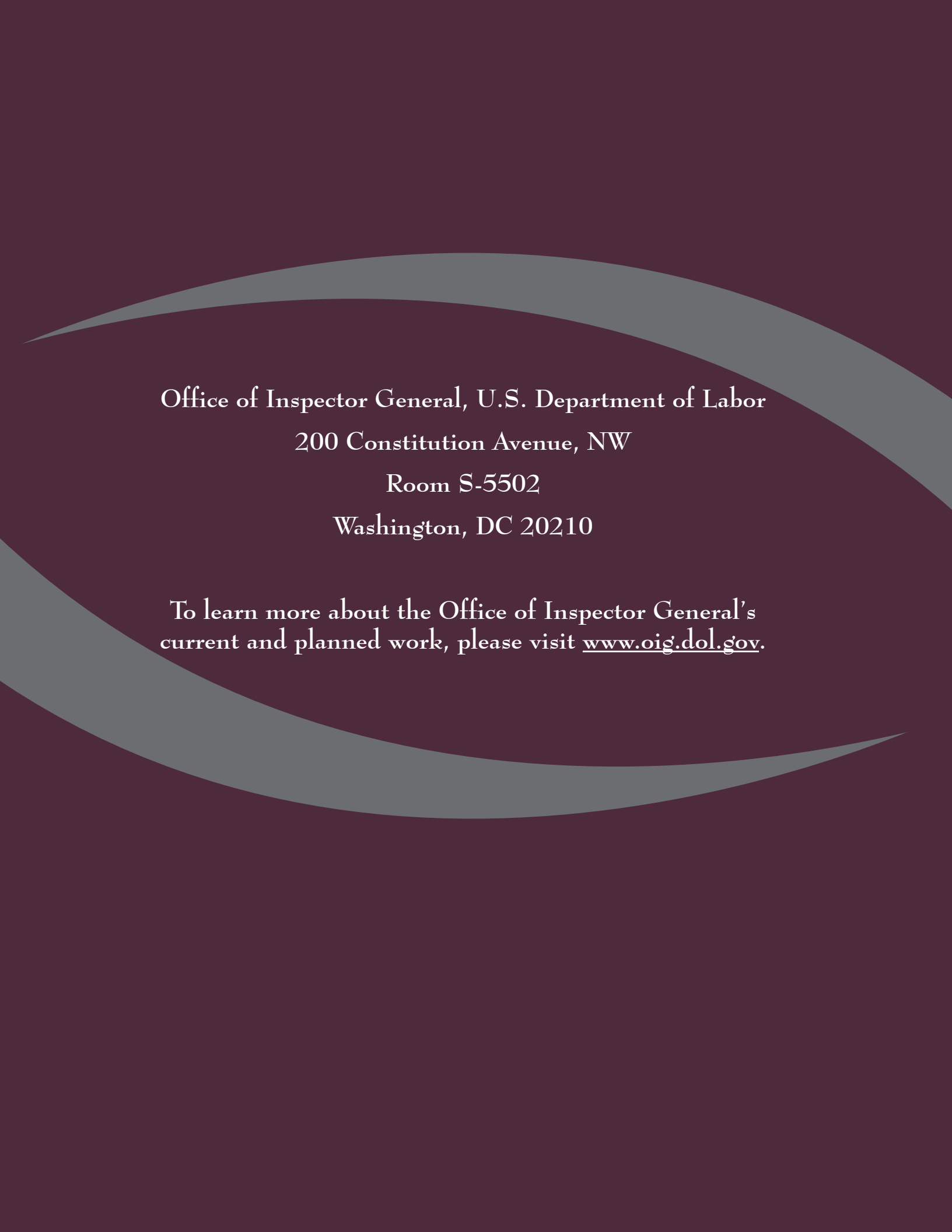
Single Audit Compliance, Desk Reviews of DOL Grantee Reports Referred by the Federal Audit Clearinghouse—Annual. We will perform desk reviews of single audit reports submitted to the Federal Audit Clearinghouse to determine whether: 1) the independent auditor's report, Schedule of Findings and Questioned Costs, Schedule of Expenditures of Federal Awards, and corrective action plans were acceptable; 2) issues identified in the reports require follow-up audit work; 3) a quality control review should be conducted; and 4) other issues identified in the report should be brought to the attention of the appropriate DOL funding agency or agencies.

Multi-Agency

Discretionary Audits

Vulnerabilities in Foreign Labor Program. DOL is responsible for reviewing certification and prevailing wage forms before submitting them to other agencies for visa issuance. DOL also enforces H-1B, H-2B, and PERM program requirements by conducting investigations when it receives complaints meeting certain criteria. In 2003, OIG issued a white paper identifying vulnerabilities in Foreign Labor Certification programs. Since the white paper was issued, subsequent OIG and GAO audits and investigations have confirmed vulnerabilities still exist. We will conduct this study to assess and update current vulnerabilities.

DOL's Use of Debarment in Foreign Labor Certification Programs—In Progress. DOL works to ensure the admission of foreign workers to work in the U.S. will not adversely affect the job opportunities, wages, and working conditions of U.S. workers. Labor certification duties are performed through the Employment and Training Administration's (ETA) Office of Foreign Labor Certification. Alongside ETA, DOL's Wage and Hour Division conducts investigations to identify and enforce actions, including debarment, against any applicant who violates program rules. A broader effort to confront entities committing visa program fraud and abuse, and part of that process would may include ETA/WHD/OIG investigation outcomes that potentially identify any H-1B, H-2A, H-2B, and PERM employers that should be debarred. Our ongoing review focuses on whether DOL's debarment process holds H-1B, H-2B, H-2A and PERM employers accountable for violating laws and policies to ensure U.S. workers, foreign workers, and employers who followed laws and regulations are protected.



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