



# Office of Audit Workplan

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



Fiscal Year 2017

# Message from the Assistant Inspector General for Audit

I am pleased to provide the Office of Inspector General's (OIG) Audit Workplan for Fiscal Year (FY) 2017. We prepared this workplan to inform Department of Labor (DOL) agencies and Congress of audits that will be completed or initiated in FY 2017. These audits are presented by DOL agency and then further broken down into mandatory and discretionary audits. This workplan does not include unanticipated work that will come from legislative mandates, Congressional requests, DOL requests, or emerging programmatic issues.

Mandatory audits are those required by law or regulation. For example, the *Chief Financial Officers Act* requires an annual audit of DOL's financial statements, which is our largest mandatory audit. Other mandatory audits relate to DOL's mission-critical information systems and the Job Corps program.

After we commit resources to all mandatory audits, we use our remaining funds for discretionary audits. We decide which discretionary audits to conduct based on risk and potential impact on DOL's mission and goals. Additionally, we respond to allegations of fraud, waste, and abuse from various sources.



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Assistant Inspector General for Audit  
U.S. Department of Labor

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# U.S. Department of Labor

## Office of Inspector General

### Office of Audit

### FY 2017 Workplan

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#### **Office of Audit**

The Office of Audit conducts audits and reviews to determine if: 1) DOL efficiently utilizes its resources; 2) DOL programs achieve their intended results; and 3) DOL programs and operations comply with applicable laws and regulations.

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#### **DOL Agencies**

DOL consists of 28 agencies involving many major programs. DOL administers and enforces more than 180 federal laws and thousands of federal regulations that cover workplace activities for about 10 million employers and 125 million workers.

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#### **FY 2017 Workplan**

The FY 2017 Audit Workplan is presented by DOL agency and then further broken down into mandatory and discretionary audits in the sections that follow.

# FY 2017 Audit Workplan

Bureau of Labor Statistics  
(BLS)

## Discretionary Audits

**BLS Current Employment and Current Population Surveys—In Progress.** We will continue our work to determine if the Current Employment and Current Population Surveys (2 of 38 national Principal Federal Economic Indicators) comply with Office of Management and Budget Standards and Guidelines for Statistical Surveys.

Employee Benefits Security Administration  
(EBSA)

## Discretionary Audits

**EBSA Oversight of the Thrift Savings Plan—In Progress.** We will continue our work to determine if EBSA has been conducting adequate oversight of the Thrift Savings Plan.

**Plan Administrator Fidelity Bonding.** We will determine if EBSA exercised sufficient oversight of bonding requirements for plan administrators and if the minimum bond requirements adequately protect plan assets.

## Employment and Training Administration (ETA)

### Mandatory Audits

#### Job Corps

**Integrity of Center Information System Data.** We will determine if Job Corps has effective controls in place to ensure the integrity and reliability of performance metrics and student data processed within its Center Information System.

**Center Operator Risk Mitigation.** We will determine if Job Corps and ETA effectively evaluated and managed risks associated with a high concentration of Job Corps centers operated by a small number of contracted-center operators. We will also determine if there have been differences in performance trends between long-time Job Corps center contracted-center operators and those that are relatively new.

**Review of Job Corps Center Safety—In Progress.** We will continue our work reviewing Job Corps' actions in response to potentially serious criminal misconduct, physical security at Job Corps centers, and Job Corps' efforts to prevent or mitigate violence and other serious crimes at its centers.

**Bona Fide Needs Rule—In Progress.** We will continue our work to determine if ETA's use of unexpended Job Corps funds made available for program years 2011, 2012, and 2013 complied with section 1502(a) of title 31, United States Code, commonly known as the bona fide needs rule.

**Integrity of Student Testing and Reported Results—In Progress.** We will continue our work to determine if Job Corps exercised effective oversight of the integrity of student testing performed at Job Corps centers and the reliability of reported results.

**Job Corps Participant Placement in Jobs and Advanced Education—In Progress.** We will continue our work to determine if Job Corps improved the employability of its participants by evaluating the status of participants prior to enrolling in Job Corps, the training they received, initial job placements, and job retention. We will also continue our work to determine if placement data reported by Job Corps and its contractors were accurate and reliable.

## Discretionary Audits

### ETA Grant Programs

**WIOA Implementation Readiness Review.** We will assess ETA's readiness to implement program changes, as required by the Workforce Innovation and Opportunity Act (WIOA). The work will be limited to WIOA Title I (Adult, Dislocated Worker, or Youth Formula programs).

**Reintegration of the Ex-Offenders (RExO) Program.** We will determine if RExO Program grantees met performance goals, spent funds properly, and provided appropriate services to participants. We will also determine if different levels and duration of services had an impact on post-program employment and recidivism.

**Local Workforce Investment Boards—In Progress.** We will continue our work to determine if Local Workforce Investment Boards provided training and other services to Adult and Dislocated Worker participants and local employers that improved the quality of the local workforce.

**H-1B Technical Skills Grants—In Progress.** We will continue our work to determine if grantees' training led to participants receiving and retaining employment in an industry or occupation for which employers are using H-1B visas to hire foreign workers. We will also determine if grantees claimed costs that were allowable, allocable, and in accordance with their grant agreements.

**YouthBuild Participant Placement in Jobs and Education—In Progress.** We will continue our work to determine if YouthBuild improved the employability of its participants. We will also evaluate if placement data reported by YouthBuild and its grantees were accurate and reliable.

**Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grant Program—In Progress.** We will continue our work to determine if the TAACCCT program (\$2 billion awarded from FY 2011 through FY 2014) developed, expanded, and improved 2-year-or-less education and training programs so participants could obtain the skills, degrees, and credentials needed to prepare them for employment in high-wage and high-skill occupations.

**Experience Works, Inc., Senior Community Service Employment Program (SCSEP) Grant—In Progress.** We will continue our work to determine whether expenses charged to the SCSEP grant by Experience Works, Inc., were allowable, necessary, and prudent.

## **Foreign Labor Certification (FLC) Program**

**Debarment Use in Foreign Labor Programs.** We will determine if the Office of Foreign Labor Certification's (OFLC) debarment process holds companies that violated laws and policies accountable for their actions.

**H-2B Prevailing Wage and Processing Backlog.** We will determine if OFLC processed prevailing wage determinations timely, and if the application review process improved to eliminate the backlog.

**H-1B Application Review and Oversight Process.** We will determine if OFLC's H-1B application review process and oversight of employers' self-attestations sufficiently protected American workers' jobs, wages, and working conditions.

**ETA Management of Permanent Labor Certification Program (PERM) Applications Review—In Progress.** We will continue our work to determine if ETA properly managed the PERM program.

## **Unemployment Insurance Program (UI)**

**Detecting UI Recipients Who Have Returned to Work, but Continue to Collect Benefits.** We will assess selected states' efforts to reduce UI improper payments caused by recipients continuing to claim benefits after returning to work.

**Modernization of States' Unemployment Insurance (UI) Information Technology (IT) Systems.** We will determine if states used UI IT modernization funds as intended.

**Inappropriate Federal Unemployment Tax Act (FUTA) Tax Credits to Employers Who Underpay State Unemployment Insurance Taxes.** We will determine the impact on federal funds of FUTA tax credits given to employers that engage in tax avoidance schemes.

**Effectiveness of the State Information Data Exchange System (SIDES) in Reducing UI Improper Payments—In Progress.** We will continue our work to determine if implementation of SIDES reduced UI improper payments.

**State Unemployment Tax Act (SUTA) Avoidance—In Progress.** We will continue our work to determine if states identified employers that attempted to evade state unemployment taxes through SUTA dumping or misclassified employees, and if penalties states levied against these employers discouraged such practices.

**UI Reemployment and Eligibility Assessments (REA)—In Progress.** We will continue our work to determine if the REA program has assisted UI beneficiaries' return to employment.

## International Labor Affairs Bureau (ILAB)

### Discretionary Audits

**ILAB Child Labor, Forced Labor, and Human Trafficking Program—In Progress.** We will continue our work to determine if grantees who received funds to curb child labor activities used the funds effectively.

## Mine Safety and Health Administration (MSHA)

### Discretionary Audits

**MSHA Mine Emergency Operations.** We will determine if MSHA had an effective strategy to staff, equip, and train MSHA personnel for mine emergency response operations.

**Vacating Violations.** We will determine if MSHA had adequate controls over issued citations and orders.

**MSHA Civil Monetary Penalties—In Progress.** We will continue our work to determine if MSHA effectively used available data to ensure civil monetary penalties assessed against mine operators served as a deterrent to unsafe mine working conditions.

## Occupational Safety and Health Administration (OSHA)

### Discretionary Audits

**Risk-Based Targeting.** We will review how OSHA uses data to target its compliance assistance and enforcement resources on the highest hazard states, industries, and occupations.

**Severe Injury Reporting.** We will review how OSHA implemented the relatively new Severe Injury Reporting Program, and determine if the program enhanced OSHA's ability to target resources to save lives and prevent further injury and illness.

**OSHA Rulemaking Process—In Progress.** We will continue our work to determine if OSHA established and followed appropriate procedures for issuing guidance documents as supplements to existing OSHA standards and requirements.

### Office of Administrative Law Judges (OALJ)

#### Discretionary Audits

**OALJ Black Lung Case Management—In Progress.** We will continue our work to determine if OALJ was appropriately resourced, and if its systems and processes ensured resources were effectively used to reduce its case backlog.

### Office of Federal Contract Compliance Programs (OFCCP)

#### Discretionary Audits

**OFCCP Enforcement of Federally-Funded Construction Contracts—In Progress.** We will continue our work to determine if OFCCP's policies and procedures for enforcing equal employment opportunity requirements over federal or federally-funded construction contracts are adequate.

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

### Mandatory Audits

**Federal Information Security Management Act Audits—Annual.** We will determine if DOL's management ensured the security and privacy of DOL's information contained in agency computer systems and if required security controls were operating effectively.

### Discretionary Audits

**DOL Suspension and Debarment Program.** We will determine if DOL has an effective suspension and debarment program.

**Fleet Management.** We will determine if DOL adequately manages its fleet operations.

**Grant Closeout.** We will perform a risk assessment of DOL's grant closeout process.

**Effectiveness of DOL's Management of Mobile Telecommunications Services and Devices.—In Progress.** We will continue to determine if DOL effectively managed its acquisition and oversight of mobile telecommunications services and devices, including security.

**DOL Physical Security—In Progress.** We will continue to determine if physical security at DOL-owned and leased facilities safeguards its occupants.

**Application Software Security—In Progress.** We will continue our work to determine if DOL has taken adequate measures to secure its public web sites.

**DOL Acquisition Planning—In Progress.** We will continue our work to determine if DOL developed and implemented an effective acquisition planning process.

**DOL's Cloud Implementation Process—In Progress.** We will continue our work to determine if DOL's cloud implementation process met federal guidance and requirements and if DOL has effectively managed its cloud solutions.

**FY 2015 IT Exemptions—In Progress.** We will continue our work to determine if DOL's IT exemption process ensured system risks were identified, assessed, tracked, and monitored.

## Office of the Chief Financial Officer (OCFO)

### Mandatory Audits

**DATA Act Audit.** We will determine if DOL complied with the DATA Act, which identified requirements for agencies, including DOL, to make publicly available their spending data.

**DOL Consolidated Financial Statements Audit—Annual.** We will determine if DOL's consolidated financial statements presented fairly, in all material respects, the financial position of DOL as of September 30, 2016. We will consider DOL's internal controls over financial reporting and test DOL's compliance with applicable laws, regulations, contracts, and grant agreements that could have a direct and material effect on the consolidated financial statements.

**Review of DOL's Improper Payment Reporting in the Annual Financial Report—Annual.** We will determine if DOL complied with the *Improper Payments Information Act, as amended*, which required 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.

### Discretionary Audits

**Enterprise Risk Management (ERM) Readiness Review.** We will assess DOL's readiness to comply with ERM requirements described in OMB Circular A-123.

**DOL Working Capital Fund—In Progress.** We will continue our work to determine if DOL effectively administered the Working Capital Fund, including its cost allocation methodologies.

## Office of Workers' Compensation Programs (OWCP)

### Mandatory Audits

**FECA Special Benefit Fund—Annual.** We will determine if: 1) the Schedule of

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Actuarial Liability, Net Intra-Governmental Accounts Receivable, and Benefit Expense was fairly presented for the year ending September 30, 2016; 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 statement presented fairly, in all material respects, the financial position of the LHWCA Special Funds on September 30, 2016.

**District of Columbia's Workmen's Compensation Act (DCCA) Special Fund**

**Financial Statement Audits—Annual.** We will determine if DOL's DCCA Special Fund financial statement presented fairly, in all material respects, the financial position of the DCCA Special Funds on September 30, 2016.

### **Discretionary Audits**

**OWCP Bill Pay Edits.** We will determine if OWCP implemented edit checks to the medical bill payment systems.

**OWCP Oversight of Pharmaceutical Costs and Compounding Medications—In Progress.**

We will continue our work reviewing OWCP's management of pharmaceutical costs in its compensation programs.

**OWCP Second Opinion and Referee Medical Exams—In Progress.** We will continue our work to review OWCP's processes for selecting medical examiners and its management and oversight of related contracts.

### **Wage and Hour Division (WHD)**

### **Discretionary Audits**

**WHD Inspection Process for Complaints.** We will determine if WHD processed and investigated complaints effectively and timely.

**Davis-Bacon Prevailing Wages Survey Accuracy and Timeliness—In Progress.**

We will continue our work to determine if WHD: 1) issued prevailing wage determinations that were current and accurate; and 2) adequately monitored the survey process to ensure performance goals were met.

## Multi-Agency

### Mandatory Audits

**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 that are referred to us by the Federal Audit Clearinghouse. We will determine if: 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.