



# Office of Audit Workplan

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


Frances Perkins  
Building



United States  
Department  
of Labor

200  
Constitution Avenue NW

Visitor's Entrance at 3rd and C Street NW

 Accessible Entrance at 3rd and C Street NW

Fiscal Year 2015



# 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) 2015. We prepared this workplan to inform Department of Labor (DOL) agencies of our annual, ongoing, new, and planned audits we decided to carry forward to FY 2015. 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.

We are required to conduct mandatory audits 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 fund all mandatory audits, we use our remaining resources 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, including state and federal program managers and private citizens.



Elliot P. Lewis  
Assistant Inspector General Audit  
U.S. Department of Labor

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# U.S. Department of Labor Office of Inspector General Office of Audit FY 2015 Workplan

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## Office of Audit

The Office of Audit conducts audits 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. Major program agencies include: the Bureau of Labor Statistics, the Employment and Training Administration, the Occupational Safety and Health Administration, the Mine Safety and Health Administration, the Wage and Hour Division, and the Employee Benefits Security Administration. 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 2015 Workplan

The FY 2015 Audit Workplan is presented by DOL Agency and then further broken down into mandatory and discretionary audits in the sections that follow.

# FY 2015 Audit Workplan

## Bureau of Labor Statistics (BLS) Discretionary Audits

**BLS Current Employment and Current Population Surveys—Brought Forward.** We will determine if the Current Employment and Current Population Surveys, 2 of 38 national Principal Federal Economic Indicators, comply with OMB Standards and Guidelines for Statistical Surveys.

## Employee Benefits Security Administration (EBSA) Discretionary Audits

**Small Plan Audit Waivers—In Progress.** We are evaluating EBSA's administration of the Small Plan Audit Waiver Program to determine if EBSA has provided sufficient guidance and oversight of unaudited small plans, particularly with respect to financial disclosures and qualified investments.

**EBSA's Oversight of Employee Benefit Denial of Claims—In Progress.** We are identifying EBSA's process for collecting and evaluating information about the denial of participant benefit claims and how it utilizes this information to protect plan participants from wrongful denials.

**EBSA's Responses to Employee Retirement Income Security Act (ERISA) Advisory Council Recommendations—New.** We will identify and analyze EBSA's responses to recommendations it received from the ERISA Advisory Council over the last several years.

**Plan Administrator Fidelity Bonding—New.** We will determine if plan administrators are appropriately bonded and if the minimum bond requirement sufficiently protects plan assets.

## Employment and Training Administration (ETA) Mandatory Audits

### Job Corps

**Job Corps Center Safety—In Progress.** We are determining if Job Corps ensured its centers properly handled student misconduct by notifying police when necessary, holding required disciplinary review panels, and reporting accurate and reliable misconduct statistics.

**Job Corps Participant Placement in Jobs and Advanced Education—In Progress.** We are determining 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, their initial job placements, and their job retention. We are also determining if placement data reported by Job Corps and its contractors was accurate and reliable.

**Job Corps National Call Center—In Progress.** We will continue our efforts to determine if ETA properly awarded a national contract and if related claimed costs were allowable.

**Office of Job Corps National Training Contractor Claimed Costs—Brought Forward.** We will determine if costs submitted by Job Corps' national training contractors were supported and allowable and if the claimed cost process was adequate to ensure compliance with the Federal Acquisition Regulation (FAR).

**Integrity of Student Testing and Reported Results—Brought Forward.** We will determine if Job Corps ensured the integrity of student testing performed at Job Corps centers and the reliability of reported results.

## ETA Discretionary Audits

### ETA Grant Programs

**Workforce Investment Act (WIA) Local Workforce Investment Boards (LWIBs)—In Progress.** LWIBs provide workforce investment services to adults, dislocated workers, and youth per WIA requirements. We have selected some LWIBs and are reviewing their management of WIA funds and their reporting of performance results to ETA.

**National Emergency Grants (NEG)—In Progress.** We will continue this two-phase audit of NEGs by completing our work on Superstorm Sandy grants. We are



## FY 2015 Workplan

determining if ETA followed established policies when awarding NEG funds, including reviewing available WIA formula funds.

**Recovery Act: Grants to Colleges—In Progress.** We will continue our work to determine if: 1) participants received help to access a career pathway that allowed for future advancement; and 2) costs claimed were in accordance with the grant agreement.

**National Farmworker Jobs Program (NFJP)—New.** We will determine if costs submitted by NFJP grantees were supported, allowable, and complied with OMB Cost Principles.

**H-1B Technical Skills Grants—New.** ETA awarded \$183 million in H-1B Technical Skills public private partnership grants to 43 grantees. We will determine if grantees claimed costs per their grant agreements and if grantees provided training that led to new technology-related or highly-skilled employment opportunities.

**YouthBuild Participant Placement in Jobs and Education—New.** We will determine if YouthBuild improved the employability of its participants by evaluating: the status of participants prior to enrolling in the program, the training they received, their job placements, and job retention. We will also evaluate if placement data reported by YouthBuild and its grantees was accurate and reliable.

**Trade Adjustment Assistance Community College and Career Training (TAACCCT) Program—New.** During FY 2011 through FY 2014, ETA awarded discretionary TAACCCT grants totaling nearly \$2 billion. We will determine if correlations exist between training length, training quality, credential attainment, and post-program employment.

## Foreign Labor Certification Program

**ETA Management of Permanent Labor Certification Program (PERM) Applications Review—In Progress.** We will continue our work to assess the effectiveness of ETA's internal controls over the PERM application approval process by determining if certified applications were complete and accurate.

## Unemployment Insurance Program (UI)

**Unemployment Compensation for Federal Employees (UCFE) and Ex-Service Members (UCX)—In Progress.** UCFE and UCX provide UI for eligible former civilian federal employees and former members of the armed services, respectively. The states operate these programs under a grant from the federal government. We are determining if ETA ensured states paid UCFE and UCX benefits only to those who were eligible.

## FY 2015 Workplan

**UI Reemployment and Eligibility Assessments (REA)—In Progress.** During FY 2012, DOL awarded REA grants to 40 states, totaling \$65.5 million. With these funds, states should have conducted eligibility assessments to support the development of reemployment plans and to refer individuals to reemployment services. We are determining if states have properly implemented the REA program and if the REA program has assisted UI beneficiaries return to employment.

**Recovery Act: Effectiveness of State Workforce Agencies (SWAs) in Recovering Unemployment Insurance Improper Payments—In Progress.** We are determining if SWAs have effective internal controls to detect, reduce, and report the recovery of unemployment insurance improper payments funded by the Recovery Act.

**SWAs' Use of Funds for Modernizing Information Technology Systems—New.** We will determine if SWAs have used federal funds for Information Technology Modernization to improve UI program integrity and reduce improper payments.

**State Unemployment Tax Act (SUTA) Dumping—New.** We will determine if states have been identifying employers that attempted to evade state unemployment taxes through SUTA dumping and if penalties states levied against these employers have discouraged the practice.

### International Labor Affairs Bureau (ILAB)

#### Discretionary Audits

**ILAB Child Labor, Forced Labor, and Human Trafficking Program—New.** We will determine if grantees who received funds to curb child labor activities used the funds as intended.

### Mine Safety and Health Administration (MSHA)

#### Discretionary Audits

**MSHA Response to Hazardous Condition Complaints—New.** We will determine if MSHA has received, logged, assessed, and responded to hotline complaints of hazardous mine conditions in accordance with MSHA policies.

**MSHA Use of Spot Inspections—New.** We will determine if MSHA used spot inspections to potentially trigger expanded inspections or additional enforcement strategies.

**MSHA Emergency Response Plans—Brought Forward.** We will determine if MSHA provided appropriate review and oversight of emergency response plans that underground coal mine operators were required by law to submit.

### Occupational Safety and Health Administration (OSHA) Discretionary Audits

**OSHA Whistleblower Protection Programs (WPP)—In Progress.** We will continue our efforts to determine if OSHA conducted sufficient, complete, and timely WPP investigations; and if OSHA adequately and timely communicated whistleblower-reported employer violations to OSHA's Directorate of Enforcement or other federal agencies with jurisdiction to investigate such matters.

**OSHA's Usage of National Emphasis Programs (NEPs) and Local Emphasis Programs (LEPs)—In Progress.** OSHA uses its National and Local Emphasis Programs to target high-hazard industries associated with severe injuries and fatalities. We are determining the extent results from NEPs and LEPs were analyzed and used to impact working conditions in targeted high-hazard industries.

**OSHA Voluntary Protection Program (VPP)—In Progress.** We will continue our efforts to determine if OSHA implemented effective processes within the VPP to timely follow up on worker fatalities and catastrophes that VPP participants experienced.

**OSHA Enforcement and Inspections at DOL-owned Job Corps Centers—New.** We will determine if OSHA properly conducted inspections and then properly utilized available enforcement resources if it found violations at DOL-owned Job Corps Centers.

**Adequacy and Timeliness of Abatement Verification—Brought Forward.** Federal OSHA abatement verification regulations require employers to submit documents demonstrating that abatement has been completed for each willful or repeat violation, and for any serious violation where OSHA indicated such abatement documentation was required. OIG will determine if OSHA properly conducted timely abatement verification of safety or health violations cited during inspections.

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

**Federal Information Security Management Act (FISMA) Audits—Annual.** FISMA requires each federal agency to develop, document, and implement an agency-wide program to provide security for its information and information systems. Each year, OIG

## FY 2015 Workplan

determines if DOL's information security program, policies, and practices for major information systems implemented required security controls; and if DOL's oversight and monitoring ensured the security and privacy of information contained in agency computer systems.

**Independent Verification and Validation of Agency Remediation—Annual.** We will continue our work to determine if DOL agencies: 1) took appropriate and timely action to remediate identified security weaknesses, and 2) used "Plans of Action and Milestones" to schedule and check the progress of remediation actions.

**The Digital Accountability and Transparency Act of 2014 (Data Act)—Mandatory.** We will determine if the reported DOL spending data was complete, accurate, timely, and in accordance with established federal data standards.

### OASAM

#### Discretionary Audits

**Purchase Card—In Progress.** We are determining if DOL has established and implemented an effective system of internal controls over the use of federal purchase cards.

**DOL Conference Spending—In Progress.** We are determining if DOL has established adequate controls to ensure compliance with federal and DOL requirements for conference costs approval and reporting.

**DOL's Cloud Implementation Process—In Progress.** We are determining if DOL's cloud implementation process met federal guidance and requirements and if the Chief Information Officer has been effectively managing DOL's cloud solutions.

**DOL Acquisition Planning—Brought Forward.** We will determine if DOL has developed and implemented an effective acquisition planning process.

### Office of the Chief Financial Officer (OCFO)

#### Mandatory Audits

**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, 2014, and September 30, 2013. 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 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.

### Office of Workers' Compensation Programs (OWCP) Mandatory Audits

**Federal Employees' Compensation Act (FECA) Special Benefit Fund—Annual.** We will determine if: 1) the Schedule of Actuarial Liability, Net Intra-Governmental Accounts Receivable, and Benefit Expense were fairly presented for the year ending September 30, 2015; and 2) the 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 and District of Columbia's Workmen's Compensation Act (DCCA) Special Fund Financial Statement Audits—Annual.** We will determine if DOL's LHWCA Special Fund and the DCCA Special Fund financial statements presented fairly, in all material respects, the financial position of the LHWCA and DCCA Special Funds on September 30, 2015, and September 30, 2014.

### OWCP Discretionary Audits

**Federal Black Lung Program—In Progress.** We will continue our efforts to determine if DOL can improve the efficiency and effectiveness of its black lung benefit claim determination and appeals processes.

**FECA Case Management—In Progress.** OWCP administers FECA, which provides benefits to all federal civilian employees and their eligible survivors for injuries sustained on the job. Working with the Department of Veterans Affairs (VA) OIG, we will continue to analyze the effectiveness of VA's and OWCP's FECA program management and cost controls for processing VA's FECA claims.

**FECA Legal Fees—In Progress.** Legislation and regulations require an attorney or other claimant representative to submit a fee application for approval to OWCP and the Employee Compensation Appeals Board (ECAB) for services rendered when representing a FECA claimant to OWCP and ECAB officials. We will continue our work

to determine if legal fee petitions for represented claimants were filed as required and to what extent OWCP and ECAB addressed any non-compliance.

### **The Energy Employees Occupational Illness Compensation Program Act**

**(EEOIC)—New.** EEOIC provides home health care benefits to workers who became ill at certain Department of Energy facilities that developed nuclear weapons. We will determine: (1) if OWCP's monitoring of the billing process can be improved; (2) best practices used by other federal health care programs to ensure home health care providers charge reasonably for needed services; and (3) if OWCP has the tools to use current legislation and regulations to control home health care provider costs.

**FECA Benefits Cross Match—New.** Legislation prohibits FECA claimants from receiving both FECA wage-loss compensation and other benefits, such as federal retirement or wages. We will conduct a study to determine the viability of identifying FECA overpayments by cross matching FECA benefits to various benefit and wage databases, including Office of Personnel Management retirement benefits data, Improper Payment Act prison records, and New Hire National and State databases.

## **Veterans' Employment and Training Service (VETS)**

### **Discretionary Audits**

#### **Implementation of the Veterans Retraining Assistance Program (VRAP)—In**

**Progress.** We will continue our efforts to determine if VETS: 1) established controls for ensuring veterans' eligibility, 2) identified high-demand occupations for training, and 3) informed veterans of job placement services.

**Jobs for Veterans State Grant Financial Reporting—In Progress.** We will continue our efforts to determine the adequacy of VETS' controls over: 1) reporting program expenditures; 2) monitoring obligation authority; 3) retaining supporting documentation; and 4) recording costs of the Disabled Veterans' Outreach Program (DVOP), the Local Veterans' Employment Representative Program (LVER), and the Transition Assistance Program (TAP).

#### **VETS Processing of Uniformed Services Employment and Reemployment Rights**

**Act (USERRA) Complaints—New.** We will determine if VETS investigated and resolved complaints filed under USERRA on time and reported results to the U.S. Congress accurately.



## Wage and Hour Division (WHD)

### Discretionary Audits

#### **WHD Procedures to Ensure that Employees Receive Back Wages—In Progress.**

We are determining if WHD ensured workers received their back wages in a timely manner. WHD collects back wages for workers when employers violate federal wage laws. WHD holds these back wages in an account until it locates the workers. In recent years, the balance in the back wage account has increased, which could indicate WHD has not disbursed the funds in a timely manner.

#### **Davis-Bacon Prevailing Wages Survey Accuracy and Timeliness—Brought Forward.**

We will 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.

**WHD Inspection Process for Complaints—Brought Forward.** The WHD promotes employer compliance with federal labor standards under the Fair Labor Standards Act (FLSA). When a worker files an FLSA complaint against an employer, the WHD must start an investigation within 2 years from the date of the alleged violation or the complainant will be unable to collect back wages per the FLSA statute of limitations. We will determine if WHD has been processing and investigating complaints in a proper and timely manner.

## Multi-Agency

### 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*. Specifically, we will determine if the audits were conducted in accordance with applicable standards and single audit requirements 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 continue to perform desk reviews of all single audit reports issued to DOL grantees that are referred to us for review by the Federal Audit Clearinghouse. For each report, 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 are acceptable; 2) issues identified in the report 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.

## FY 2015 Workplan

**Grant and Contract Audits.** We plan to conduct financial and performance audits of selected DOL grants and contracts to determine if they were awarded properly, costs were allowable, and they obtained desired results.

**Complaint Response.** The OIG receives complaints and referrals alleging fraud, waste, abuse, and misconduct from a variety of sources, including federal managers and employees, state and local grantee officials, DOL program participants, and private citizens. All complaints are reviewed and prioritized for further research based on the nature, magnitude, and specificity of the allegation or complaint. As a result of the research, we perform audits of some complaints to determine if the allegation or complaint has merit and if corrective actions are required.

## Appendix A. Abbreviations and Acronyms Used in this Report

BLS	Bureau of Labor Statistics
DC	District of Columbia
DCCA	District of Columbia's Workmen's Compensation Act
DOL	U.S. Department of Labor
DVOP	Disabled Veterans' Outreach Program
ECAB	Employee Compensation Appeals Board
EBSA	Employee Benefits Security Administration
ERISA	Employee Retirement Income Security Act
ETA	Employment and Training Administration
FAR	Federal Acquisition Regulation
FECA	Federal Employees' Compensation Act
FISMA	Federal Information Security Management Act
FLC	Foreign Labor Certification Program
FLSA	Fair Labor Standards Act
ILAB	International Labor Affairs Bureau
IT	Information Technology
LHWCA	Longshore and Harbor Workers' Compensation Act
LVER	Local Veterans' Employment Representative
LWIB	Local Workforce Investment Board
MSHA	Mine Safety and Health Administration
NEG	National Emergency Grant
NFJP	National Farmworker Jobs Program

## **FY 2015 Workplan: Appendix A**

OA	Office of Audit
OASAM	Office of the Assistant Secretary for Administration and Management
OCFO	Office of the Chief Financial Officer
OIG	Office of Inspector General
OSHA	Occupational Safety and Health Administration
OSHA LEP	OSHA Local Emphasis Programs
OSHA NEP	OSHA National Emphasis Programs
OWCP	Office of Workers' Compensation Program
PERM	Permanent Labor Certification Program
REA	Reemployment and Eligibility Assessments
Recovery Act	American Recovery and Reinvestment Act
TAACCCTG	Trade Adjustment Assistance Community College and Career Training Grants
TAP	Transition Assistance Program
UCFE	Unemployment Compensation for Federal Employees
UCX	Unemployment Compensation for Ex-Servicemembers
UI	Unemployment Insurance
USERRA	Uniform Services Employment and Reemployment Rights Act
VA	Veterans Administration
VETS	Veterans' Employment and Training Service
VPP	Voluntary Protection Program
VRAP	Veterans Retraining Assistance Program
WHD	Wage and Hour Division
WDB	Workforce Development Board
WIA	Workforce Investment Act