



*Office of Inspector General
U.S. Department of Labor
Annual Performance Report Fiscal Year 2016*



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INTRODUCTION

The Office of Inspector General (OIG) at the U.S. Department of Labor (DOL) serves the American Workforce, DOL, and Congress by providing independent and objective oversight of Departmental programs through audits and investigations, and by combatting the influence of labor racketeering in the workplace. In addition to audit and investigation activities, the OIG receives and acts upon allegations reported through the OIG Hotline. The OIG develops strategic plans and priorities through consultations with its stakeholders, administration officials and the Congress.

The OIG's key mission areas and activities include the following:

Audits and Reviews:

The OIG conducts and supervises mandatory and discretionary audits and reviews relating to DOL's programs and operations. Audits and reviews are carried out by OIG's Office of Audits (OA), and are conducted to determine whether:

- DOL programs are achieving their intended results
- DOL resources are being used efficiently and economically; and
- programs and operations are in compliance with the applicable laws and regulations;

OA also assists the Inspector General in keeping the Secretary and the Congress fully informed and up-to-date about problems and deficiencies relating to DOL, as well as the need for, and progress of, corrective action.

Investigations:

The OIG's Office of Investigations (OI) conducts criminal, civil, and administrative investigations relating to fraudulent activity, including in the following areas:

Unemployment Insurance (UI) Program: The OIG's UI investigations focus on well-organized street gangs who steal identities and fraudulently apply for UI benefits. The OIG also focuses investigative resources on fictitious employer schemes that involve the creation of companies that exist only on paper with no actual employees, business operations, or normal business expenses.

Foreign Labor Certification (FLC) Programs: The OIG investigates fraud related to the numerous employment-based visa programs administered by DOL, including the permanent labor certification program ("green card" track) and H-1B, H-2A and H-2B temporary employment programs. Our investigations in this area focus primarily on employers, immigration attorneys, labor brokers, and transnational organized crime groups who submit fraudulent visa applications under these programs or engage in related criminal schemes that compromise FLC program integrity and negatively affect U.S. workers and law-abiding employers.

Office of Workers' Compensation (OWCP) Medical Provider Fraud: Our investigations focus on healthcare providers (doctors, clinics, pharmacists, physical therapists, etc.) who fraudulently bill DOL for services, fraud associated with medical treatments, and unauthorized payments or kickbacks made to employers, providers, or claimants.

DOL Employee Misconduct: We investigate misconduct allegations against DOL employees involving potential violations of criminal laws and standards of conduct.

DOL Contract and Grant Fraud: We investigate allegations of fraud involving DOL contracts, acquisitions, and grants.

Labor Racketeering: The OIG's labor racketeering investigations focus on complex financial schemes used to defraud union and benefit fund assets, resulting in millions of dollars in losses to labor unions and plan participants. The schemes include embezzlement by sophisticated methods, such as fraudulent loans or excessive fees paid to corrupt union and benefit plan service providers. We work closely with DOL's Employee Benefits Security Administration (EBSA) and Office of Labor-Management Standards (OLMS) on labor racketeering matters that involve programs administered by EBSA and OLMS.

Labor Trafficking: In addition to its statutory authority to investigate visa fraud in FLC programs, OIG agents have additional authority pursuant to a special deputation agreement with the U.S. Department of Justice, in conjunction with the multi-agency Anti-Trafficking Coordination Teams (ACTeams), to investigate labor trafficking violations and other federal crimes investigated through the ACTeam initiative.

OIG Management:

The OIG has robust support in the following areas: a) planning, policy, and management of all administrative activities (finance, human resources, IT, and procurement), b) legal services, and c) congressional and public relations.

Performance Management:

This fiscal year (FY) 2016, Annual Performance Report outlines the achievement of OIG strategic goals along with organizational performance results and examples of OIG work accomplished in FY 2016. During the last year, the OIG implemented several new organizational performance, enterprise risk management, and other improvement activities - including transitioning to a new measurement strategy and performance framework that leverages 56 key performance indicators to measure organizational performance against 18 strategic objectives.

FY 2015-2019 OIG STRATEGIC PLAN

The responsibilities of the *Government Performance and Results Act, Modernization Act of 2010* (GPRAMA 2010), the *Inspector General Act of 1978*, as amended, and other statutes, and the DOL mission statement drive the OIG Strategic Plan for FY 2015-2019¹.

Strategic Goals²

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.

Mission

We serve the American Workforce, the Department of Labor, and the Congress by providing independent and objective oversight of Departmental programs through audits and investigations, and by combatting the influence of labor racketeering in the workplace.

Vision

We strive to:

- Enhance through our oversight the ability of the Department of Labor to address emerging workforce challenges; and
- Foster a thriving work environment that values employees as our greatest asset.

¹ In accordance with the GPRAMA 2010 mandate regarding publication of agency strategic plan, the OIG will issue a new strategic plan in February 2018.

² In FY 2016, OIG deleted Goal 2 “Combat the influence of transnational and national organized criminal enterprises, labor racketeering, and workforce exploitation in the American workplace” from the Strategic Plan as the impact of this goal is currently captured under Goal 1. See Addendum to Strategic Plan Fiscal Years 2015 – 2019 located at <https://www.oig.dol.gov> for additional details

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.

Goal Alignment

OIG strategic goals generally align with those of DOL, as indicated in the table below:

**Table 1
How OIG Goals Align With Department Goals**

| OIG GOALS | DOL STRATEGIC GOALS | | | | |
|---|---------------------------------|--------------------------------------|---|--|---|
| | Prepare workers for better jobs | Improve workplaces safety and health | Promote fair and high quality work environments | Secure retirement, health, and other employee benefits and, for those not working, provide income security | Produce timely and accurate data on the economic conditions of workers and their families |
| <i>Goal 1: Deliver timely, relevant, and high-impact results</i> | | | | | |
| | X | X | X | X | X |
| <i>Goal 2: Foster an internal OIG culture that drives high performance and engagement</i> | | | | | |
| | Internal to OIG | Internal to OIG | Internal to OIG | Internal to OIG | Internal to OIG |
| <i>Goal 3: Promote responsible stewardship of OIG financial and non-financial resources</i> | | | | | |
| | Internal to OIG | Internal to OIG | Internal to OIG | Internal to OIG | Internal to OIG |

How the OIG Measures Performance

The OIG measures its success in achieving its strategic goals in terms of how well OIG work products effect positive change. Positive change includes improving program effectiveness at DOL, reducing vulnerabilities that make programs susceptible to abuse, achieving savings, reducing criminal activity in the form of fraud and labor racketeering, and optimizing OIG's organizational performance, including the use of resources.

The OIG implemented a continuous cycle that promotes strategic management and accountability. This includes establishing measurable objectives, developing performance plans and setting indicators, evaluating progress towards achieving performance plans, and reporting performance information to OIG leaders and external stakeholders. The OIG implemented new performance indicators during FY 2015 to enhance organizational performance, and further refined those indicators by strategic objective in FY 2016. As such, this report does not include prior year baseline data or targets. Notwithstanding, the OIG leveraged FY 2015 baseline data and benchmarking information to set performance targets for FY 2016 and beyond. In addition, the OIG is committed to continuously improving its measurement strategies by providing clear definitions for strategic objectives and performance indicators, and by leveraging verification and validation techniques to enhance the accuracy and data quality of FY 2016 results.

For FY 2016, performance indicators such as the percentage of OIG audit recommendations that DOL or other parties implement as well as convictions that result from OIG investigations are effective measures because they reflect the outcome of OIG efforts. Similarly, the monetary results of OIG investigations, costs questioned by OIG audits, and funds put to better use as the result of OIG work reflect the impact of OIG activities. The table on the following page shows these statistics.

In addition to these performance indicators, the OIG assesses the achievement of its strategic goals by leveraging enterprise risk management assessments³, and using internal performance indicators for each office. For each of the three FY 2016 strategic goals, several aggregated performance indicators form the basis for evaluating outputs and outcomes of OIG work. Going forward, FY 2017 performance indicators may be updated to incorporate risk mitigation plans, best practices and lessons learned, as well as to improve data accuracy.

External Factors That Impact Goal Achievement

As an independent, objective agency within the DOL, the OIG performs a critical function of identifying problem areas or systemic weaknesses. However, there are factors beyond OIG control that influence the ability to meet objectives. For example:

³ The OIG's Enterprise Risk Management Framework can be found at:
<https://www.oig.dol.gov/public/OIG%20DOL%20ERM%20Framework.pdf>

- The OIG has no authority to implement its recommendations.
- The OIG has input, but not control over, the results of judicial or administrative proceedings that affect the outcome of its investigative work.
- The OIG has no jurisdiction to collect monetary sanctions imposed by the courts or DOL.

To Mitigate These Factors, the OIG:

- Works with DOL and the Congress to call attention to and follow-up on uncorrected deficiencies,
- Works proactively with U.S. Attorneys, and
- Strives to provide work products that give stakeholders the best, timely information to make decisions.

Data Accuracy and Reliability

OIG ensures the accuracy and reliability of Performance Indicator results by using verification and validation procedures. Appendix A references the specific verification and validation procedures used.

FY 2016 SELECTED STATISTICS & RESULTS

Investigations:

| | |
|---|-----------------|
| Investigative recoveries, cost-efficiencies, restitutions, fines and penalties, forfeitures, and civil monetary action ⁴ | \$180.8 million |
| Investigative cases opened | 225 |
| Investigative cases closed | 544 |
| Investigative cases referred for prosecution..... | 224 |
| Investigative cases referred for administrative/civil action | 120 |
| Indictments | 350 |
| Convictions | 322 |
| Debarments | 69 |

Audits:

| | |
|---|---------------|
| Audit and other reports issued | 27 |
| Outstanding questioned costs resolved during this period ⁵ | \$8.0 million |
| Allowed | \$4.1 million |
| Disallowed | \$3.9 million |

⁴ These accomplishments do not include \$63.0 million in monetary results from cases that involved the participation of multiple agencies. In addition, \$4.85 million in civil damages related to single claimant UI cases in the State of Delaware is not included above.

⁵ 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 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.

GOAL 1: Deliver Timely, Relevant, and High-Impact Results

Table 2
Strategic Objectives for Goal 1

| FY 2016 Strategic Objectives | |
|------------------------------|--|
| 1.1 | Strengthen the Department of Labor's key programs and operations through our work and other deliverables |
| 1.2 | Improve our work processes to drive the timely completion of relevant and impactful audits and investigations. |
| 1.3 | Employ a risk-based approach to prioritize and target audits and investigations on areas that provide the greatest impact and address the highest risks. |
| 1.4 | Timely articulate to our external stakeholders the relevance and impact of our work in each product. |
| 1.5 | Proactively engage our key stakeholders to seek their input for identifying potential audits and investigations. |

Under Goal 1, the OIG seeks to strengthen DOL key programs and operations through its work. The OIG does this by employing risk-based approaches to prioritize and target audits and investigations on areas that provide the greatest impact and address the highest risks. Goal 1 also includes proactively engaging key OIG stakeholders to seek their input for identifying potential audits and investigations.

Table 3
Goal 1 Performance Results

| Strategic Objective | FY 2016 Performance Indicators | FY 2016 Targets | FY 2016 Results | FY 2017 Targets | FY 2018 Targets |
|---------------------|--|-----------------|-----------------|-----------------|-----------------|
| 1.1 | Percentage of audit recommendations accepted by DOL within 12-months of issuance of final audit report | 90% | 87% | 90% | 90% |
| | Percentage of audit recommendations that address the most significant challenges and risks impacting DOL's mission ^A | 50% | 84% | 70% | 70% |
| | Percentage of investigations closed in the fiscal year that resulted in a criminal, civil, administrative action, or monetary outcome. | 70% | 53% | 70% | 70% |

**Table 3
Goal 1 Performance Results**

| Strategic Objective | FY 2016 Performance Indicators | FY 2016 Targets | FY 2016 Results | FY 2017 Targets | FY 2018 Targets |
|---------------------|---|-----------------|-----------------|--|-----------------|
| 1.1 | Percentage of routine Freedom of Information Act (FOIA) and Privacy Act requests for OIG documentation completed within 20 working days | 90% | 83% | 90% | 90% |
| | Percentage of non-routine FOIA and Privacy Act requests that are acknowledged in writing while providing an anticipated completion date to the requestor within 20 working days | 90% | 80% | 90% | 90% |
| 1.2 | Percentage of audits completed within 12 months of initiation, or as prescribed by OIG leadership. | 70% | 59% | 70% | 70% |
| | Percentage of draft audit reports accepted by the Assistant Inspector General within 90 days following audit field work | 75% | 71% | 75% | 75% |
| | Percentage of allegations that are either closed or converted to full investigations within 90 days of receipt | 70%* | 87%* | 77%* | 77%* |
| | Percentage of investigations completed (referred for prosecution, administrative/civil proceedings, or closed) within 12 months of case opening | 70%* | 58%* | 70%*† | 70%*† |
| | Percentage of all Hotline complaints that are reviewed and logged within 10 business days from receipt | 90% | 87% | 90% | 90% |
| | Percentage of all Hotline complaints that are acknowledged in writing, as well as reviewed and referred to the appropriate OIG Office or DOL component within 30 business days | 90% | 98% | 90% | 90% |
| | Provide legal guidance and assistance for audit and investigative activities within 10 working days from receipt of a request, or within agreed upon timelines | 90% | 90% | <i>This indicator is being retired</i> | |
| 1.3 | Percentage of audit products that address significant risks impacting DOL's missions ^Δ | 75% | 88% | 75% | 75% |

**Table 3
Goal 1 Performance Results**

| Strategic Objective | FY 2016 Performance Indicators | FY 2016 Targets | FY 2016 Results | FY 2017 Targets | FY 2018 Targets |
|---------------------|--|-----------------|-----------------|-----------------|-----------------|
| 1.3 | Percentage of new cases that are considered Critical Risk (priority 1), or High Risk (priority 2) | 75%* | 80%* | 75%* | 75%* |
| 1.4 | Percentage of OIG's Semiannual Reports to Congress, DOL's Top Management Challenges, and other reports and documents provided to stakeholders within statutory or agreed upon timeframes | 100% | 100% | 100% | 100% |
| | Percentage of relevant audit reports provided to cognizant Congressional committees within one business day, and made available to the public within two business day after receiving final, approved versions | 90% | 100% | 90% | 90% |
| 1.5 | Number of meetings or focus groups with DOL or OIG community regarding areas of potential audits | 32 | 31 | 32 | 32 |
| | Number of outreach, liaison, and educational sessions with internal and external stakeholders to identify areas of high risk that could lead to potential investigations | 370 | 370 | 370 | 370 |
| | Number of briefings and consultations per year offered to cognizant Senate and House committees regarding OIG work priorities and areas of Congressional interest | 12 | 13 | 12 | 12 |

^Δ This measure is based on discretionary audits.

* The result or target for this indicator is drawn from both the Office of Investigations (OI) and Office of Special Investigations (OSI). See Appendix B for a breakdown of specific component agency targets and results.

[†] Beginning in FY 2017, this indicator will be subdivided by priority

Examples of OIG Audit Work for Goal 1

- During an ongoing audit of Mine Safety and Health Administration (MSHA) emergency response plans (ERPs), the OIG issued an Alert Memorandum to alert MSHA that 260 (33 percent) emergency contact phone numbers tested from 51 ERPs were either incorrect or were not answered and/or did not offer a means of identification, such as a

personalized voicemail greeting. Many of the same emergency contacts were included in more than one ERP. As a result, 44 of the 51 ERPs (86 percent) tested included at least one incorrect or unidentifiable number. While MSHA did not consider ERPs to be the primary source to which mines would refer in an emergency, OIG determined that any inconsistencies between lists of emergency numbers could result in confusion during an emergency, and delay the arrival of rescue personnel.⁶

- In our audit of the OSHA's Special Emphasis Programs (SEPs), we found that OSHA could not demonstrate whether these programs were effective in improving safety and health conditions for workers in high-hazard industries and occupations. OSHA typically reported inspection statistics related to the one-time correction of hazards identified during specific inspections, but did not demonstrate whether the Special Emphasis Programs had any long-term impact on safety and health conditions in the targeted industries or occupation.⁷
- OIG audited seven states and found they generally did not meet established targets for detecting and reducing improper unemployment insurance (UI) payments. In addition, the accuracy of their reporting to ETA could not be determined. The states indicated that their difficulties in meeting these targets were due in part to a significant and unprecedented increase in UI claims, combined with frequent changes to the complex Extended Benefits and Emergency Unemployment Compensation programs, for which the American Recovery and Reinvestment Act of 2009 had provided additional funding. ETA said many states also struggled with antiquated and inflexible information technology systems that impacted their ability to address program integrity issues.⁸

Examples of OIG Investigations Work for Goal 1

- Husband and wife Loreto Kudera and Hazel Kudera pled guilty to conspiring to defraud DOL's H-1B visa program. In doing so, the Kuderas also agreed to pay joint forfeiture of \$1 million. Hazel Kudera owned and operated two health care staffing companies, NYC Healthcare Staffing and LHK Consulting, which provided registered nurses (RNs) and certified nursing assistants (CNAs) to various medical facilities in and around New York. She and her husband, New York attorney Loreto Kudera, utilized the H-1B visa program to obtain workers to provide to Hazel Kudera's clients. Because neither RN nor CNA is an H-1B qualified position, the Kuderas conspired to falsify job titles, job duties, and/or work locations on H-1B visa applications and petitions. As a result, they were able to obtain more than 100 approved H-1B visas for immigrant

⁶ Report Number 05-16-001-06-001, October 7, 2015, *Alert Memorandum: Incorrect Telephone Numbers in Mine Emergency Response Plans*, <https://www.oig.dol.gov/public/reports/oa/2016/05-16-001-06-001.pdf>

⁷ Report Number 02-16-201-10-105.pdf, September 28, 2016, *OSHA Does Not Know if Special Emphasis Programs Have Long-Term Industrywide Effect*, <https://www.oig.dol.gov/public/reports/oa/2016/02-16-201-10-105.pdf>

⁸ Report Number 18-16-005-03-315, August 2, 2016, *Recovery Act: States Challenged in Detecting and Reducing Unemployment Insurance Improper Payments*, www.oig.dol.gov/public/reports/oa/2016/18-16-005-03-315.pdf

nurses to staff out to medical facilities in and around New York, as well as to fulfill New York State Department of Education contracts.⁹

- A Lamp Concrete Contractors, Inc., vice president and part owner Joseph Lampignano and superintendent Giovanni “John” Traversa pled guilty to mail fraud and making false statements, respectively, for their roles in a scheme to defraud workers of more than \$2.5 million in wages and required pension fund contributions. From approximately 2008 to 2013, Lampignano violated collectively bargained agreements with the Construction and General Laborers’ District Council of Chicago and Vicinity by failing to pay the union wage rate to certain laborers, underpaying them by a total of more than \$1.5 million. Over the same time period, Lampignano also submitted false reports to the union’s pension and welfare funds that underreported the number of hours worked by certain laborers, thereby underfunding pension and welfare fund contributions by more than \$1 million.¹⁰
- Diameter Akala was sentenced to 90 months in prison and ordered to pay restitution and forfeiture of more than \$1.4 million for his leading role in a fictitious employer scheme perpetrated against the Maryland and Pennsylvania UI programs. Eight of Akala’s coconspirators were previously sentenced to prison for their roles in the scheme. From 2012 to 2015, Akala created fictitious companies in Maryland and Pennsylvania, and filed wage reports falsely stating that the bogus entities employed and paid wages to hundreds of individuals. He filed benefit applications by posing as individuals who had been laid off by the fictitious businesses. Akala also filed paperwork to begin the execution of similar schemes in Connecticut and Massachusetts.¹¹

⁹ This is a joint investigation with the DSS and HSI. *United States v. Kudera et al.* (D. Vermont).

¹⁰ This is a joint investigation with the FBI, EBSA, and the Cook County Sheriff’s Office. *United States v. Lampignano et al.* (N.D. Illinois)

¹¹ This was a joint investigation with the U.S. Postal Inspection Service. *United States v. Diameter Akala et al.* (D. Maryland)

GOAL 2: Foster an Internal OIG Culture that Drives High Performance and Engagement

**Table 4
Strategic Objectives for Goal 2**

| FY 2016 Strategic Objectives | |
|------------------------------|---|
| 2.1 | Promote transparent and timely communications that foster civility, respect, and inclusiveness at all levels. |
| 2.2 | Establish and implement transparent and effective policies and processes for promoting and rewarding staff, including clearly defined career ladders. |
| 2.3 | Develop and implement strategic recruitment, succession, and retention plans. |
| 2.4 | Develop and implement a formal mentoring program. |
| 2.5 | Provide each employee with an opportunity to develop an employee development plan and encourage all employees to participate. |
| 2.6 | Develop an objective exit interview process. |
| 2.7 | Increase use of mechanisms for obtaining employee feedback, such as 360-degree evaluations and one-on-one sessions. |
| 2.8 | Ensure training funds are used to maximize employee development. |

Under Goal 2, the OIG recognizes that a high-performing culture relies on a highly engaged workforce. The OIG is focusing on developing a culture that enables a high-performing, optimized, and mission-driven workforce, by providing developmental tools that OIG staff and leaders need to grow and succeed, and by creating an environment of openness, engagement, and collaboration. This important investment creates a workplace culture and environment that encourages enhanced employee engagement, increased employee morale and satisfaction, continuous learning and development, and shared institutional knowledge. Collectively, these efforts leverage principles of organizational development focusing on activities that will impact not only OIG staff but indirectly, all OIG stakeholders and taxpayers.

**Table 5
Goal 2 Performance Results**

| Strategic Objective | FY 2016 Performance Indicators | FY 2016 Targets | FY 2016 Results | FY 2017 Targets | FY 2018 Targets |
|---------------------|--|------------------------|-----------------|--|--|
| 2.1 | Complete a EVS action plans for each component agency to increase employee engagement index scores in 2017, with a focus on increasing "Leaders Lead", "Supervisors" and "Intrinsic Work Experience" sub factors | <i>New for FY 2017</i> | | Feb 2017 | Feb 2018 |
| 2.2 | Percentage OIG increase on the annual EVS "Results-Oriented Performance Culture Index" score | 2% | 1% | <i>This indicator is being retired</i> | |
| | Develop a framework for an "OIG Strategic Human Capital Plan" that includes strategies for recruitment, talent development, and succession planning | <i>New for FY 2017</i> | | Sep 2017 | N/A |
| 2.3 | Percentage of vacancies filled within 90 days from posting date to selection | 90% | 61% | 90% | 90% |
| 2.4 | Percentage of both employees and supervisors participating in the OIG mentoring program | 15% | 13% | 15% | 15% |
| 2.5 | Percentage of auditors in compliance with mandatory professional training within prescribed timelines | 100% | 100% | 100% | 100% |
| | Percentage of investigators completing mandatory professional training within prescribed timelines | 100%* | 100%* | 100%* | 100%* |
| | Percentage of employees who have employee development plans | 70%‡ | 53%‡ | 70%‡ | 70%‡ |
| 2.6 | Percentage of departing employees who complete exit interviews | 65% | 18% | 65% | 65% |
| 2.7 | Percentage of supervisors with at least 6 months of supervisory tenure who complete a 360 degree evaluation or an online survey to gather feedback from staff | 100% | 80%‡ | 100% | 100% |
| 2.8 | Percentage of OIG training funds obligated | 95% | 94% | 95% | <i>This indicator is being retired</i> |

**Table 5
Goal 2 Performance Results**

| Strategic Objective | FY 2016 Performance Indicators | FY 2016 Targets | FY 2016 Results | FY 2017 Targets | FY 2018 Targets |
|---------------------|---|-----------------|-----------------|-----------------|--|
| 2.8 | Percentage completion of OIG-wide mandatory on-line annual training | 90% | 100% | 100% | <i>This indicator is being retired</i> |

* The result or target for this indicator is drawn from both OI and OSI. See Appendix B for a breakdown of specific component agency targets and results.

‡ The results or targets for this indicator are drawn from multiple component agencies of the OIG. See Appendix B for a breakdown of specific component agency targets and results.

Examples of OIG work for Goal 2:

- The OIG is committed to being among the best places to work in the federal government and realizes that a high-performing OIG relies on a highly engaged workforce. The "Federal Employee Viewpoint Survey" (FEVS) is a valuable tool for measuring employee engagement. In FY 2016, the OIG conducted a robust analysis of the FEVS and created a FEVS Action Plan to launch in FY 2016. In addition, in 2016 the OIG achieved a 6.4 percent increase in the Partnership for Public Service's Best Places to Work index score (when compared to 2015 scores).
- The OIG created a Leadership Philosophy Statement to affirm our core value that our employees are our most valued asset. The statement describes how, both managers and non-managers, should treat each other with a heavy emphasis on personal effectiveness, relating to others and empathy. The statement also guides leadership actions and behaviors as the OIG builds an effective culture that demonstrates everyone is a valued member. This effort also included promoting self-awareness, connection and meaningful dialogue between employees, supervisors and leaders by leveraging employee feedback to identify areas for growth and development.
- The OIG worked towards minimizing mission disruption by effectively backfilling positions and recruiting high caliber candidates such as the hiring of an SES-level Assistant Inspector General, three Special Agents in Charge.

GOAL 3: Promote Responsible Stewardship of OIG Financial and Non-Financial Resources

Table 6
Strategic Objectives for Goal 3

| FY 2016 Strategic Objectives | |
|------------------------------|---|
| 3.1 | Develop a sound budget based on operational needs and priorities. |
| 3.2 | Manage workload to adapt quickly to changing and emerging resource requirements. |
| 3.3 | Engage in outreach to the Department, the Congress, and OMB to demonstrate the value of our work. |
| 3.4 | Leverage OIG technology to enhance audit, investigative, and administrative processes and deliverables. |
| 3.5 | Ensure funds are monitored and used in a cost-efficient manner. |

Under Goal 3, the OIG strives for organizational excellence by maximizing efficiency and productivity in deploying limited resources to meet the OIG mission. This includes instituting processes for identifying and prioritizing mission requirements, engaging in robust planning to anticipate future needs, developing sound budget forecasts for audit and investigation activities, and adapting quickly to changing requirements. The OIG also leverages technology to enhance audit, investigative, and administrative processes in an effort to ensure the most effective use of its limited resources. Optimizing OIG resources further enables the achievement of Goal 3, as well as other OIG strategic objectives and priorities. This allows the OIG to effectively prioritize critical work such as auditing DOL financial statements, conducting work under the Federal Information Security Management Act (FISMA) to ensure that DOL information technology (IT) systems are secure, addressing DOL Top Management and Performance Challenges, and helping ensure that DOL administrative processes comply with various regulations and laws.

Table 7
Goal 3 Performance Results

| Strategic Objective | FY 2016 Performance Indicators | FY 2016 Targets | FY 2016 Results | FY 2017 Targets | FY 2018 Targets |
|---------------------|--|-----------------|-----------------|-----------------|-----------------|
| 3.1 | Percentage of audit projects that do not exceed planned hours | 80% | 57% | 80% | 80% |
| | Percentage of employee hours charged to audit activities compared to administrative time | 75% | 74% | 75% | 75% |

Table 7
Goal 3 Performance Results

| Strategic Objective | FY 2016 Performance Indicators | FY 2016 Targets | FY 2016 Results | FY 2017 Targets | FY 2018 Targets |
|---------------------|---|------------------------|-----------------|--|-----------------|
| 3.1 | Percentage of employee hours charged to investigative activities compared to administrative time | 83%* | 92%* | 93%* | 93%* |
| 3.2 | Percentage of records management inventory completed to ensure an accurate consolidated records schedule of all OIG records | 70% | 70% | <i>This indicator is being retired</i> | |
| | Percentage completion of planned milestones to re-engineer the Audit Work Plan Development process based on a risk-informed methodology | <i>New for FY 2017</i> | | 100% | N/A |
| | Percentage completion of each component agency's specific risk inventory based on OIG's ERM Framework | <i>New for FY 2017</i> | | 100%‡ | 100%‡ |
| 3.3 | Percentage of formal Congressional requests acknowledged within 5 business days | 90% | 100% | 90% | 90% |
| 3.4 | Percentage implementation of an updated automated case management system to track the referral and disposition of all Hotline complaints, including referrals to OI, OA and DOL program agencies | 100% | 100% | <i>This indicator is being retired</i> | |
| | Develop an "OIG IT Strategic Plan" that provides a roadmap to use IT strategically to optimize capabilities, adapt to change, and support initiatives that demonstrably support the OIG mission and improve IT performance. | <i>New for FY 2017</i> | | Sep 2017 | N/A |
| | Percentage availability during business hours of internal IT network resources such as applications, networks, email, e-OIG, remote access and servers | 90% | 100% | <i>This indicator is being retired</i> | |
| | Percentage of PIV-enabled access for privileged users | 99% | 100% | <i>This indicator is being retired</i> | |
| | Percentage of PIV-enabled access for non-privileged users | 97% | 99% | <i>This indicator is being retired</i> | |

**Table 7
Goal 3 Performance Results**

| Strategic Objective | FY 2016 Performance Indicators | FY 2016 Targets | FY 2016 Results | FY 2017 Targets | FY 2018 Targets |
|---------------------|--|------------------------|-----------------|--|-----------------|
| 3.5 | Percentage of audit projects that do not exceed planned travel costs | 80% | 83% | 80% | 80% |
| | Percentage of OIG Offices that conduct quarterly budget review process to ensure that expenditures do not exceed budget allocations for the fiscal year | 100% | 100% | <i>This indicator is being retired</i> | |
| | Percentage of quarterly executive budget review sessions conducted to ensure proper budget planning and expenditures tracking, including human capital, procurement, facilities and IT activities | <i>New for FY 2017</i> | | 100% | 100% |
| | Percentage of procurement actions that meet agreed-upon requirements, including timeliness, efficiency and compliance with all applicable laws and regulations through established internal controls | 90% | 100% | <i>This indicator is being retired</i> | |

* The result or target for this indicator is drawn from both OI and OSI. See Appendix B for a breakdown of specific component agency targets and results.

‡ The results or targets for this indicator are drawn from multiple component agencies of the OIG. See Appendix B for a breakdown of specific component agency targets and results.

Results of OIG Work for Goal 3:

- Balancing the need to comply with the Anti-Deficiency Act and effectively using resources to support the OIG mission and goals, the OIG achieved historically high resource utilization rates of 99.94 percent funds utilization and 97.1 percent full-time equivalent utilization in FY 2016.
- The OIG achieved 100 percent integrity and accuracy of acquisition data as confirmed by an independent audit of the Federal Procurement Data System, far exceeding the 90 percent performance metric. With respect to procurement quality, 98 percent of the 350 OIG procurement actions met agreed upon requirements for timeliness, efficiency, and compliance with laws and regulations.
- The OIG was instrumental in building coalitions at DOL to meet Administration IT consolidation goals, developing a plan to co-locate the OIG and DOL data centers, creating a win-win scenario that allows DOL to meet Federal Data Center Consolidation Initiative goals while protecting OIG independence in accordance with the IG Act and FISMA.

CONCLUSION

The OIG contributes significantly towards the achievement of the Department's mission and goals through improved efficiency, effectiveness and integrity of DOL programs and operations, reduced vulnerabilities, and identifying cost savings.

The OIG strives to be a performance-based, people-focused organization committed to manage towards specific, measurable goals derived from our critical mission, using performance data to continuously improve operations. The OIG is dedicated to results-driven management focused on continuously improving its strategic and performance management efforts by identifying lessons learned and adopting best practices.

The OIG is committed to carrying out its mission as a high-performing organization that maximizes value to the American taxpayer. In FY 2016, the OIG received budget authority of approximately \$81.9 million¹² while providing \$300.9 million¹³ in returns associated with investigative and audit efforts in FY 2016.

The OIG is proud of its accomplishments and looks 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 workers and retirees.

¹² FY 2016 budget information (including FY 2015 budget authority) can be found at: <https://www.dol.gov/sites/default/files/documents/general/budget/2016/FY2016BIB.pdf>

¹³ See FY 2015 statistics on page 5. Note that the \$300.9 million excludes funds associated with outstanding questioned costs initiated in previous fiscal years, but resolved in FY 2015.

APPENDICES

APPENDIX A FY 2016 INDICATOR VERIFICATION AND VALIDATION OF PERFORMANCE INFORMATION

Both the Office of Audit (OA) and Office of Investigations (OI) leverage weekly significant activities reports provided to management and leadership for internal tracking of activities. The Office of Management and Policy (OMAP) provides weekly significant activity reports outlining significant budgetary, staffing, and operational issues. Senior leadership regularly reviews activities reported.

For external, outreach activities, staff document the number of congressional meetings and briefings, and other presentations and speeches for relevant, key mission areas, which is then reviewed and reported by management. Travel and training data is provided by OIG components based upon selected time and effort reporting software (TeamTec for OA/IMIS for OI) and financial data reports. Financial information is validated by the Office of Management and Policy (OMAP).

OA leverages the TeamMate suite of modular applications for staff management, data processing, evidence collection, reference, and reporting; and to meet GAO's Government Auditing Standards ("Yellow Book"), peer review needs, and records retention requirements. Management has ready visibility into all TeamMate project files, and regularly reviews work completed and reports produced by staff. Management reports aggregate data for sharing with senior leadership and are used to make critical decisions in the time and effort placed into various OA functions.

For risk assessments and management planning, OA uses the Top Management and Performance Challenges reported annually in the Agency Financial Report, significant concerns reported in Semiannual Reports to Congress, and risk assessments of major DOL program areas. For audit resolution and post-report tracking, OA uses the Audit Resolution and Closure Tracking System.

OI leverages data housed and reported from their Investigation Management Information System (IMIS), which is analyzed and reviewed by management on a regular basis. OI investigations are prioritized based on documented criteria which includes critical risks, high risk and low risk benchmarks. Investigative priorities are also validated by management and OIG senior officials, and selected statistics are included in OIG's Semiannual Report to Congress.

OMAP leverages a variety of data and reports housed in the core financial system, human resource tracking databases, and centralized procurement systems. OMAP uses these sources to ensure that OIG spending is in alignment with its operating plan, to ensure compliance with the Anti-deficiency Act, and to recommend operational adjustments based on available funding and staffing levels.

APPENDIX B DETAIL OF CONSOLIDATED INDICATORS

Table 8
Detail of Consolidated Indicators

| Strategic Objective | FY 2016 Performance Indicators | Component | FY 2016 Targets | FY 2016 Results | FY 2017 Targets |
|---------------------|---|----------------------|-----------------|-----------------|-----------------|
| 1.2 | Percentage of allegations that are either closed or converted to full investigations within 90 days of receipt | <i>Summary Total</i> | 70% | 87% | 77% |
| | | OI | 70% | 79% | 65% |
| | | OSI | 70% | 95% | 88% |
| 1.2 | Percentage of investigations completed (referred for prosecution, administrative/civil proceedings, or closed) within 12 months of case opening | <i>Summary Total</i> | 70% | 58% | 70% |
| | | OI | 70% | 48% | † |
| | | OSI | 70% | 68% | 70% |
| 1.3 | Percentage of new cases that are considered Critical Risk (priority 1), or High Risk (priority 2) | <i>Summary Total</i> | 75% | 80%* | 75% |
| | | OI | 75% | 88% | 75% |
| | | OSI | 75% | 71% | 75% |
| 2.5 | Percentage of investigators completing mandatory professional training within prescribed timelines | <i>Summary Total</i> | 100% | 100% | 100% |
| | | OI | 100% | 100% | 100% |
| | | OSI | 100% | 100% | 100% |
| 2.5 | Percentage of employees who have employee development plans | <i>Summary Total</i> | 70% | 53% | 70% |
| | | OA | 70% | 100% | 70% |
| | | OCPR | 70% | 100% | 70% |
| | | OI | 70% | 45% | 70% |
| | | OLS | 70% | 70% | 70% |
| | | OMAP | 70% | 0% | 70% |
| | | OSI | 70% | 61% | 70% |

**Table 8
Detail of Consolidated Indicators**

| Strategic Objective | FY 2016 Performance Indicators | Component | FY 2016 Targets | FY 2016 Results | FY 2017 Targets |
|---------------------|---|----------------------|-----------------|-----------------|-----------------|
| 2.7 | Percentage of supervisors with at least 6 months of supervisory tenure who complete a 360 degree evaluation or an online survey to gather feedback from staff | <i>Summary Total</i> | 100% | 99% | 100% |
| | | OA | 100% | 100% | 100% |
| | | OCPR | 100% | 0% | 100% |
| | | OI | 100% | 100% | 100% |
| | | OLS | 100% | 100% | 100% |
| | | OMAP | 100% | 100% | 100% |
| | | OSI | 100% | N/A | 100% |
| 3.1 | Percentage of employee hours charged to investigative activities compared to administrative time | <i>Summary Total</i> | 83% | 92% | 93% |
| | | OI | 90% | 91% | 90% |
| | | OSI | 75% | 94% | 95% |

† Beginning in FY 2017, this indicator will be subdivided by priority

APPENDIX C INDICATORS SCHEDULED TO RETIRE FOR ALL GOALS

Table 9
Indicators Scheduled to Retire

| Indicators Scheduled to Retire | Retiring in FY 2017 | Retiring in FY 2018 |
|--|------------------------|------------------------|
| 1.2 Provide legal guidance and assistance for audit and investigative activities within 10 working days from receipt of a request, or within agreed upon timelines | X | |
| 2.2 Percentage OIG increase on the annual EVS "Results-Oriented Performance Culture Index" score | X | |
| 2.8 Percentage of OIG training funds obligated | | X |
| 2.8 Percentage completion of OIG-wide mandatory on-line annual training | | X |
| 3.2 Percentage of records management inventory completed to ensure an accurate consolidated records schedule of all OIG records | X | |
| 3.3 Achieve a positive return for each tax dollar invested in OIG activities | X | |
| 3.4 Percentage implementation of an updated automated case management system to track the referral and disposition of all Hotline complaints, including referrals to OI, OA and DOL program agencies | X | |
| 3.4 Percentage availability during business hours of internal IT network resources such as applications, networks, email, e-OIG, remote access and servers | X | |
| 3.4 Percentage of PIV-enabled access for privileged users | X | |
| 3.4 Percentage of PIV-enabled access for non-privileged users | X | |
| 3.5 Percentage of OIG Offices that conduct quarterly budget review process to ensure that expenditures do not exceed budget allocations for the fiscal year | X | |
| 3.5 Percentage of procurement actions that meet agreed-upon requirements, including timeliness, efficiency and compliance with all applicable laws and regulations through established internal controls | X | |

APPENDIX D FY 2017 NEW INDICATORS FOR ALL GOALS

Table 10
New Performance Indicators

| New Performance Indicators | FY 2017 Targets |
|---|------------------------|
| 2.1 Complete EVS action plans for each component agency to increase employee engagement index scores in 2017, with a focus on increasing "Leaders Lead", "Supervisors" and "Intrinsic Work Experience" subfactors | Feb 2017 |
| 2.2 Develop a framework for an "OIG Strategic Human Capital Plan" that includes strategies for recruitment, talent development, and succession planning | Sep 2017 |
| 3.2 Percentage completion of planned milestones to re-engineer the Audit Work Plan Development process based on a risk-informed methodology | 100% |
| 3.2 Percentage completion of each component agency's specific risk inventory based on OIG's ERM Framework | 100% |
| 3.4 Develop an "OIG IT Strategic Plan" that provides a roadmap to use IT strategically to optimize capabilities, adapt to change, and support initiatives that demonstrably support the OIG mission and improve IT performance. | Sep 2017 |
| 3.5 Percentage of quarterly executive budget review sessions conducted to ensure proper budget planning and expenditures tracking, including human capital, procurement, facilities and IT activities | 100% |

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