

U.S. Department of Labor

Office of Inspector General—Office of Audit



OFFICE OF AUDIT WORKPLAN FISCAL YEAR 2010

October 2009

FOREWORD

The Office of Inspector General (OIG), Office of Audit (OA), is pleased to present its Workplan for Fiscal Year (FY) 2010. The Workplan is the product of OA's continual planning process, which includes a detailed risk assessment.

In recent fiscal years, unanticipated requests for audits from the Secretary of Labor and the Congress and external events such as natural disasters impacted OA's annual workplan. The FY 2009 Workplan was amended so we could add a number of audits of programs funded by the American Recovery and Reinvestment Act of 2009 (Recovery Act or ARRA). Some of the discretionary projects presented in this workplan likewise could be deferred to respond to emerging issues.

For FY 2010, we continue to audit programs funded by the Recovery Act — audits ongoing and planned are found in Chapter 3.

OA senior operational staff are assigned on a programmatic rather than a geographic basis. The FY 2010 Workplan identifies the Office Director assigned to each audit. See page 28 for a list of Office Directors, their programmatic assignments, and their contact information.

Suggestions of issues to which the OA might give attention in future activities are welcome. Please contact Elliot P. Lewis, Assistant Inspector General for Audit, at (202) 693-5170, or via e-mail at lewis.elliott@oig.dol.gov.

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INTRODUCTION

PURPOSE

The Office of Audit (OA) has prepared this Audit Workplan to inform departmental agencies of ongoing and planned projects.

MANDATORY vs DISCRETIONARY ACTIVITIES

Mandatory activities are those the OA is required to conduct by law or regulation. Activities carried out as a result of the OA's internal selection and prioritization process are referred to as discretionary.

Mandatory audits are conducted as required by Federal statute, regulation, or other authority. Our largest mandatory project is the yearly audit of the Department's annual financial statements as required by the *Chief Financial Officers Act*. The *Federal Information Security Management Act (FISMA) of 2002* requires the Inspector General to evaluate the Department of Labor's (DOL) mission-critical information systems. We also have a statutory mandate to perform triennial audits of Job Corps Centers and service providers.

Discretionary resources are those remaining after our mandatory activities are funded. Discretionary resources are used to support a program of financial and performance audits in accordance with our mission under the OIG's authorizing legislation, the *Inspector General Act of 1978*, as amended. Within our discretionary program, we reserve a portion of resources to perform audits that result from special requests. Such special requests may come from the Secretary of Labor, Members of Congress, or other sources. We also reserve resources to respond to allegations of fraud, waste, and abuse OIG receives from sources such as state and Federal program managers and private citizens. Requests from Congress and the Department are given special consideration as we prioritize where we will apply our resources.

This Workplan does not identify all grant and contract work or complaint response work that the OA will initiate during the Fiscal Year. Instead, we have included a generic write-up for these ongoing efforts, which are found in the Discretionary Project section of this Workplan under the OIG strategic goal related to assisting DOL in maintaining an effective management process.

PLANNING DISCRETIONARY ACTIVITIES

Discretionary audits are identified through a planning process designed to identify and prioritize projects in areas of highest risk and/or with the highest potential for supporting the Department's mission and strategic goals. Risk analysis is a continuous activity involving all OA staff who, throughout the year, identify, document, assess, and report to OA's planning unit the likelihood and impact of risks related to DOL programs and operations. Also, this past spring the Inspector General invited DOL Executive Staff to submit suggestions for audit work.

AMERICAN RECOVERY and REINVESTMENT ACT OF 2009 AUDITS (RECOVERY ACT or ARRA)

The American Recovery and Reinvestment Act provided more than \$40 billion to the DOL in four areas:

- Unemployment benefits - \$35 billion (estimated)
- Employment and Training - \$4.5 billion
- Job Corps construction and rehabilitation - \$250 million
- Departmental oversight - \$80 million

The OIG received a separate appropriation of \$6 million for oversight and audits of DOL programs, grants, and projects funded under the Recovery Act. OIG's work includes audits on how the DOL planned for administration and oversight of Recovery Act funds, how DOL awarded Recovery Act funds to grantees and contractors, and how grantees and contractors performed and what they accomplished with Recovery Act funds.

WORKPLAN ORGANIZATION and OIG STRATEGIC GOALS

The Audit Workplan is organized by mandatory (Chapter 1), discretionary (Chapter 2) projects, and audits related to OIG's oversight of DOL programs receiving funding under the Recovery Act (Chapter 3). All three chapters are in sections which group audit projects by the OIG strategic goals to which they relate.

The OIG Strategic Goals covered by this Workplan are:

OPTIMIZE THE USE OF FUNDS APPROPRIATED FOR TRAINING AND EMPLOYMENT PROGRAMS – encompasses the Workforce Investment Act, the Employment Service, labor statistics, Veterans' Employment and Training Services, and Community Service Employment for Older Americans.

SAFEGUARD WORKERS' AND RETIREES' BENEFIT PROGRAMS – involves Unemployment Insurance, Federal Workers' Compensation, Trade Readjustment Allowances, and pension and welfare benefits programs.

OPTIMIZE THE USE OF FUNDS APPROPRIATED FOR WORKER PROTECTION AND WORKPLACE SAFETY PROGRAMS – includes the enforcement of laws, regulations and Executive Orders related to occupational and mine safety and health, wages and hours, foreign labor certification, labor union reporting and disclosure, and affirmative action by Federal contractors and subcontractors.

ASSIST DOL IN MAINTAINING AN EFFECTIVE MANAGEMENT PROCESS – includes management and support functions such as financial management, procurement, information technology, performance measures, administration, legal affairs, and policy.

The fifth goal, ***Combat the Influence of Organized Crime and Labor Racketeering in the Workplace***, is primarily covered by the OIG's Office of Labor Racketeering and Fraud Investigations.

AUDITS

An audit is a systematic series of procedures and tests designed to satisfy the specific objectives and scope of the assignment. Audits may include analyzing and verifying records and files, as well as obtaining information through interviews, questionnaires, and physical observations and inspections. OIG audits are performed in accordance with *Government Auditing Standards* issued by the Comptroller General.

PROJECT SUMMARIES

The Workplan describes future planned work as well as ongoing projects. For mandatory audits, project summaries include a description of the audit and the responsible Office Director. Discretionary project summaries describe the program, audit objectives, and the responsible Office Director. The summary also indicates whether the audit is ongoing or a new audit is scheduled to begin in FY 2010.

CHAPTER 1
MANDATORY AUDITS**GOAL: OPTIMIZE THE USE OF FUNDS APPROPRIATED FOR TRAINING AND EMPLOYMENT PROGRAMS*****Job Corps Audits***

Director: Armada

Background: Job Corps is an educational and vocational training program where young people ages 16–24, who meet income requirements and are U.S. citizens or legal residents, can learn a trade, earn a high school diploma or General Educational Development certification, and get help finding a job. Job Corps is administered by the DOL. There are approximately 94 contractor-operated centers and 28 federally-operated centers. The Workforce Investment Act (WIA) of 1998 (P.L. 105-220) Section 159 (b)(2) requires reviews, evaluations, or audits of Job Corps center operators and service providers every 3 years. Through financial, performance, and health and safety audits of Job Corps center operators, selected centers, and service providers rotated over a 3-year period, we comply with this requirement. For FY 2010, OIG will conduct 3 center operator audits; and audits of Job Corps’ oversight of outreach and admissions, career transition services, and national consultant service providers.

GOAL: SAFEGUARD WORKERS’ AND RETIREES’ BENEFIT PROGRAMS***Federal Employees’ Compensation Act (FECA) Special Benefit Fund***

Director: Donovan

Background: The FECA Special Benefit Fund (the “Fund”) was established by the *Federal Employees’ Compensation Act* to provide Federal civilian employees with income and medical cost protection for job-related injuries, diseases, or deaths. The Employment Standards Administration (ESA), Office of Workers’ Compensation Programs (OWCP), administers the Fund, which the OIG is responsible for auditing.

For FY 2010, an Independent Public Accountant (IPA), under contract to the OIG, will conduct the audit. The OIG will issue two reports to assist Federal agencies in the audit of their annual financial statements pursuant to the *Chief Financial Officers Act (CFO Act)*. The first is a service provider report on the policies and procedures placed in operation and tests of the operational effectiveness of OWCP. The second report includes (1) an audit opinion on the total actuarial liability, and the net intra-governmental accounts receivable and the total benefit expense made by the Fund on behalf of the employing agencies for the year then ended; and (2) an agreed-upon procedures report on the schedule of actuarial liability, net intra-governmental accounts receivable, and benefit expense by agency to be issued no later than October 24, 2010.

Longshore and Harbor Workers' Compensation Act (LHWCA) Special Fund and District of Columbia's Workmen's Compensation Act (DCWA) Special Fund Financial Statement Audits

Director: Donovan

Background: The LHWCA provides medical benefits, compensation for lost wages, and rehabilitation services to covered workers in maritime and other industries who are injured during the course of employment or contract an occupational disease related to employment. The LHWCA requires the OIG to annually audit the financial statements of the U.S. Department of Labor LHWCA Special Fund and the DCWA Special Fund. An IPA, under contract to the OIG, will complete an audit of the two funds' financial statements for FY 2009 and begin the audit of the financial statements for FY 2010. Both audits will be accomplished in accordance with generally accepted auditing standards and *Government Auditing Standards*. OA will monitor the IPA conducting this audit.

GOAL: ASSIST DOL IN MAINTAINING AN EFFECTIVE MANAGEMENT PROCESS

DOL Consolidated Financial Statement Audit

Director: Donovan

Background: As required by the *Chief Financial Officers Act of 1990* (P.L. 101-576), the objective of this yearly audit is to render an opinion on the U.S. Department of Labor consolidated financial statements in accordance with generally accepted auditing standards, *Government Auditing Standards*, and OMB guidance. An IPA, under contract to the OIG, will perform and complete all work necessary to audit and report on the FY 2009 DOL consolidated financial statements including a general application and security controls review of selected DOL financial systems; and begin, under the same standards, the audit of the FY 2010 DOL consolidated financial statements. OA staff will monitor this work.

Single Audit Compliance

Background: As required by the *Single Audit Act Amendments of 1996* and *OMB Circular A-133*, we conduct Quality Control Reviews of selected single audit working papers and reports. The objectives of the Quality Control Reviews are to (1) determine that the audit was conducted according to applicable standards and met the single audit requirements, (2) identify the need for any follow-up audit work, and (3) report issues that may require management's attention.

We also conduct desk reviews of all single audit reports issued to DOL grantees that are directed to us for review by the Federal Audit Clearinghouse. The objectives of the desk reviews are to (1) determine if the independent auditor's report, Schedule of Findings and Questioned Costs, Schedule of Expenditures of Federal Awards, and corrective action plan are acceptable; (2) identify issues that require follow-up audit work; (3) determine if a QCR should be conducted; and (4) determine if the issues identified in the report should be brought to the attention of the appropriate DOL funding agency or agencies. Where desk reviews identify problems, we issue reports to the DOL funding agency or agencies. Single audit Quality Control Reviews and desk reviews are ongoing throughout the fiscal year.

FISMA Audits of DOL Mission-Critical Information Systems

Director: Galayda

Background: As required by the *FISMA*, we will perform an audit of the information security program and practices of the Department and determine the effectiveness of such program and practices. The OIG will develop a risk-based approach to prioritize the minimum required security controls for Federal information systems. The OIG will select a representative subset of the agency's 71 major information systems. An IPA, under contract to the OIG, will perform a FISMA audit to test the effectiveness of the selected systems' security controls and conclude on the overall effectiveness of the Department's information security program. OA staff will monitor this work.

Independent Verification and Validation of Agency Remediation

Director: Galayda

Background: OIG performs independent verification and validation (IV&V) of DOL management remediation efforts to correct OIG identified security weaknesses. The OIG follows up on prior-year recommendations and determines if management took appropriate and timely actions to remediate identified security weaknesses. Management uses the Plan of Actions and Milestones (POA&M) reporting and tracking tool to schedule remediation actions and track their related progress. An IPA, under contract to the OIG, will review the POA&M tool for each DOL component agency and related activities to ensure the information from the POA&M is accurate and complete. OA Staff will monitor this work. Management's timely remediation efforts are key to improving the security of DOL's information systems, and resolving and closing OIG related recommendations.

CHAPTER 2
DISCRETIONARY PROJECTS**GOAL: OPTIMIZE THE USE OF FUNDS APPROPRIATED FOR TRAINING AND EMPLOYMENT PROGRAMS*****State Workforce Agency (SWA) Evaluation of WIA Title I Programs***

Director: Hill Ongoing

Background: WIA requires SWAs to conduct ongoing evaluation studies of workforce investment activities carried out in the State under Title I B. These studies are designed to help States promote, establish, implement, and encourage methods for continuously improving high-level performance within, and outcomes from, the statewide workforce investment system. To the maximum extent practicable, the SWA shall coordinate the evaluations with the evaluations provided for by the Secretary under WIA Section 172.

The evaluation studies shall be designed in conjunction with the State board and local boards and shall include analysis of customer feedback and outcome and process measures in the statewide workforce investment system. The SWA shall periodically prepare and submit to the State board, and local boards in the State, reports containing the results of evaluation studies.

Objectives/Key Questions: Does Employment and Training Administration (ETA) ensure States conduct evaluations of their workforce investment and activities and coordinate this work with DOL, as required in WIA Section 172? Are the SWAs conducting the evaluations? Are the evaluations designed according to WIA Section 136(e) requirements? Do the SWAs periodically issue reports on the result of the evaluations? Have the evaluations been used to promote efficiency and effectiveness of the state's workforce investment system?

DOL Employment and Training Services to Veterans

Director: Yarbrough Ongoing

Background: Under the Jobs for Veterans State Grants, the Disabled Veterans' Outreach Program (DVOP) specialists and Local Veterans' Employment Representatives (LVER) staff provide intensive case management services to veterans and promote the hiring of veterans through direct marketing activities with employers. These State grants totaled \$168.9 million of Veterans Employment and Training Services (VETS) \$239.4 million FY 2009 budget. A December 2005 GAO report (GAO-06-176) stated that, while DOL has developed a system to monitor program performance, it lacks a strategy for using the information it gathers to make improvements and to help states. A May 2007 GAO report (GAO-07-594) concluded that DOL cannot provide assurance that veterans are appropriately given service priority by programs in the WIA One-Stop system, or that services to veterans are truly effective because of a lack of accountability.

Objective/Key Questions: Are services being provided that meet veterans' employment and training needs? Are performance outcomes reported by VETS accurate?

VETS' Monitoring of the Homeless Veterans Reintegration Program (HVRP)

Director: Yarbrough Ongoing

Background: The HVRP assists homeless veterans obtain occupational skills and on-the-job training, job search, placement, and follow-up services. News reports, as well as Department of Veterans Affairs (VA) data, show that the homeless veterans' population is growing. The VA estimates that roughly 250,000 veterans are homeless on any given night. An OIG 2003 audit of a complaint about an HVRP grant found fiscal mismanagement of grant funds.

Objectives/Key Questions: Does VETS adequately monitor grantees administering the Homeless Veterans Reintegration Program to ensure fiscal accountability and program effectiveness?

Veterans' Transition Assistance Program (TAP)

Director: Yarbrough Ongoing

Background: Services to veterans are a high priority to Congress and the public. The Veterans' TAP, is designed to help returning veterans obtain civilian work. The TAP Employment Workshops are being expanded to serve National Guard and Reserve units when they demobilize. In a 2005 audit of TAP, the GAO recommended steps DOL and other Federal agencies could take to improve TAP services for Guard and Reserve military personnel.

Objectives/Key Questions: Did three TAP pilot programs result in increased Reserve and National Guard members' participation? If yes, did VETS implement "lessons learned" and "promising practices" throughout the TAP program? Has VETS implemented an ongoing process to increase the number of transitioning service members served?

VETS: Timely Resolution of Complaints Filed under the Uniformed Services Employment and Reemployment Rights Act (USERRA)

Director: Yarbrough New

Background: The USERRA, enacted in 1994, protects the reemployment and employment rights of veterans and members of the National Guard and Reserve Forces (reservists) who are called up to serve on active duty, and assures veterans who seek Federal jobs receive legally mandated hiring preferences. Veterans and reservists may file complaints with the VETS under USERRA if they believe their rights have been violated or they experienced discrimination. Federal law (Veterans' Benefits Improvement Act of 2008) requires VETS complete USERRA complaint investigations within 90 days after their receipt. VETS reported the recession contributed to a major increase in USERRA cases in FY 2009. The agency estimates a five percent increase in FY 2010 as the American Recovery and Reinvestment Act of 2009 is implemented — spurring job creation.

Objectives/Key questions: Does VETS resolve USERRA complaints within the required 90-day time frame?

ETA Oversight of Discretionary (non-formula) Grants

Director: Schwartz New

Background: OIG performance audits of several discretionary grants administered by ETA found that grantees did not meet performance goals, and did not report accurate financial and performance data. In April 2003, ETA issued Employment and Training Order (ETO) No. 1-03 to improve the administration of grants. In an OIG FY 2007 audit of 10 High Growth Job Training Initiative grants, OIG found 17 percent of the objectives were not met, and 12 percent of the objectives were not clearly defined. OIG also found that four grants audited were awarded, in part, because of the grantees' commitment to provide additional resources of \$42.1 million as matching or leveraged funds. However, grantees could not demonstrate that they provided \$20.5 million of those committed additional resources.

Objectives/Key Questions: Did ETA comply with established grant management and oversight policies and procedures in the post-award management/monitoring phase? Did ETA follow established grant closeout processes? Were ETA's policies and procedures adequate to ensure proper closeout of the grants?

WIA Adult and Dislocated Worker Programs Training & Placement Outcomes

Director: Hill New

Background: The Adult and Dislocated Worker programs are the primary adult employment and training programs authorized under the WIA. Local workforce areas operate One-Stop Career Centers that provide comprehensive services to workers and employers. Through collaborative partnerships, the WIA adult programs assist individuals in their career goals by increasing work readiness, educational attainment, occupational skills, and connecting them to jobs in demand. For training services under WIA, eligible adult and dislocated job seekers are provided an Individual Training Account (commonly called an ITA) to cover the costs of a training program they can select from the State Workforce Agency's eligible training provider list. WIA requires that training services be directly linked to occupations that are in demand in the local area.

Objectives/Key questions: Are local Workforce Investment Boards identifying high demand occupations? Are ITA services linked toward demand occupations? Do users of ITA services find employment related to the training received?

YouthBuild Training Services and Outcomes

Director: Denman New

Background: YouthBuild provides job training and educational opportunities for at-risk youth ages 16–24 while constructing or rehabilitating affordable housing for low-income or homeless families in their own neighborhoods. The Department of Labor's Employment and Training Administration began operating YouthBuild in September 2006 after Congress transferred it from the Department of Housing and Urban Development (HUD) to DOL. ETA awarded 96

grants in October 2007 and an additional 11 grants in July 2008. YouthBuild will receive \$50 million in ARRA funding and \$70 million in FY 2009 funds. When HUD operated the YouthBuild program, GAO reported HUD has not aggregated or analyzed performance data and conducted limited oversight of grantees.

Objectives/Key questions: Did YouthBuild grantees serve eligible participants? What training and services did grantees provide; and what were the outcomes?

Bureau of Labor Statistics (BLS) Labor Market Information (LMI) Cooperative Agreements

Director: Katz New

Background: The BLS is the principle Federal statistical agency responsible for collecting and disseminating statistics on labor economics. BLS contracts with the States, the District of Columbia and some U.S. territories to collect and process establishment employment statistics and occupational safety and health statistics. These types of programs are called Federal-State cooperative programs. The BLS and the States enter into an LMI Cooperative Agreement that defines the role of each partner. The agreement has sub agreements for each of five statistical programs. BLS regional staff, under the direction of the Office of Field Operations, negotiates and monitors the LMI Cooperative Agreements.

Objectives/Key questions: Does BLS effectively monitor the LMI agreements with the states to ensure program objectives are met and to identify instances when States need Federal technical assistance?

GOAL: SAFEGUARD WORKERS' AND RETIREES' BENEFIT PROGRAMS

Defense Base Act (DBA) Workers Compensation Insurance Participation

Director: Hill Ongoing

Background: The *War Hazards Compensation Act* (WHCA) supplements the DBA, which requires U.S. Government contractors and subcontractors to buy workers' compensation insurance for employees working overseas; the cost of this insurance is then passed on to the Federal Government. The OWCP, Division of Federal Employees' Compensation (DFEC), administers the WHCA. The large number of contractor personnel working in Iraq raised concerns over the cost of workers' compensation insurance provided under DBA and WHCA. In 2005, GAO reported there was a lack of clarity in DBA insurance requirements, delays in processing claims, and difficulty in monitoring contractor compliance. The Department of Labor could not verify that every contractor and subcontractor working in Iraq had purchased DBA insurance. DOL officials told GAO that they have taken steps to address these issues.

Objectives/Key Questions: Does OWCP issue WHCA reimbursements accurately and according to Federal law and regulations? Does OWCP ensure the timely processing of claims for reimbursement?

Pension Consultant Conflict of Interest

Director: Allberry Ongoing

Background: EBSA is responsible for enforcing laws and regulations that protect the security of more than \$6 trillion in employee benefit assets held by more than 100 million workers. A 2005 Securities Exchange Commission study found that 13 of 24 pension consultants who provided services to sponsors of pension plans, had failed to disclose significant ongoing conflicts of interest to their pension fund clients. In October 2006, EBSA initiated the Consultant/Advisory Project (CAP) to focus on this and related issues, including improper, undisclosed compensation by pension consultants and other investment advisers. CAP also seeks to identify potential criminal violations, such as kickbacks or fraud.

Objectives/Key Questions: Does EBSA's CAP initiative have policies and procedures in place that detect undisclosed conflicts of interest of pension consultants who provide advice to pension plans and participants under EBSA's jurisdiction? Once identified, does EBSA ensure that appropriate action is taken?

Pension Plan Proxy Activities

Director: Allberry New

Background: Private pension plans hold more than \$4 trillion in assets and cover more than 140 million American workers. Industry estimates indicate that some pension plans spend up to \$1 million per plan per year on proxy activities. These activities encompass plan efforts to influence business, social, and political goals through proxy voting. Overall, expenditures in this area could exceed \$1 billion, reducing plan assets and ultimately the benefits available to plan participants. In EBSA's 2008 Interpretive Bulletin 94-2, DOL reiterated its view if proxy activities do not provide a clear benefit to plan participants, the expenditure of the funds is an Employee Retirement Income Security Act (ERISA) violation.

Objectives/Key questions: Is EBSA adequately enforcing ERISA requirements on plan proxy activities?

Federal Employees' Compensation Act (FECA), Durable Medical Equipment (DME) Payments

Director: Denman New

Background: The FECA program provides workers' compensation coverage to about three million Federal and Postal workers. Federal agencies pay an estimated \$2 billion annually in compensation associated workplace illnesses, injuries, and deaths. DME and supplies are authorized under Section 8103(a) of FECA. State and Federal agency audits of the Medicare and Medicaid programs have identified inappropriate and improper DME billings and; possible fraud related to the purchase of DME.

Objectives/Key questions: Does OWCP have adequate controls to prevent improper DME payments? Did OWCP establish controls over DME requests? Did OWCP establish controls to ensure that DME costs were reasonable?

State Workforce Agency Accuracy in Reporting Unemployment Compensation Overpayments and Recovery Activities

Director: Yarbrough New

Background: The SWAs report quarterly to the ETA the results of SWA unemployment compensation identification and overpayment detection activities on ETA form 227. The ETA and State agencies use this information to monitor the integrity of the benefit payment processes in the nationwide UI system. Therefore, it is essential that SWA internal controls for the preparation and accuracy of the ETA 227 ensure relevant, accurate, and timely reporting.

Objectives/Key questions: Do SWA internal controls for the compilation of unemployment compensation overpayments identification and recovery activities ensure relevant, accurate, and timely reporting to ETA?

GOAL: OPTIMIZE THE USE OF FUNDS APPROPRIATED FOR WORKER PROTECTION AND WORKPLACE SAFETY PROGRAMS

Impact of Occupational Safety and Health Administration's (OSHA) Penalty Reductions

Director: Schwartz Ongoing

Background: OSHA uses civil monetary and criminal penalties to enforce OSHA safety and health standards and regulations. The penalty structure is designed to provide an incentive for employers to correct violations. The structure not only targets the offending employer, but also those employers who may be guilty of the same violations who, upon hearing of potential penalties, may be motivated to correct violations voluntarily.

When an inspector issues a citation for a violation of safety rules, the inspector recommends a civil monetary penalty and may recommend discounts to that penalty. At any time after issuance, OSHA supervisors — including area directors, regional administrators, and DOL attorneys — can further reduce the size of the penalty, resulting in a final assessed penalty, which is significantly less than statutory maximums.

Objectives/Key Questions: What is the impact of penalty reductions on employer abatement of violations? Are penalty reductions effective incentives for employers to abate violations? What penalty reductions were used as an incentive for abatement? Were penalty reductions in compliance with OSHA directives? Was there evidence that penalty reductions were not effective incentives for employers to abate violations?

OSHA Whistleblower Protections

Director: Schwartz Ongoing

Background: The Office of the Whistleblower Protection Program (OWPP) was created by OSHA to enforce Section 11(c) of the Occupational Safety and Health (OSH) Act of 1970, which prohibits employers from retaliating against employees who exercise their rights under the OSH Act. Since 1983, OSHA has been assigned responsibilities to enforce whistleblower provisions under 16 additional statutes related to the trucking, nuclear power, pipeline, environmental, rail, consumer product safety, and securities industries. OWPP investigates complaints of discriminatory actions taken against employees who “blow the whistle” under the OSH Act or any of these additional whistleblower statutes. There are differences and distinctions in the way cases are processed and investigated for each statute.

OWPP operates under OSHA’s Directorate of Enforcement Programs (DEP) within a decentralized structure of regional and area offices. OSHA’s ten regional administrators are responsible for administering the program in their regions. The program’s national director, located in Washington D.C., is responsible for developing policy and procedures, providing training, and offering technical assistance and guidance.

Objectives/Key Questions: Are whistleblower complaints investigated in compliance with OSHA investigative procedures?

OSHA Site-Specific Targeting Program (SST)

Director: Schwartz New

Background: OSHA’s Directive for implementing the 2009 SST program states the SST “... is OSHA’s main programmed inspection plan for non-construction worksites that have 40 or more employees.” To better identify worksites for inspection, the SST plan is based on data received from the prior year’s OSHA Data Initiative (ODI) survey. The SST program directs enforcement resources to those worksites where the highest rates of injuries and illnesses have occurred. OIG previously reported that fatalities occurred at worksites of employers, which should have also been identified and inspected in accordance with OSHA directives on the Site-Specific Targeting Program.

Objectives/Key questions: Does OSHA identify, evaluate, and conduct Site-Specific Targeting Program inspections in accordance with OSHA directives? What factors in the SST Program impact the programs effectiveness to target industries and/or establishments with high rates of injuries?

OSHA Monitoring of State Plans

Director: Schwartz New

Background: Section 18 of the OSH Act (enacted in December 1970) encourages States to develop and operate their own job safety and health programs. Under its State Plan program, OSHA approves and monitors State plans and provides up to 50 percent of an approved plan's operating costs. The Fiscal Year 2010 budget request is for \$106 million. DOL provided OSHA

an additional \$3.8 million of Recovery Act funds for grants to State Plan States that can match Federal funding. There has been no Federal audit of OSHA's State Plan program since GAO issued a report in 1994. GAO found OSHA had little information to assess State Plan program effectiveness and did not always follow up to ensure states corrected problems.

Objectives/Key questions: Is OSHA fulfilling its role in investigating complaints of inadequacies in the administration of a State's program and requiring that States take the appropriate corrective action?

Mine Inspector Training

Director: Allberry Ongoing

Background: The Mine Safety and Health Administration (MSHA) conducts regular on-site inspections of every coal mine in the nation as part of its responsibility to assure operators comply with Federal safety standards. Federal laws and regulations require the Secretary of Labor develop and maintain "adequate programs for the training and continuing education of inspectors."

In August 2007, the Crandall Canyon mine's roof collapse and subsequent rescue efforts resulted in the deaths of nine people. OIG auditors reviewed the training and experience of MSHA District 9 specialists and inspectors assigned to approve the Crandall Canyon mine roof plan and to conduct inspections to ensure the operator's compliance with it. Except for a newly hired mine engineer, no one had completed specific training on roof control or refresher training on underground coal mining. The supervisory manager's most recent training on roof control dated back to 1989. In an external evaluation of MSHA's inspection program (ICF Consulting, 2003), most MSHA inspectors, supervisors, and directors reported MSHA's refresher training program for inspectors could be enhanced.

Objectives/Key Questions: How does MSHA determine what training is needed? How is MSHA equipped to provide the training? Do MSHA inspectors, specialists, and supervisors receive appropriate training (both initial and on-going) to adequately execute their enforcement responsibilities

MSHA's Procurement and Contracting Practices

Director: Allberry Ongoing

Background: The OIG previously reported on MSHA procurement practices in "MSHA Procurements Showed a Pattern of Disregard for Federal and DOL Acquisition Rules and Requirements" (October 29, 2004). OIG concluded that MSHA consistently demonstrated a lack of regard for Federal Acquisition Regulations (FAR) principles and fostered an environment that allowed, or at the very least had the appearance of allowing, best value through competition to be replaced with awarding contracts based on favoritism or convenience. Recently, MSHA received a complaint which alleged issues on contract compliance and potential billing fraud regarding an MSHA contractor. MSHA found the allegations could have merit.

Objectives/Key questions: Are MSHA's contracting practices in accordance with Federal laws, regulations, and policies, supported by appropriate documentation, and consistent?

MSHA's Assessment Collection Process

Director: Allberry New

Background: The MSHA requirement to assess civil penalties is contained in Section 110 of the Federal Mine Act of 1977 (Mine Act). According to the Mine Act, “*Civil penalties owed under this Act shall be paid to the Secretary for deposit into the Treasury of the United States.*” Both the amount of assessed penalties and the number of assessments have risen. In recent years (2004–2008), MSHA’s collection efforts have resulted in mine operators paying between 85 and 91 percent of all final civil penalties. Assessed penalties for FY 2008 were \$163 million; but, as of January 2009, mine operators had contested \$100 million of these penalties.

Objectives/Key questions: Can MSHA improve the effectiveness (amount collected) and efficiency (timeliness of collection) of its civil penalty collection efforts?

Foreign Labor Certification's (FLC) Program Review

Director: Allberry Ongoing

Background: ETA’s Office of Foreign Labor Certification OFLC, in cooperation with SWAs, processes employer requests for certification to hire foreign workers when American workers are not available to fill occupations covered under Federal law. Once an application is certified (approved), the employer must petition the U.S. Citizenship and Immigration Services (CIS) for a visa. Maintaining the integrity of its FLC programs, while also ensuring a timely and effective review of applications to hire foreign workers, is a continuing challenge for the Department.

OIG investigations, frequently initiated on referrals from ETA, continue to uncover schemes carried out by immigration attorneys, labor brokers, and transnational organized crime groups, some with possible national security implications. In March 2008, ETA’s OFLC launched its Fraud Detection and Protection Unit designed to recognize application fraud.

Objectives/Key Questions: Have OFLC efforts to prevent and detect fraud in the various foreign labor programs been successful?

Wage and Hour Division (WHD) Directed Investigations

Director: Denman Ongoing

Background: To achieve its mission of enforcing compliance with Federal labor standards, WHD conducts complaint-driven and WHD-directed investigations. Due to language and literacy barriers, low-wage and minimum-wage employees are less likely than other employees to file complaints with WHD. Thus WHD directed investigations are the most reliable way to identify labor law violations for such employees. However, GAO reported that from 1997 to 2007, the number of WHD-directed investigations declined by 45 percent. GAO also reported that WHD focused its investigations on employers in the same industries, and did not use information from its commissioned studies on low-wage industries in which Federal Labor Standards Act (FLSA) violations are likely to occur.

Objectives/Key Questions: Does WHD's process for selecting industries and employers for directed investigations effectively address the high risk of FLSA violations in industries dominated by low-wage and minimum-wage employees?

Effectiveness of Wage and Hour Penalties and Sanctions

Director: Denman Ongoing

Background: The WHD enforces labor laws including Federal minimum wage and overtime rules required by the Fair Labor Standards Act (FLSA). When employers violate these requirements, WHD is authorized to calculate and supervise the payment of back wages and assess and collect from employers civil money penalties (CMP).

Objectives/Key Questions: Does WHD calculate and supervise the payment of back wages from employers who violate Federal minimum wage and overtime rules in accordance with policies and procedures? Does WHD assess and collect CMP from employers who violate such rules in accordance with policies and procedures?

GOAL: ASSIST DOL IN MAINTAINING AN EFFECTIVE MANAGEMENT PROCESS

Working Capital Fund (WCF) Allocations and Charges

Director: Hill Ongoing

Background: Public Law 85-67, as amended by Public Laws 86-703 and 91-204, established the WCF to give a Federal agency the authority for spending funds to provide certain services and activities on a centralized basis. The WCF finances several administrative functions including building and payroll operations, procurement, and invoice payment services.

Objectives/Key Questions: How does the Department allocate administrative costs covered by the WCF to DOL agencies? Are these allocations reasonable, appropriate, and equitable? Are amounts charged to each DOL agency for the WCF supported, accurate, and recorded properly in the Department's general ledger?

DOL Implementation of Homeland Security Presidential Directive (HSPD)-12

Director: Denman Ongoing

Background: HSPD-12 requires Federal agencies to establish a secure and reliable method of identification, which has the capability to coordinate access with other Federal agencies and sites. To comply with HSPD-12, Federal agencies were charged with implementing a standard system for identifying Federal employees and contractors. In February 2008, GAO reported that DOL had completed background checks on most of its employees and contractor personnel and established basic infrastructure, such as purchasing card readers. GAO also reported that by October 27, 2008, DOL had not met OMB's goal of issuing Personal Identity Verification (PIV) to all employees and contractor personnel who had 15 years or less employment with DOL. In March 2008, DOL's Deputy Chief Information Officer reported that DOL had issued PIV cards

to 10,591 of the 15,407 DOL employees (69 percent); and 1,210 of 2,400 contractor personnel (more than 50 percent).

Objectives/Key Questions: Are DOL's plans for implementing HSPD-12 sufficient to successfully address all aspects of this government-wide initiative? Is the plan for implementation of the initiative timely?

DOLNet Intrusion Detection System (IDS)

Director: Galayda New

Background: DOLNet is expected to consolidate and replace the existing telecommunications infrastructure of DOL agencies into a single shared Network. Currently DOLNet connects 19 DOL information systems to external information sources and the internet. The number of connections is expected to increase over the next year. As DOLNet grows, the threat posed by hackers increases. DOLNet is expected to be the backbone of the DOL telecommunication infrastructure by replacing the existing telecommunication networks.

Objectives/Key questions: Is DOLNet adequately implementing intrusion detection systems (IDS) to protect against unauthorized access to DOL data and other information systems?

IT Resources Management of IT Hardware and Software

Director: Galayda New

Background: A central tenet of the U.S. Comprehensive National Cybersecurity Initiative (CNCI) is that "offense must inform defense." The DOL spends \$500 million annually on maintaining and enhancing its systems hardware and software. OIG identified configuration management as a Department-wide significant deficiency in 2008 and 2007, and recently found IT hardware stolen, missing, and unaccounted for. Proposed legislation calls on Federal agencies to establish security control testing protocols to effectively protect against known vulnerabilities, attacks, and exploitations.

Objectives/Key questions: Is DOL accounting for its authorized IT hardware and software through accurate and complete inventories?

Grant and Contract Audits

Director: All Ongoing

Background: The OA plans to conduct financial and performance audits of selected DOL grants and contracts to ensure funds are appropriately spent and that desired results are obtained. Prior OA audits have found unallowable charges and performance problems. Currently, audits are planned for a High Growth Job Training Initiative recipient and a State Jobs for Veterans grantee.

Objectives/Key Question: Was the grant or contract awarded properly? Are charges allowable? Were desired results obtained?

Complaint Response

Director: All Ongoing

Background: 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. Complaints are prioritized for action based on the nature, magnitude, and specificity of the allegation or complaint.

Objectives/Key Questions: Does the allegation or complaint have merit? Are corrective actions necessary?

CHAPTER 3
AMERICAN RECOVERY and REINVESTMENT ACT OF 2009 (RECOVERY ACT) AUDITS

GOAL: OPTIMIZE THE USE OF FUNDS APPROPRIATED FOR TRAINING AND EMPLOYMENT PROGRAMS

Recovery Act: YouthBuild Grants

Director: Gilbert Ongoing

Background: The Recovery Act provided the ETA with \$50 million to award competitive grants for the YouthBuild Program (YouthBuild). YouthBuild helps high school drop-outs earn their high school diplomas or GEDs while they learn skills related to the construction industry. The Recovery Act expanded the population to be served by allowing YouthBuild grantees to continue to serve those youth who subsequently re-enrolled in an alternative school, if that re-enrollment is part of a sequential service strategy. To ensure accountability and transparency in awarding competitive grants such as YouthBuild, the Office of Management and Budget (OMB) issued “Responsible Spending with Recovery Act Funds” guidance for Federal agencies. Highlights of this guidance include ensuring merit-based decision making, avoiding funding of imprudent projects, and enhancing transparency related to lobbying on behalf of grant applicants or recipients.

Objectives/Key Questions: Did ETA use merit-based selection criteria, as required by OMB, in awarding Recovery Act funds for the YouthBuild Program? Did ETA’s guidance during grant solicitation and post-solicitation activities address Congress’s intent regarding use of these funds? Did YouthBuild grant agreements require adherence to Recovery Act reporting and tracking requirements?

Recovery Act: WIA Training and Services to Adults and Dislocated Workers

Director: Gilbert Ongoing

Background: The Recovery Act provided the DOL \$500 million in Workforce Investment Act Adult program and \$1.25 billion in WIA Dislocated Worker program formula funds to award to States. Because one purpose of the Recovery Act is to help those most impacted by the recession, Congress included two key provisions to ensure funds to DOL are used effectively. First, to expedite training participants for high-demand jobs, the Recovery Act allows local Workforce Investment Boards to contract directly with community colleges and other eligible providers, so long as these organizations can offer training — which does not interfere with customer choice — to multiple participants. Additionally, the Recovery Act requires giving recipients of public assistance and other low-income individuals priority for training and related services in the WIA Adult program.

Objectives/Key Questions: How are recipients spending or planning to spend WIA Adult and Dislocated Worker funds under the Recovery Act? Whom do recipients plan to serve with these additional funds? How are local Workforce Investment Boards making use of the new

flexibilities in the Act for contracting for training? What are recipients' plans to spend Recovery Act funds for training and supporting program participants for employment in high-demand jobs, including, but not limited to, "green jobs?"

Recovery Act: Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors

Director: Gilbert New

Background: The Recovery Act provided the ETA with \$750 million to award in competitive grants for worker training and placement in high growth and emerging industry sectors. It specified that \$500 million is for research, labor exchange, and job training projects for careers in energy efficiency and renewable energy. In awarding the remaining \$250 million, DOL must give priority to projects that prepare workers for careers in health care. To ensure accountability and transparency in procurement, the OMB issued "Responsible Spending with Recovery Act Funds" guidance for Federal agencies. Highlights of this guidance include ensuring merit-based decision making, avoiding funding of imprudent projects, and enhancing transparency related to lobbying on behalf of grant applicants or recipients.

Objectives/Key Questions: Did ETA use merit-based selection criteria, as required by OMB, in awarding \$750 million in Recovery Act funds for competitive grants for worker training and placement in high-growth and emerging-industry sectors? Did ETA's guidance during grant solicitation and post-solicitation activities address Congress' intent regarding use of these funds? Did grant agreements require adherence to Recovery Act reporting and tracking requirements?

Recovery Act: Required Employment and Case Management Services under the Trade and Globalization Adjustment Assistance Act of 2009

Director: Hill New

Background: The Recovery Act reauthorized the Trade Adjustment Assistance (TAA) Act as the Trade and Globalization Adjustment Assistance Act (TGAAA). Since 1974, the TAA program has provided training and benefits to eligible workers who lost jobs due to imports, outsourcing, and other trade policies. TGAAA requires States to provide *eight* specific employment and case management services to eligible workers, and authorizes additional funds to pay for these activities. Because States previously received no TAA program funds for case management, they had to cover costs for those services out of administrative funds or other sources such as WIA formula funds.

In June 2009, the ETA provided States with a supplemental distribution of more than \$455 million to implement new employment and case management services requirements in the TGAAA. However, implementation may pose challenges. When ETA conducted its Recovery Act "readiness" reviews, States and local areas specifically requested technical assistance on how to effectively implement the required case management services.

Objective/Key questions: Did States provide eligible workers with employment and case management services, as required by TGAAA? Did ETA conduct adequate technical assistance and oversight of States' implementation of the TGAAA to provide assurance eligible workers received employment and case management services, as required?

Recovery Act: DOL Coordination with Federal Infrastructure and Unemployment Insurance Investments

Director: Gilbert New

Background: The Recovery Act provided the Department of Labor with \$80 million for “Departmental Management” (DM) to support a range of enforcement, oversight and coordination activities to support achievement of the Recovery Act’s goals. Specifically, the Recovery Act mentions “coordination activities related to the infrastructure and unemployment insurance investments in this Act.” For example, DOL is using \$710,000 from the DM funds to support the Office of the Director of Recovery for Auto Workers and Communities. This office is responsible to ensure communities and workers affected by layoffs in the auto industry have “coordinated access to Federal programs and resources” to help in economic recovery and reemployment efforts. Additionally, ETA issued Training and Employment Guidance Letter (TEGL) No. 14-08, encouraging States to align their WIA Recovery Act funds with other Recovery Act investments targeting key industries “such as construction, transportation, healthcare, and other industries with emerging ‘green’ jobs.”

Objectives/Key questions: Does DOL’s Recovery Act Plan or any of its program-specific Recovery Act plans include goals and related measures for coordination activities related to the infrastructure and unemployment insurance investments in the Act? Is DOL providing adequate technical assistance and monitoring to ensure States and local workforce areas are engaged in coordination activities mentioned in the Recovery Act?

Recovery Act: Services and Outcomes under Year-Round WIA Youth Program

Director: Gilbert New

Background: The Recovery Act provided the Department of Labor with \$1.2 billion for Workforce Investment Act grants to States for youth activities. By the end of July 2009, more than 225,000 young people had been employed through Recovery Act-funded summer programs nationwide. However, not all summer youth participants will be returning to school. The Recovery Act extended eligibility for WIA youth services to age 24 so local programs could serve “young adults who have become disconnected from both education and the labor market.” ETA’s TEGL No. 14-08 dated March 18, 2009, provides guidance on Recovery Act funding for activities authorized under WIA. The TEGL urges workforce boards to develop sector strategies for creating training and employment opportunities for WIA participants, including youth, in such sectors as renewable energy, broadband and telecommunications, health care, and high-demand industry sectors identified by local areas.

Objectives/Key Questions: How are local areas spending or planning to spend their allocation of WIA youth formula funds? Who are the participants in year-round programs? What services are participants in the year-round program receiving? What were the outcomes?

Recovery Act: Reemployment Services for UI Claimants

Director: Gilbert New

Background: The Recovery Act provided \$400 million to States from the Employment Security Administration Account in the Unemployment Trust Fund. The Recovery Act requires, however, that States use \$250 million to provide reemployment services to Unemployment Insurance claimants. The legislation also requires the DOL to establish planning and reporting procedures necessary to provide oversight of funds used for the services.

Objectives/Key questions: Did DOL establish sufficient and timely planning and reporting procedures to assure adequate oversight of how reemployment services funds are used? Did States use reemployment services funds, as intended? What were outcomes?

GOAL: SAFEGUARD WORKERS' AND RETIREES' BENEFIT PROGRAMS***Recovery Act: Special Transfers for Unemployment Compensation Modernization***

Director: Gilbert New

Background: The Recovery Act provides for transfer of up to \$7 billion from the Federal Unemployment Account to state accounts as “incentive payments” to encourage states to enact specific reforms, such as coverage of part-time workers and benefits to workers who voluntarily separate from their jobs due to compelling family circumstances. Incentive payments expire October 1, 2011. The maximum incentive payment a state could receive would be calculated using the same methods DOL uses to determine Reed Act¹ distributions. This calculation is related to the state’s share of estimated Federal unemployment taxes made by the state’s employers as estimated at the end of FY 2008. OIG and GAO have conducted numerous audits of the UI program. However, because it is new, this specific initiative has not been audited.

Objectives/Key questions: Did states which received unemployment compensation incentive grants spend the funds according to DOL guidance? How are states using incentive funds to expand eligibility for unemployment benefits?

Recovery Act: National Emergency Grants (NEG) for Health Coverage Assistance

Director: Schwartz New

Background: As a part of the Recovery Act, Congress appropriated \$150 million to the DOL for NEGs that will allow states to provide for 80 percent of the cost of qualifying health insurance coverage for eligible individuals, until such time as they can be enrolled in the Internal Revenue Service’s (IRS) Health Coverage Tax Credit (HCTC) program. States can pay this benefit for up to 3 months. In 2004, OIG issued an Alert Report informing ETA of significant underuse of grants funds awarded under the TAA/HCTC bridge/gap program which is similar to the

¹P.L. 83-567, Employment Security Administrative Funding Act of 1954—also known as the “Reed Act” after its sponsor, Congressman Daniel A. Reed (R-NY). Under the Reed Act, DOL can make “interest-free loans to States whose unemployment insurance trust funds fall below the amount they paid out in benefits for the previous year.” (See <http://ows.doleta.gov/unemploy/pdf/chronfedlaws.pdf> for more information.)

Recovery Act's funding for Health Insurance Coverage for TAA participants. OIG found less than 9 percent of the funds had been spent among 10 states that participated in the program.

Objectives/Key questions: Are grant funds effectively used by the states? Are states' use of grant funds in line with initial cost projections and estimates? If grant funds are underused by a state, does DOL modify the grant to reduce the award amount to reflect more accurate assessment of the state's needs? Were underused funds redirected to other states that demonstrated greater need?

GOAL: OPTIMIZE THE USE OF FUNDS APPROPRIATED FOR WORKER PROTECTION AND WORKPLACE SAFETY PROGRAMS

Recovery Act: Enforcement of Davis-Bacon Prevailing Wage Determinations under the Recovery Act

Director: Gilbert New

Background: Section 1606 in Title XVI (General provisions) of the Recovery Act requires that workers on Recovery Act-funded construction projects, including those for weatherization, must be paid at least the prevailing wage, as determined under the Davis-Bacon Act (DBA). Because the Recovery Act may increase the Federal share of infrastructure spending as much as \$104 billion (double the current level), ESA/WHd expects to double the number of DBA complaint investigations over the next 2 years — increasing from approximately 400 investigations to 800.

Objectives/Key questions: Did ESA-WHD's use of more than \$4.6 million provided by the Recovery Act (part of funds for DOL Departmental Management) address past OIG and GAO concerns and recommendations for improving the timeliness and reliability of prevailing wage determinations used in the DBA program? Did ESA-WHD provide assurance that Recovery Act-funded contractors and subcontractors on infrastructure projects complied with the DBA and regulations?

Recovery Act: Enforcement of Federal Equal Employment Opportunity Laws

Director: Gilbert New

Background: The Office of Federal Contract Compliance Programs (OFCCP) enforces Federal laws that ban discrimination and require Federal contractors and subcontractors to take affirmative action to ensure equal opportunity for employment, regardless of race, gender, disability, color, religion, national origin, or status as a Vietnam era or special disabled veteran. Due to infrastructure investments under the Recovery Act, OFCCP expects to conduct an additional 450 compliance evaluations of supply & service and construction contracts. To provide OFCCP with supplemental resources to carry out this monitoring, DOL transferred \$7.2 million from its Departmental Management funds under the Recovery Act to the program.

Objective/Key question: Did OFCCP provide assurance that Federal contractors that received Recovery Act funds complied with EEO laws and regulations and exercised fairness in employment activities?

GOAL: ASSIST DOL IN MAINTAINING AN EFFECTIVE MANAGEMENT PROCESS

Recovery Act: DOL's Plans to Assure Data Quality in Recipient Reporting

Director: Schwartz Ongoing

Background: Section 1512 of the Recovery Act requires recipients of Recovery Act funds directly from a Federal agency to submit a report not later than 10 days after the end of each calendar quarter, starting with the quarter ending September 30, 2009. Recipients must report the following information: the total amount of recovery funds received; the amount of recovery funds expended or obligated to projects or activities; a detailed list of all projects or activities for which recovery funds were expended or obligated, including such information as the status of the project or activity and an estimate of the number of jobs it created or retained. The OMB provided implementing guidance on Section 1512 reporting (OMB Memorandum M-09-21). This guidance requires Federal agencies to develop internal policies and procedures for reviewing reported data and to highlight certain data elements for review.

Objectives: Did DOL establish a process to perform limited data quality reviews in order to identify material omissions and/or significant reporting errors, and notify recipients of the need to make appropriate and timely changes?

Recovery Act: Award of Job Corps Contracts

Director: Katz Ongoing

Background: Under the Recovery Act, the Office of Job Corps (OJC) received \$250 million, which must be used primarily for construction of new Job Corps centers and rehabilitation of existing ones. The OJC works with DOL's Office of the Assistant Secretary for Administration and Management (OASAM) in awarding contracts since OASAM has procurement authority for OJC. However, OJC monitors the financial and performance activities of contractors. A March 20, 2009, Presidential Memorandum includes several requirements to ensure transparency and accountability in how Federal departments and agencies award contracts and grants with ARRA funds. For example, agencies must use merit-based decision making in making awards and communicate in writing with registered lobbyists.

Objectives/Key Questions: Did DOL select contractors on the basis of merit-based criteria? Did the contracts include measurable objectives, time lines, and outcomes so DOL and the public can determine the "value" of the investments?

Recovery Act: Job Corps Multi-Year Lease Agreements

Director: Katz New

Background: The Recovery Act gives Job Corps the authority to use funds for multi-year lease agreements if resulting in construction within 120 days of the Recovery Act. Job Corps currently has such an arrangement for the Los Angeles Job Corps Center. Buildings constructed (or leasehold improvements) may increase the market value of the building. Multi-year lease arrangements impose monitoring requirements related to the changing values of property over

time. Property valuations impact insurance, replacement, and maintenance costs as well as amortization adjustments.

Objectives/Key questions: Has DOL evaluated the efficiency of its lease arrangements? Could multi-year lease agreements be a model investment in Job Corps facilities?

OFFICE DIRECTOR CONTACT INFORMATION

Allberry, Charles MSHA, EBSA	(312) 353-2176	Allberry.Charles@oig.dol.gov
Armada, Ray Job Corps	(415) 625-2713	Armada.Ray@oig.dol.gov
Coyle, Robert Single Audit	(202) 693-5226	Coyle.Robert@oig.dol.gov
Denman, Paula ES, UI and W&H	(972) 850-4003	Denman.Paula@oig.dol.gov
Donovan, Joe OCFO	(202) 693-5248	Donovan.Joseph@oig.dol.gov
Galayda, Keith Information Technology	(202) 693-5259	Galayda.Keith@oig.dol.gov
Gilbert, Michael ARRA	(202) 693-5173	Gilbert.Michael@oig.dol.gov
Hill, Michael WIA, OWCP	(215) 446-3701	Hill.Michael@oig.dol.gov
Katz, Tracy BLS, OASAM	(202) 693-5161	Katz.Tracy@oig.dol.gov
Schwartz, Mark OSHA, WIA	(646) 264-3511	Schwartz.Mark@oig.dol.gov
Yarbrough, Michael VETS, FLC	(404) 562-2342	Yarbrough.Michael@oig.dol.gov