

U.S. Department of Labor

Office of Inspector General—Office of Audit

REPORT TO THE BUREAU OF
LABOR STATISTICS



BLS COULD ENHANCE DATA COLLECTION CONTROLS IN THE CURRENT EMPLOYMENT STATISTICS SURVEY

Date Issued: September 27, 2017
Report Number: 17-17-002-11-001

**U.S. DEPARTMENT OF LABOR
OFFICE OF INSPECTOR GENERAL
OFFICE OF AUDIT**

BRIEFLY...

SEPTEMBER 27, 2017

BLS COULD ENHANCE DATA COLLECTION CONTROLS IN THE CURRENT EMPLOYMENT STATISTICS SURVEY

WHY OIG CONDUCTED THE AUDIT

BLS's monthly Current Population Survey (CPS) and the Current Employment Statistics Survey (CES) are both widely watched Principal Federal Economic Indicators that are heavily relied upon by the government and private sectors. Therefore, these surveys must meet the highest standards for accuracy and reliability.

Both CES and CPS must fully incorporate the Office of Management and Budget's Standards and Guidelines for Statistical Surveys that ensure federal statistical surveys use reliable information sources and appropriate techniques, as well as present statistical products in an accurate, clear, and unbiased manner. For the CPS, the Department of Commerce's Census Bureau collects the data that BLS reports. For the CES, BLS both collects and reports the data.

WHAT OIG DID

We performed this audit to determine the following:

Has BLS established controls to ensure CPS and CES reported data are accurate, clear, and unbiased?

READ THE FULL REPORT

To view the report, including the scope, methodologies, and full agency response, go to: <https://www.oig.dol.gov/public/reports/oa/2017/17-17-002-11-001.pdf>.

WHAT OIG FOUND

BLS has established controls to ensure CPS results are presented in an accurate, clear, and unbiased manner. While BLS does not collect the CPS data, it has developed a CPS analysis and reporting plan, and only develops the estimates and published the results after validating the data provided by the Census Bureau.

While BLS has established controls for CES that comply with the OMB Standards and Guidelines for Statistical Surveys, it could enhance and consistently comply with controls over data collection. We identified two areas where BLS could enhance CES data collection controls. First, BLS allows contracted CES data survey collectors to view prior period data when collecting current period data. While this is a standard survey methodology to reduce respondent burden, it still increases the risk of data falsification. BLS has established a quality assurance program consisting of re-interviews and case reviews. However, the program is not consistently followed by each data collection center. As such, BLS could take additional steps to reduce the risk of data falsification and maximize data quality without increasing respondent burden.

Second, BLS's CES data breach policy does not require BLS officials to inform survey respondents if their respondent identifiable information has been compromised. Since responding to the CES is voluntary, BLS must protect the confidentiality of the information it obtains. If confidential data is compromised, the agency must be transparent with survey respondents in order to retain their trust and continued participation in the CES surveys.

WHAT OIG RECOMMENDED

We made recommendations to the Acting Commissioner of BLS that included redesigning its data collection system to reduce the risk of data falsification.

BLS agreed to take corrective actions on two of the three recommendations in the report.

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U.S. Department of Labor

Office of Inspector General
Washington, D.C. 20210



September 27, 2017

INSPECTOR GENERAL'S REPORT

William J. Wiatrowski
Acting Commissioner
Bureau of Labor Statistics
U.S. Department of Labor
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The Bureau of Labor Statistics (BLS) of the U.S. Department of Labor (DOL) is the principal federal agency responsible for measuring labor market activity, working conditions, and price changes in the economy. Its mission is to collect, analyze, and disseminate essential economic information to support public and private decision-making.

The monthly Current Population Survey (CPS) and the Current Employment Statistics Survey (CES) are widely watched Principal Federal Economic Indicators that are heavily relied upon by the government, business, and the public. Therefore, these surveys must meet the very highest standards for accuracy and reliability.

Our audit objective was to determine the following:

Has BLS established controls to ensure that CPS and CES reported data are accurate, clear, and unbiased?

RESULTS IN BRIEF

BLS has established controls to ensure it presents the U.S. Department of Commerce (Commerce) CPS survey results in an accurate, clear, and unbiased manner. Regarding CES data, BLS could enhance and consistently comply with its controls to further to minimize the risk of data falsification and to protect the confidentiality of the information it obtains voluntarily from survey respondents.

BACKGROUND

BLS currently produces seven Principal Federal Economic Indicators (indicators) that are widely watched and heavily relied upon by government and the private sector as indicators of the current condition and direction of the economy and must meet high standards of accuracy and reliability. Two of those indicators are the Current Population Survey (CPS) and the Current Employment Statistics Survey (CES).

CPS is a statistical survey conducted by the Census Bureau for BLS, which BLS then uses to produce a monthly report on the nation's employment situation. This report provides estimates of the number of employed and unemployed people in the United States. While CPS is considered a joint survey between the Census Bureau and BLS, BLS's particular responsibility regarding the CPS data is to validate and publish it. BLS does not modify, edit, or monitor the data that the Census Bureau collects.

CES is a statistical survey conducted wholly by BLS that produces monthly estimates of employment, hours, and earnings for the nation, states, and major metropolitan areas. The CES survey collects data each month on employment, hours, and earnings provided voluntarily from a sample of nonagricultural employers. Contracted survey data collectors at five data collection centers located in Atlanta, GA; Dallas, TX; Kansas City, MO; Fort Walton Beach, FL; and Chicago, IL, collect the CES data. BLS publishes both the CPS and CES surveys on the first Friday of every month.

In the data collection centers located in Atlanta, Dallas, Kansas City, and Fort Walton Beach, data collectors use an automated software package called the Total Operations Computer Assisted Telephone Interview (TopCATI) to collect monthly survey data from respondents. Survey workers contact survey respondents by phone and manually enter the applicable data into TopCATI every month. The data collection center in Chicago, known as the Electronic Data Interchange (EDI) Center, processes electronic files from large respondents and does not collect data by telephone.

In September 2006, OMB issued Standards and Guidelines for Statistical Surveys (Guidelines), which are government-wide policy and procedural guidance for ensuring and maximizing the quality of information disseminated by federal statistical agencies. Federal statistical activities are extremely large undertakings requiring millions of taxpayer dollars and result in statistics that have significant, far-reaching effects. As such, federal statistical agencies are required to adhere to the Guidelines for every statistical survey. Both CES and CPS must fully incorporate OMB's Guidelines to ensure they use reliable information sources and appropriate techniques as well as present statistical products in an accurate, clear, and unbiased manner.

The Guidelines comprise 20 standards that document professional principles and practices federal statistical agencies are required to follow, 14 of which relate to the production of accurate, clear, and unbiased information. Due to the joint responsibility between BLS and the Census Bureau for CPS, BLS is responsible for complying with 6 of the 14 standards. BLS is responsible for complying with all 14 standards for CES.

See Exhibit – BLS and Census Bureau Responsibilities for Complying with OMB Statistical Guidelines.

RESULTS

While BLS does not collect CPS data, it has established controls to ensure that results provided by Census Bureau are presented in an accurate, clear, and unbiased manner. Similarly, BLS has established controls to ensure that CES results are presented in an accurate, clear, and unbiased manner

However, as regards CES, BLS could enhance its controls over data collection. The CES process allows contracted data survey collectors to view prior period data when collecting current period data, which increases the risk of data falsification by contracted survey workers who have collection quotas to meet when they are having difficulty obtaining current period data. While this is a standard survey methodology to reduce respondent burden, it still increases the risk of data falsification. To reduce the risk of data falsification, BLS has established a quality assurance program consisting of re-interviews and case reviews. However, the program is not consistently followed by each data collection center. As such, BLS could take additional steps to reduce the risk of data falsification and maximize data quality without increasing respondent burden.

Additionally, BLS' CES data breach policy did not require BLS officials to inform survey respondents if their identifiable information was compromised. Since responding to the CES is voluntary, BLS must protect the confidentiality of the information it obtains. If confidential data is compromised, the agency must be transparent with survey respondents in order to retain their trust and continued participation in the CES surveys.

BLS HAS ESTABLISHED CONTROLS TO ENSURE CPS RESULTS ARE PRESENTED IN AN ACCURATE, CLEAR, AND UNBIASED MANNER

BLS has established controls that address all six OMB guideline standards under its responsibility relating to the production of accurate, clear, and unbiased information. For example:

- Evaluation - BLS performs data validation procedures on the CPS data provided by the Census Bureau. Data that is questioned or incomplete are returned to the Census Bureau to confirm its accuracy. Only after validating the Census Bureau data, does BLS develop the CPS estimates and publish the results in its monthly Employment Situation News Release.

- Analysis and Report Planning – BLS developed an Annual plan that includes the project plan, cost benefit analysis, risk register, security requirement, etc.
- Inference and Comparison – BLS established a criterion for judging statistical significance of the CPS data provided by the Census Bureau. BLS conducts comparisons between estimates from month to month.
- Review of Information Products – BLS published content of the Employment Situation News Release that is accessible to people with disabilities, as required by section 508 of the Rehabilitation Act.
- Survey documentation – BLS disseminates major information products in accordance with requirements presented by the OMB, and archives the internal portion of survey system documentation to ensure evaluation and replication.
- Documentation and Release of Public Use Micro Data – BLS releases public use micro data timely, and ensures imputed values on data files are clearly identified.

In October 2013, a Census Bureau employee filed a hotline complaint alleging the Census Bureau’s Philadelphia Regional Office falsified CPS data. Commerce OIG investigated these allegations and found no evidence of systemic data falsification or manipulation of the national unemployment rate by staff in the Philadelphia Regional Office. BLS stated that it routinely conducts a large number of checks on data after delivery from the Census Bureau to ensure accuracy and completeness. If BLS staff notice anything unusual in the data file, they consult the Census Bureau.

BLS COULD ENHANCE AND CONSISTENTLY COMPLY WITH CONTROLS OVER CES DATA COLLECTION

BLS has established controls that address all 14 OMB guideline standards under its responsibility related to the production of accurate, clear, and unbiased information, but the controls are not consistently followed. These controls include the following:

- Survey Response Rates – BLS ensures the CES expected unit response rates are identified at each stage prior to data collection and expected rates are established prior to data collection.
- Developing Sampling Frame – BLS has established the CES target populations and associated survey or sampling frame. BLS draws the survey sample from the Longitudinal Database that contains U.S. business establishments covered by Unemployment Insurance.

- Potential Survey Methodology – BLS provides the appropriate CES informational materials to respondents to address the respondents' burden in providing voluntary information to BLS, as well as the nature and timing of the survey being solicited.
- Data Collection Methodology – BLS has developed CES protocols to monitor data collection activities, with strategies to correct identified problems. BLS uses re-interviews and case reviews documented in their Quality Assurance Plan to conduct this task.
- Data Editing – BLS has CES edit checks in place to mitigate errors, and uses logic checks to ensure the accuracy of CES data.
- Nonresponse Analysis and Response Rate Calculation – BLS calculates all CES response rates, both weight and unweight.
- Coding – BLS ensures an appropriate CES methodology to identify missing data, and retains the original responses provided during data collection with the use of standardized codes.
- Evaluation – BLS includes evaluation components in CES that assess survey procedures, results, measurement error, and if appropriate methods were developed and implemented for bonding or estimating the non-sampling error.
- Developing Estimates and Projections – BLS incorporates model-based estimates as part of its practices, and develops its projections to provide the analytical framework needed to ensure detailed employment projections.
- Analysis and Report Planning – BLS ensures that CES uses appropriate characteristics of the analysis plan and standard elements of project management are included in the plan.
- Inference and Comparison – BLS has established criteria for judging statistical significance for testing before the testing is conducted. BLS shows that a criterion is pre-established at 90 percent before testing is conducted, and comparisons are conducted between estimates from month-to-month.
- Review of Information Products – BLS ensured content/subject matter review of all CES information products are conducted, and all products comply with Section 508 of the U.S. Rehabilitation Act. BLS also ensures the Employment Situation content is periodically modified to reflect the needs of stakeholders.

- Survey documentation – BLS disseminated major CES information products in accordance with requirements presented by the OMB. Schedules show when information products are released and published on the website.
- Documentation and Release of Public Use Microdata – BLS does not release public use Microdata to the public in accordance with Confidential Information Protection and Statistical Efficiency Act.

**DATA SURVEY COLLECTORS WERE ABLE TO VIEW
PRIOR PERIOD DATA WHEN COLLECTING CURRENT
PERIOD DATA**

While BLS has established controls to ensure the quality of CES data, the controls are not consistently followed, as required re-interviews and case reviews are not consistently performed at the DCCs. Moreover, BLS could establish additional controls to further reduce the risk of data falsification and ensure the accuracy and quality of the CES survey data.

BLS data survey collectors use a data collection system (called TopCATI) to collect monthly survey data from respondents. Survey workers contact respondents' appointed representatives by phone and manually enter the applicable data reported into TopCATI every month.

TopCATI includes basic validity checks, such as if a field should contain a letter, but a number is entered or if new data provided exceeds the expected change threshold. If a data validity check is triggered, TopCATI will alert the data collector by turning the data field red and indicating the cause of the error. This allows the data collector to confirm with the respondent that the data being provided is accurate.

Once the data is entered, it is sent to BLS headquarters in Washington, DC, where it is reviewed and analyzed by BLS staff. If BLS staff identifies errors or inconsistencies, they send it back to the data collection center for review and confirmation with the respondent.

Data collectors have performance standards to meet every month – an 85 percent data collection rate at the first attempt for all units, and 92 percent or more by the second attempt. The consequences of not meeting collection standards include termination. Having prior-period data available while collecting current period data increases the risk of a data collector falsifying data if they are not meeting their performance standards or just do not feel like going through the effort to collect actual data.

BLS performs quality assurance reviews to enhance the quality of the data produced, and to help mitigate instances of data falsification. BLS conducts quality assurance reviews at each data collection center and has implemented a quality assurance plan to document how to perform the reviews. Based on the quality assurance plan, BLS uses re-interviews and case reviews to perform quality assurance reviews for the four data

collection centers that collect data by telephone. Re-interviews determine the integrity of the data collected through the original telephone interview confirming the data collector contacted the respondent and verifying the accuracy of the data collected, while case reviews is a method of reviewing cases to ensure data is entered and coded correctly.

The quality assurance plan requires BLS officials to perform at least one re-interview, per contractor interviewer, per fiscal year. In addition, BLS officials are to perform five case reviews, per contractor interviewer, per fiscal year for the data collection centers in Atlanta, Dallas, and Kansas City. In the Fort Walton Beach data collection center, BLS officials are to perform two case reviews, per contractor interviewer, per fiscal year. However, the required re-interviews and case reviews were not consistently performed at the DCCs. (See Table 1: Fiscal Year (FY) 2016 Quality Assurance Review – Re-Interviews, and Table 2: FY 2016 Quality Assurance Review – Case Reviews.)

DCCs	Re-Interviews Reviews Completed	Re-Interviews Required Completion per QA Plan	Number of Re-Interviews not Completed per QA Plan
Atlanta	46	60	14
Dallas	44	39	-
Kansas City	95	116	21
Fort Walton Beach	105	75	-

DCCs	Case Reviews Completed	Required Completion per QA Plan	Number of Case Reviews not Completed per QA Plan
Atlanta	370	300	-
Dallas	126	195	69
Kansas City	587	580	-
Fort Walton Beach	213	150	-

In addition, BLS identified instances in which data collectors were caught either falsifying current period data by using the prior period’s information or soliciting

¹ Re-interview numbers were provided by BLS officials and are unaudited

² Case review numbers were provided by BLS officials and are unaudited

information from the respondent by using information the respondent had previously provided. This could have occurred only because of the prior-period information's availability to the data collectors.

BLS officials stated that the availability of prior-period data is a common practice in data collection operations, such as CES, and serves to reduce respondent burden. For example, when a data collector enters current period data into TopCATI that exceeds the expected change threshold, TopCATI flags the data by providing the data collector color-coded error triggers and error messages that data provided by a respondent exceeded the expected change threshold. The data collector can then immediately reference the prior-period data when confirming that the current-period data is correct, thus avoiding a second phone call to the respondent at a later date to confirm the accuracy of current-period data.

In addition, BLS officials stated that the value of using previously collected data for verification purposes at the time of collection outweighs the risk associated with the rare occurrence of individual data falsifications. BLS also believed its quality assurance procedures further ensured the integrity of the data collected.

We reached out to another federal statistical agency that performs data collection similar to CES and learned it makes prior-period data available to its data collectors similar to BLS. In addition, we consulted a statistician in another federal agency who told us that reducing respondent burden and ensuring sufficient response rates is one of the greatest challenges facing survey methodologists. The statistician believes that, while BLS's CES telephone data collection method has vulnerabilities, it is common industry practice that is justified given the potential benefits.

Standard 2.3, Data Collection Methodology, of the OMB Guidelines states:

Agencies must design and administer their data collection instruments and methods in a manner that achieves the best balance between maximizing data quality and controlling measurement error while minimizing respondent burden and cost.

We agree with BLS that having prior period data available to data collectors when collecting current period data is a common practice and may reduce respondent burden. However, as we determined through our audit, BLS had not consistently followed its quality assurance review procedures at the data collection centers, and these reviews have identified instances of data falsification.

BLS could take additional steps to further reduce the risk of data falsification and to maximize data quality without increasing respondent burden. BLS could redesign TopCATI to display the prior-period data only when TopCATI has identified current period data exceeds the expected change threshold and needs to be confirmed with the survey respondent while on the initial phone call. This change to TopCATI would reduce a data quality risk while still adhering to common data collection practices and ensuring

that respondent burden is not increased. The government and private sector rely on the CES as an indicator of the current condition and direction of the economy; therefore, any potential risk to CES accuracy and reliability should be reduced to the lowest level possible.

**RESPONDENTS WERE NOT INFORMED
IF THEIR DATA HAD BEEN COMPROMISED**

BLS's data collection centers do not inform respondents when respondent identifiable information, which discloses the identity of the respondent, was compromised during the data collection process. Furthermore, BLS did not have policies and procedures that require respondents to be informed when breaches occur. Respondents provide information to BLS voluntarily, and they may not be inclined to continue doing so if they are not informed when their information is breached.

According to BLS, a breach occurs whenever there is an opportunity or an actual instance of an unauthorized individual having access to sensitive information. In accordance with BLS's Office of Field Operations Standard Operating Procedures – Breach Reporting, sensitive information is classified:

- Pre-release information – All economic data and statistics not yet released to the public.
- Personally Identifiable Information – Any representation of information that permits the identity of the individual to whom the information applies to be reasonably inferred by either direct or indirect means.
- Restricted Access Information – Information that does not meet the definition of confidential information or personally identifiable information, but to which access and use should be limited to individuals with a need-to-know.
- Respondent Identifiable Information – Any representation of information that permits the identity of the respondent to whom the information applies to be reasonably inferred by either direct or indirect means. The conjunction of one data element with one or more additional elements increases the level of sensitivity and/or propensity to cause harm in the event of compromise.

The CES program typically collects respondent identifiable information from voluntary respondents. The enrollment form sent to respondents contains the following information: company name, payroll personnel contact information provided data, business address, business telephone number, fax number, report number, location, UI number, industry code, and email address.

BLS has a detailed chain of command process for reporting breaches. However, our analysis of BLS's policies and procedures and training guides found no requirements to notify a respondent in the event of a breach.

During our review, BLS identified breaches at the following centers: 19 in Atlanta and 6 in Dallas. The breaches occurred when a data collector mistakenly mailed or faxed enrollment forms containing respondent identifiable information from one respondent to a different respondent during the data collection process.

BLS enrollment forms provided by data collection centers to respondents assures respondents that the information they provided will be used for statistical purposes only and will be held in confidence to the full extent permitted by the law. Section 511 of the Confidential Information Protection and Statistical Efficiency Act of 2002 ensures individuals or organizations who supply information under a pledge of confidentiality to agencies for statistical purposes will neither have that information disclosed in identifiable form to anyone not authorized by this title nor have that information used for any purpose other than a statistical purpose.

With this assurance, it would be appropriate for BLS to inform respondents if a breach has occurred in order to retain their trust so they will continue to voluntarily provide data for the survey. To facilitate a transparent relationship with respondents, it is important that BLS notify them of information that was compromised, and what is being done to rectify the situation. Such transparency would help foster a lasting relationship with respondents. Furthermore, respondents would be able to put the appropriate safeguards in place to protect their companies' respondent identifiable information.

OIG RECOMMENDATIONS

We recommend that the Commissioner of the Bureau of Labor Statistics:

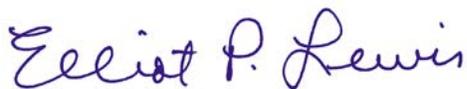
1. Redesign the TopCATI system to allow data collectors to view the prior period data only after TopCATI has identified the current period data exceeds the expected change threshold.
2. Ensure re-interview and case review requirements are met at all Data Collection Centers.
3. Update the breach policy to include a requirement to inform respondents in the event that a breach involving their respondent identifiable data occurs.

MANAGEMENT RESPONSE

The Acting Commissioner of BLS agreed to take corrective actions on two of the three recommendations in the report. However, the Acting Commissioner of BLS disagreed with some of the issues in the report.

The Acting Commissioner of BLS stated that redesigning the TopCATI system would be cost prohibitive and ineffective based on a couple instances of data falsification that the OIG was made aware of by BLS during the audit period and would be a poor use of already limited resources. The OIG believes that any instance of known data falsification increases the risk that additional data falsification may have gone undetected. Furthermore, data survey collector access to prior period data before collecting current period data, even while an accepted data collection practice, still creates a risk that BLS should attempt to mitigate to the lowest level economically possible. While BLS relies on its quality assurance program to lower the risk of data falsification, BLS had not consistently followed its requirements.

We appreciate the cooperation and courtesies BLS extended us during this audit. OIG personnel who made major contributions to this report are listed in Appendix C.



Elliot P. Lewis
Assistant Inspector General
for Audit

Exhibit

**BLS and Census Bureau Responsibilities for Complying with
OMB Statistical Guidelines**

OMB Statistical Guidelines	Current Population Survey	Current Employment Survey
Section 1 – Development of Concepts, Methods, and Design		
1. Survey Response Rates	Census	BLS
Section 2 - Collection of Data		
2. Development of Sampling Frame	Census	BLS
3. Potential Survey Respondent	Census	BLS
4. Data Collection Methodology	Census	BLS
Section 3 – Processing and Editing of Data		
5. Data Editing	Census	BLS
6. Nonresponse Analysis and Response Rate Calculation	Census	BLS
7. Coding	Census	BLS
8. Evaluation	BLS	BLS
Section 4 – Production of Estimates and Projections		
9. Developing Estimates and Projections	Census	BLS
Section 5 – Data Analysis		
10. Analysis and Report Planning	BLS	BLS
11. Inference and Comparisons	BLS	BLS
Section 6 – Review Procedures		
12. Review of Information Products	BLS	BLS
Section 7 – Dissemination of Information Products		
13. Survey Documentation	BLS	BLS
14. Documentation and Release of Public Use Micro-Data	BLS	BLS

Appendices

APPENDIX A

**OBJECTIVE, SCOPE, METHODOLOGY, AND
CRITERIA**

OBJECTIVE

Has BLS established controls to ensure that CPS and CES reported data are accurate, clear, and unbiased?

SCOPE

The audit covered the examination of the BLS Current Population Survey and Current Employment Statistics Survey, specifically focusing on the adequacy of the controls in place for the programs and the compliance with the OMB Standards and Guidelines for Statistical Surveys. The Quality Assurance review conducted in conjunction with the CES Survey covered FY 2016.

We conducted fieldwork at BLS headquarters in Washington DC, and BLS data collection centers in Atlanta, Chicago, and Dallas.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

METHODOLOGY

To achieve our objective, we interviewed management and staff of both CPS and CES, contractors at the data collection centers, and experts in similar fields and statistical areas to gain an understanding of the data collection process and the controls in place to ensure the data collected is accurate, reliable, and unbiased. We reviewed the methodology based on the 14 objectivity standards in OMB statistical guidelines that federal statistical agencies are required to follow. Since the CPS survey is conducted jointly with Census, we reviewed six of the 14 objectivity standards in OMB statistical guidelines that BLS is responsible for.

In determining CPS and CES's compliance with the OMB standards and guidelines, we compared their statistical, collection, and documentation process with the OMB Standards and Guidelines for Statistical Surveys issued in September 2006.

In addition, we reviewed policies and procedures documented by BLS to heighten control implementation and data integrity. We also reviewed policies and procedures,

procedures in place by contractors at the data collection centers, and data collection materials from external sources to ensure the integrity of the data collection process.

We consulted with experts from statistical and data collection fields to obtain guidance on data collection practices and methodologies.

In planning and performing our audit, we considered BLS's internal controls that were relevant to our audit objective. We confirmed our understanding of these controls through interviews and reviews of policies and procedures.

CRITERIA

- Confidential Information Protection and Statistical Efficiency Act of 2002
- BLS - Office of Field Operations Regions: Standard Operating Procedures: Breach Reporting, February 29, 2012
- BLS Administrative Procedure No. 1-14, Procedures for Breach Reporting
- DCC Quality Assurance Plan for CES, 2015
- OMB Standards and Guidelines for Statistical Surveys, September 2006

BLS'S RESPONSE

U.S. Department of Labor

SEP 20 2017

Bureau of Labor Statistics
2 Massachusetts Ave. N.E.
Washington, D.C. 20212



MEMORANDUM FOR: ELLIOTT P. LEWIS
Assistant Inspector General for Audit
Office of Inspector General

FROM : WILLIAM J. WIATROWSKI 
Acting Commissioner

SUBJECT : Management Response to Office of Inspector General Draft
Report No. 17-17-002-11-001, *BLS Could Enhance Data
Collection Controls in the Current Employment Statistics Survey*

This response addresses the Office of Inspector General (OIG) Draft Report Number 17-17-002-11-001, "*BLS Could Enhance Data Collection Controls in the Current Employment Statistics Survey*." Our response to recommendation three and the findings related to recommendation one were previously conveyed to the OIG during the meetings held on March 16, 2017 and April 13, 2017. However, the Draft Report includes additional findings and recommendations since the Preliminary Results and Recommendation report was issued on February 6, 2017. As such, the BLS was not provided the opportunity to confirm the factual accuracy of these new statements nor afforded the opportunity to meet and discuss any related concerns with the OIG.

With regard to the specific recommendations, BLS management provides the following response:

Recommendation 1: Redesign the TopCATI system to allow data collectors to view the prior period data only after TopCATI has identified the current period data exceeds the expected change threshold.

Management Response: BLS management disagrees with this recommendation. Furthermore, this recommendation was not included in the Preliminary Results and Recommendations report that was previously issued to the BLS. As such, the BLS was not provided the opportunity to discuss this recommendation.

The BLS reiterates that, neither the Office of Management and Budget (OMB) Standards and Guidelines for Statistical Surveys, the standards against which the OIG audited the Current Employment Statistics (CES) and Current Population Survey (CPS) programs, nor the Confidential Information Protection and Statistical Efficiency Act (CIPSEA) under which the data are collected, prohibits the use of prior period data as a data collection strategy. This strategy, called reactive dependent interviewing, is accepted practice across Federal Statistical surveys and necessary to ensure the quality and validity of the data. In fact, the OIG admitted in its own Draft Report that they verified with another Federal agency and statistician that such use of prior period data is standard practice in the Federal statistical community.

SEP 20 2017

As was also communicated to the OIG, there is no evidence to suggest that access to prior period data increases the likelihood of data falsification. Rather, the value of using previously-collected information for verification purposes is well established. To address the rare occurrence of individual data falsification, BLS relies on its quality assurance program to deter and limit the ability of staff to do so.

Redesigning the TopCATI system would be cost prohibitive and ineffective. As approximately 75,000 respondent cases are collected by Data Collection Center (DCC) interviewers each month, to redesign a system based on a couple of instances of data falsification that the OIG was made aware of by BLS during the audit period would be a poor use of already limited resources. For these reasons, we believe that our quality assurance program is far more effective in addressing the few instances of data falsification that may arise.

The BLS also notes the following on the results section related to this recommendation:

Page 2, 4th paragraph: correct to “Total Operations Computer Assisted Telephone Interviewing (TopCATI)”

Page 2, 4th paragraph: The last sentence is incorrect. An accurate statement would be “The data collection center in Chicago, known as the Electronic Data Interchange (EDI) Center, processes electronic files from large respondents and does not collect data by telephone.”

Recommendation 2: Ensure re-interview and case review requirements are met at all Data Collection Centers.

Management Response: This recommendation and the related results section which details the OIG’s findings were not included in the Preliminary Results and Recommendations report that was previously issued to the BLS. Therefore, the BLS was neither afforded the opportunity to evaluate and confirm the factual accuracy nor provided the chance to discuss the finding and recommendation before the Draft Report was issued.

With regard to the recommendation that “case review requirements” are met, it is important to clarify that BLS has set internal, ambitious performance goals for case review. These numerical goals are not external “requirements” and should not be cast as such in an official OIG recommendation.

To resolve what we surmise is the spirit of this recommendation, BLS will refine its internal goals by detailing what is a minimally satisfactory number of case reviews and re-interviews and establishing time frames to complete the work.

Recommendation 3: Update the breach policy to include a requirement to inform respondents in the event that a breach involving their respondent identifiable data occurs.

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Management Response: BLS management disagrees with this recommendation. Consistent with applicable law and policy, BLS evaluates on a case-by-case basis whether it must notify the subject of a particular breach of respondent identifiable information (RII) collected under CIPSEA. Neither the OMB Standards and Guidelines for Statistical Surveys, the standards against which the OIG audited the CES and CPS programs, nor CIPSEA requires respondents to be informed of every breach of RII. BLS's existing practice is consistent with OMB's CIPSEA Implementation Guidance, which allows statistical agencies discretion in how they address breaches of CIPSEA-protected data.

The incidents involving RII that are identified in the report involved the inadvertent mailing of survey forms to incorrect business addresses. As a result of the mis-mailing, the company name/address of potential survey respondents were disclosed to other businesses. Except for the company name/address no other information was disclosed in each instance on the survey forms. BLS reported the incidents to OCIO, in accordance with the DOL incident response policy, and upon evaluation of the facts, determined that notification to the respondents of the disclosures was not necessary in light of the nature of the disclosure and negligible risk of harm to the respondents.

While BLS disagrees that every breach of RII requires notification to the subject of the breach, BLS, in consultation with OCIO, plans to revise its breach notification procedures to document BLS's existing practice regarding respondent notifications.

If you have any questions, please contact Leslie Bennett in the Division of Management Systems on (202) 691-7558.

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APPENDIX C

ACKNOWLEDGEMENTS

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