I am pleased to provide the Office of Inspector General’s (OIG) Audit Workplan for Fiscal Year (FY) 2019. We prepared this workplan to inform Department of Labor (DOL or Department) agencies and Congress of audits and reviews that will be completed or initiated in FY 2019. Our audits are presented by DOL agency and then further broken down into mandatory and discretionary audits. This workplan does not include unanticipated work that will come from legislative mandates, congressional requests, DOL requests, or emerging programmatic issues.

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

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

We prepared this audit workplan by considering risks to major DOL programs that may prevent DOL from achieving strategic goals and objectives under its FY 2018 – 2022 Strategic Plan.

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

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

DOL Agencies

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

FY 2019 Workplan

The FY 2019 Audit Workplan is presented by DOL agency and then further broken down into mandatory and discretionary audits.
Bureau of International Labor Affairs (ILAB)

Mandatory Audit

Memoranda of Agreement between USAID and ILAB. ILAB signed two Memorandums of Agreement with the U.S. Agency for International Development (USAID) that transferred approximately $7 million from USAID to ILAB for grant-funded projects to ensure a fair global playing field for workers in the U.S. and around the world by enforcing trade commitments, strengthening labor standards, and combatting child labor, forced labor, and human trafficking. This mandatory audit will focus on whether taxpayer dollars were spent as intended and whether the reported program results are reliable.

Employment and Training Administration (ETA)

Mandatory Audits

Job Corps

Job Corps Contractor Claimed Costs. ETA annually awards millions of dollars for national contracts to provide Job Corps students with trade-specific training. It is important that ETA ensure contractors use these funds properly and achieve intended results. This audit will focus on ETA’s oversight of contract performance, to include the validity of contractor claimed costs and the extent to which students were placed in trade-specific jobs.

Job Corps Outreach and Admissions—In Progress. Violence within the Job Corps program, ranging from assault to murder, has impacted Job Corps centers for years. Previous OIG audits have reported lax enforcement of discipline policies in Job Corps centers around the nation. In addition, hotline complaints and media articles have pointed out safety concerns at Job Corps centers. An unsafe center puts students at
unnecessary risk of physical or psychological harm and could increase the occurrence of program dropouts, decrease enrollments, lower student vocational and academic performances, and diminish placement outcomes. Effective screening of applicants decreases the risk of admitting potentially violent students or those who are likely to create disciplinary problems. This audit focuses on how Job Corps’ admissions policies and practices, particularly as they relate to key performance measures, address such disciplinary issues and the health and wellbeing of students.

FY 2018 Integrity of Job Corps’ Information—In Progress. Job Corps manages its training program using a centralized information system to collect and process information from over 120 Job Corps centers. Job Corps center staff use the information system to support recruitment and enrollment of students, process student payroll, and track the academic and vocational training status for program participants. From the information collected, Job Corps center staff generate and distribute performance reports used by Job Corps’ management to oversee program activity and monitor the accomplishment of program goals. Our ongoing audit focuses on reviewing the Department’s efforts to ensure the integrity of the information from collection to reporting.

Job Corps High School Diploma and High School Equivalency Attainment Results—In Progress. The Job Corps program receives $1.7 billion annually in federal funds to provide academic and workforce education to thousands of at-risk youth. Job Corps’ research shows that earning a high school diploma (HSD) or high school equivalency (HSE) certificate has a direct, positive bearing on a student’s chance of success after graduating. Over the past 5 years, we received 13 complaints alleging cheating in Job Corps high school programs, such as center staff regrading exams or taking exams on behalf of students to ensure passing scores. Our ongoing audit will determine if the actions taken to prevent cheating in HSD and HSE programs have been successful.

Discretionary Audits

ETA Contract and Grant Programs

ETA’s Use of Evaluations. Evaluations and research can be valuable in demonstrating success or progress, and can help agencies identify areas of improvement. An OIG audit issued in 2010 found ETA did not consistently share with stakeholders the results from evaluations State Workforce Agencies conducted of Adult, Dislocated Worker, and Youth training programs under the Workforce Investment Act. We are concerned ETA may not be making the best use of evaluations and research initiatives to improve its programs and activities. Our audit will examine the extent to which ETA has obtained and used the evaluation and research results to improve the management and effectiveness of Workforce Innovation and Opportunity Act (WIOA) programs.
ETA Dislocated Worker Grants—In Progress. ETA received $100 million to assist workers dislocated by hurricanes Harvey, Maria, and Irma, and other major disaster declarations due to wildfires in 2017. In 2015, OIG work identified delays in ETA’s approval of grant modification requests. Our ongoing audit focuses on the extent to which ETA properly administered Dislocated Worker Grants for areas affected by hurricanes Harvey, Maria, and Irma, and the 2017 wildfire disaster declarations.

ETA American Apprenticeship Initiative (AAI) Grants—In Progress. In 2015, ETA awarded 46 grants, totaling more than $175 million, under the AAI grant program. These grants were meant to create and expand apprenticeship opportunities in H-1B industries and occupations. In 2018, several OIG audits of other training grant programs reported that ETA did not provide sufficient oversight of grantees and participants did not benefit from the audited program despite claims that grantees met their goals. Our ongoing audit focuses on how ETA has designed and monitored the AAI grant program and how well grantees ultimately performed under the grants.

Workforce Innovation and Opportunity Act (WIOA) Credentials Audit—In Progress. For program years 2016 and 2017, WIOA allotted billions per year in funding to states for Adult, Dislocated Worker, and Youth programs, to help participants achieve various employment-related outcomes, including credential attainment. Our ongoing audit will determine the extent to which the credentials participants earn are aligned with local employer needs and assist participants in finding skilled employment.

H-1B Technical Skills Training (TST) Grants—In Progress. TST grants are funded through H-1B program fees paid by employers requesting to hire temporary foreign workers for highly skilled jobs. The TST grants are intended to raise the technical skill levels of American workers so that, over time, businesses can reduce their need for the H-1B program. However, past OIG audits found participants were not trained in skills for which employers hired foreign workers. Our ongoing audit will determine if the training provided by TST grantees resulted in participants obtaining and retaining employment in highly skilled occupations for which employers used H-1B visas to hire temporary foreign workers.

Reintegration of the Ex-Offenders (RExO) Program—In Progress. The RExO program consists of a portfolio of grant projects providing pre-release and post-release services to youth and adult offenders. The Face Forward Program within RExO targets youth ages 14 to 24 who were involved in the juvenile justice system, but who were never involved in the adult criminal justice system. During FYs 2013 to 2016, ETA awarded 64 Face Forward grants, totaling $104 million. Face Forward helps to address the stigma of having a juvenile record by offering diversion and expungement, education, and training services. Our ongoing audit will determine if ETA established appropriate goals and metrics for Face Forward grantees, and to what extent grantees achieved performance goals and spent funds properly.
Unemployment Insurance (UI) Program

Disaster Unemployment Assistance (DUA). DUA provides financial assistance to individuals whose employment or self-employment has been lost as a direct result of a major disaster. Program guidelines require quick turnarounds on paying claims. This prompt payment requirement and the accompanying breakdown of essential systems during disasters increase the risk of improper payments. DOL awarded DUA grants totaling nearly $25 million to states impacted by hurricanes Harvey, Irma, and Maria in the late summer and early fall of 2017. This audit will focus on whether ETA's controls are sufficient to detect and prevent improper payments within this grant program.

Unemployment Insurance Work Search Requirements. Since 2016, claimants who failed to meet work search requirements have been the primary cause of UI overpayments. The Department estimates that, between April 1, 2017, and March 31, 2018, states overpaid more than $1.4 billion in UI benefits to recipients who did not meet state work search requirements for the UI program. This audit will assess the accuracy of reported noncompliance with work search requirements and possible approaches to improve compliance and reduce improper payments.

Mine Safety and Health Administration (MSHA)

Discretionary Audits

MSHA Pattern of Violations (POV) Status. POV status requires MSHA to exercise enhanced enforcement on mines with a history of significant and substantial violations. Since 2010, MSHA has issued more than 31,000 “significant and substantial” violations annually, covering approximately 13,000 mines, and issued 30 “potential” POV and 7 POV notices. The last time MSHA placed a mine on POV status was in 2014. This audit will focus on the extent to which MSHA has exercised its POV authority and the impact of this authority on addressing significant and substantial violations.

Mine Rescue. Since 2001, eighteen rescuers have died in mine disasters. Mine rescue is extremely hazardous under any circumstances, but well-trained and well-equipped rescue teams decrease the risk that miners or the rescue teams themselves experience injury or loss of life. This audit will focus on MSHA’s oversight of rescue team preparedness.

MSHA Violations—In Progress. From 2013 through 2016, MSHA inspectors issued more than 453,000 citations and orders to mines for safety violations. During the same timeframe, the agency canceled, or “vacated,” more than 7,600 of those citations and orders. Incorrectly vacating citations and orders increases the risk that miners remain exposed to hazards. In addition, if MSHA is not correctly assessing and collecting
monetary penalties, their deterrent effect is minimized. This ongoing audit focuses on whether MSHA appropriately wrote, terminated, modified, collected, or vacated citations and orders.

**MSHA Conferencing—In Progress.** Between 2013 and 2016, MSHA conducted almost 9,000 conferences to resolve disputes over citations and orders issued to mine operators. During these conferences, mine operators may present evidence to MSHA to persuade it to modify or cancel the citations and orders. Modifying or canceling citations reduces the deterrent effect of penalties that would have otherwise been assessed. Conducting these conferences properly decreases the likelihood MSHA will incorrectly modify or vacate valid citations and orders. This ongoing audit focuses on how well MSHA has managed the conference program.

**MSHA Civil Monetary Penalties Program Analysis—In Progress.** MSHA’s Civil Monetary Penalty program is designed to protect miners’ safety by penalizing violations identified during inspections of mines. The penalty’s purpose is to provide a financial incentive to the operator to abate safety hazards prior to identification by inspectors or more importantly prior to an accident. This ongoing audit assesses the impact of the penalties on reducing future safety violations at mines.

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**Occupational Safety and Health Administration (OSHA)**

**Discretionary Audits**

**OSHA Complaint Inspections.** OSHA conducts approximately 9,000 complaint inspections annually and issues citations in 24 percent of those inspections. Inspectors are not required to interview complainants at any point during the inspection process, which could result in OSHA having little interaction with complainants and witnesses during complaint inspections. This audit will focus on the extent to which OSHA uses complainant and witness testimony during a complaint inspection.

**OSHA Penalty Reductions.** OSHA penalty reductions could serve as a disincentive for employers to improve workplace safety and health. In FY 2017, OSHA assessed a total of $771 million in penalties, but subsequently reduced this amount by 28 percent, to $552 million. A 2010 OIG audit found OSHA had not effectively evaluated if reducing penalties served as an incentive for employers to improve workplace safety and health. Additionally, a June 2016 report by The Center for Progressive Reform found reducing civil penalties may negate the deterrent value of citations. This audit will determine what OSHA knows about the effectiveness of penalty reductions in deterring unsafe workplace conditions.
OSHA Whistleblower Protection Programs—In Progress. From FYs 2011 through 2018, approximately 900 whistleblowers filed retaliation complaints with the OSHA San Francisco Region. The Whistleblower Protection Program (WPP) investigates complaints of employer retaliation taken against workers who “blow the whistle” under 22 different statutes. These statutes protect workers’ rights to report violations of various workplace safety, consumer product, environmental, financial reform, and securities statutes. If the evidence supports workers’ allegations, workers may be entitled to reinstatement, back pay, restored benefits, and other remedies to make them whole. This ongoing audit focuses on the extent to which OSHA’s San Francisco Region administered WPP and appropriately investigated complaints.

OSHA Process to Issue and Manage Rules—In Progress. OSHA creates and enforces rules (known as “standards” and “regulations”) to protect 121 million Americans at 9 million worksites. These rules provide important information on workplace hazards and remedies, and parameters for OSHA programs (enforcement, compliance assistance, training, etc.). Having a formal, comprehensive, and consistent process for assessing workplace safety and health risks is critical for OSHA to determine the need for new rules and standards, or for revising existing rules and standards. Thus, leadership changes can unduly influence OSHA’s rulemaking decisions. This ongoing audit focuses on OSHA’s process to issue and manage rules, and whether OSHA appropriately implements rules to protect workers.

Office of Federal Contract Compliance Programs (OFCCP)

Discretionary Audit

Effectiveness of OFCCP Enforcement of Federal Contract Requirements—In Progress. In FY 2017, the federal government obligated more than $36 billion for public construction projects. OFCCP enforces, for the benefit of wage earners and job seekers, the contractual promise to comply with three Equal Employment Opportunity (EEO) laws required of those who do business with the federal government. Our ongoing audit focuses on OFCCP’s policies and procedures for enforcing EEO requirements over federally-funded construction contracts.
Office of the Assistant Secretary for Administration and Management (OASAM)

Mandatory Audit

Federal Information Security Management Act (FISMA) Audit—Annual (FYs 2018 and 2019). In performing its various missions, DOL collects and processes sensitive information through approximately 55 major information systems. FISMA recognizes the significant risks involved with information technology and its important role in fulfilling agency missions. The Act sets a framework for securing all federal government systems by developing security standards and methods for measuring the effectiveness of those security standards. This audit will focus on the status of the DOL Information Security Program in implementing an effective framework to secure DOL information systems.

Discretionary Audits

Acquisition and Planning. DOL awarded approximately $1.6 billion in contracts in FY 2018. Of this amount, $230 million was awarded through a process other than full and open competition. Key acquisition planning elements as described in the Federal Acquisition Regulation and Departmental guidance emphasize that contracts be awarded in a timely manner, at a reasonable cost, and under full and open competition to the largest extent possible. This audit will focus on the use of full and open competition within the Department’s acquisition planning process.

DOL Use of Suspension and Debarment. The Department must operate an effective suspension and debarment program to ensure government contracts, grants, and cooperative agreements are only awarded to responsible parties. Suspensions and debarments are vital tools to protect taxpayers from companies and/or individuals who engage in dishonest or illegal conduct or who are otherwise unable to satisfactorily perform their responsibilities. Since 2009, the Department has reported 13 suspensions and 42 debarments. This audit will focus on how effectively the Department has used suspensions and debarments to protect the integrity of its procurement and assistance awards.

Effectiveness of DOL’s Information Technology Governance. DOL spends approximately $715 million annually on a portfolio of information technology assets that support the operation and management of its programs. An effective information technology governance framework is critical to prevent security breaches, excessive costs, missed deadlines, and low-quality information technology products and services. This audit will focus on the status of the IT governance framework and will assess the authority and independence of the CIO position.
Records Management—In Progress. Electronic records pose a challenge to recordkeeping in the federal government. To maintain the public’s trust and ensure transparency in government, the Department must identify, manage, and preserve electronic federal records that are proliferating in formats, expanding in quantity, and vulnerable to quick deletion in order. This ongoing audit focuses on the adequacy of DOL’s policies for capturing federal records.

Physical Security—In Progress. Security of federal facilities affects the safety of federal employees, the public, and the daily operations of the federal government. Several incidents, such as the 2015 fatal shooting at the New York City Varick Street federal building, have exposed threats to safety that federal facilities, employees, and the public continue to encounter. It is critical that DOL effectively monitor physical security at DOL facilities to protect employees and the public from security threats. This ongoing audit is focused on the sufficiency and consistency of the security protections at DOL facilities across the country.

Office of the Chief Financial Officer (OCFO)

Mandatory Audits

DOL Consolidated Financial Statements Audit—Annual. We will determine if DOL’s consolidated financial statements present fairly, in all material respects, the financial position of DOL as of September 30, 2019. We will consider DOL’s internal controls over financial reporting and test DOL’s compliance with applicable laws, regulations, contracts, and grant agreements that have a direct and material effect on the consolidated financial statements.

Review of DOL’s Improper Payment Reporting in the Annual Financial Report—Annual. In FY 2017, the UI program and the Federal Employees’ Compensation Act (FECA) reported outlays of $32.5 billion and $2.8 billion respectively, with an estimated improper payment rate of 12.5 percent and 2.06 percent, respectively. Based on the Department’s risk assessments, the UI and FECA programs continue to be considered most susceptible to improper payments of all DOL programs. This audit will determine if DOL complied with the Improper Payments Information Act, as amended, which requires DOL to: 1) conduct a program-specific risk assessment for each required program or activity; 2) publish and meet annual reduction targets for each program assessed to be at risk for improper payments; and 3) report information on its efforts to recapture improper payments.

Independent Auditors Report on Special-Purpose Financial Statements (closing package)—Annual. We will determine if DOL’s special-purpose financial statements present fairly, in all material respects, the financial position of DOL as of
September 30, 2019. We will consider DOL’s internal controls over financial reporting specific to the closing package financial statements and we will test DOL’s compliance with certain provisions of the Treasury’s Financial Manual Chapter 4700 and the Supplemental Guidance.

**The Digital Accountability and Transparency Act of 2014 (DATA Act) Audit.**
The DATA Act requires federal agencies to report spending data in accordance with government-wide data standards developed by the Office of Management and Budget (OMB) and the Department of Treasury (Treasury). Under this Act, it is critical that the Department report accurate and reliable spending data so taxpayers and policy makers understand how the Department is spending its funds. This mandatory audit will determine the completeness, timeliness, accuracy, and quality of the data submitted by the Department for publication on USASpending.gov. The audit will also determine the extent to which the Department has implemented and used the data standards established by OMB and Treasury.

**Discretionary Audit**

**Working Capital Fund—In Progress.** The Department’s working capital fund is intended to provide increased efficiencies in how the Department funds and offers shared services, such as payroll, telecommunications, financial services, mail, and publications. DOL’s working capital fund is funded annually from the budgets of the Department’s component agencies that utilize the shared services and had a budget of over $300 million in FY 2017. This ongoing audit will determine if Working Capital Fund activities were appropriate and costs were supported and properly allocated to DOL agencies.

**Office of Workers’ Compensation Programs (OWCP)**

**Mandatory Audits**

**Report Relating to the FECA Special Benefit Fund—Annual.** We will determine: 1) if the Schedule of Actuarial Liability, Net Intra-Governmental Accounts Receivable, and Benefit Expense was fairly presented for the year ending September 30, 2019; and 2) if internal controls over financial reporting related to the Schedule were in compliance with laws and regulations that could have a direct and material effect on the Schedule.

**Longshore and Harbor Workers’ Compensation Act (LHWCA) Special Fund—Annual.** We will determine if DOL’s LHWCA Special Fund financial statements present fairly, in all material respects, the financial position of the LHWCA Special Funds as of September 30, 2018.
District of Columbia Workmen’s Compensation Act (DCCA) Special Fund Financial Statement Audits—Annual. We will determine if DOL’s DCCA Special Fund financial statements present fairly, in all material respects, the financial position of the DCCA Special Funds as of September 30, 2018.

FECA Statement on Standards for Attestation Engagements (SSAE) No. 18—Annual. We will determine if DOL’s Integrated Federal Employees’ Compensation System transaction processing for application and general controls, as described in the report, were fairly presented, suitably designed, and effectively operating for the period October 1, 2018, through June 30, 2019.

Discretionary Audits

Energy Employees Occupational Illness Compensation Program – Delay in Claims Processing. OWCP has paid more than $15 billion in compensation and medical benefits to claimants under the Energy Employees Occupational Illness Compensation Program Act (EEOICPA) since it was enacted in October 2000. Many claimants and some members of Congress have recently reported delays and inconsistencies in processing claims and questioned OWCP’s rationale for denying claims. This audit will determine if OWCP timely processed claims and issued consistent justifications when claims were denied.

Medical Bill Pay System. OWCP’s three medical benefit payment programs (FECA, Black Lung, and Energy) pay an average of $1 billion per year in medical benefits to claimants. An effective bill payment system is essential to ensure appropriate, accurate, and timely payments, and must detect and prevent fraudulent billing practices. Paying for services that are untimely, medically unnecessary, duplicative, or ultimately not performed negatively impacts the integrity of the program. This audit will identify the current system’s controls, assess OWCP’s progress in implementing its new system, and determine if the new system addresses and mitigates previously identified risks.

OWCP Oversight of Pharmaceutical Costs and Compounding Medications—In Progress. The cost of prescription drugs in the FECA program rose from a reported $183 million in FY 2011 to $477 million in FY 2016, an increase of 161 percent. Compounded drugs accounted for most of this growth, escalating from approximately $2 million in FY 2011 to a reported $263 million in 2016. Congress, DOL-OIG, and the United States Postal Service have grown concerned over the safety, rapidly escalating costs, and fraud associated with pharmaceuticals, and particularly with compounded drugs in the FECA program. If OWCP does not effectively manage the use and cost of pharmaceutical benefits, prescription drug costs will continue to rise and the FECA program will be susceptible to fraud, waste, and mismanagement. Our ongoing audit will determine whether OWCP has designed and implemented appropriate control activities to effectively manage the use and cost of pharmaceuticals in its FECA program.
Wage and Hour Division (WHD)

Discretionary Audits

**WHD Enforcement.** WHD protects the rights of more than 143 million workers in areas such as the minimum wage, overtime pay, migrant and seasonal worker protections, prevailing wages for government-funded service and construction contracts, and worker protections in certain temporary foreign guest worker programs. To accomplish its mission, WHD complements its enforcement investigations with a variety of compliance assistance efforts to help employers understand their labor responsibilities, including opinion letters, compliance videos, outreach events, and compliance partnerships. This audit will focus on how WHD leverages its resources for the greatest impact.

**Tip Rule—In Progress.** The Department published a Notice of Proposed Rulemaking (NPRM) to rescind portions of its tip regulations issued pursuant to the Fair Labor Standards Act. The NPRM proposed removal of the regulatory limitation on an employer’s ability to pool the monetary tips received by employees, such as those in the food service industry. The Department issued the NPRM with a qualitative analysis and not a quantitative analysis of the impact the NPRM may have on workers and businesses. Our ongoing review examines whether DOL followed a sound process when performing the economic analysis for the proposed tip rule change.

**DOL’s Enforcement of Labor Protections in the H-1B Program—In Progress.** WHD conducts civil investigations to enforce H-1B labor protections, such as paying foreign workers required wages and providing foreign workers with working conditions, such as hours, shifts, vacation periods, and benefits, that will not adversely affect the working conditions of U.S. workers similarly employed. WHD conducts investigations when it receives complaints meeting certain criteria or by conducting random investigations for H-1B willful violators. Our ongoing review will determine the extent to which WHD’s enforcement activities hold H-1B employers accountable for violating H-1B laws and policies.
Multi-Agency

Mandatory Audits

**Charge Card Risk Assessment—Annual.** The Government Charge Card Abuse Prevention Act of 2012 (Charge Card Act), was designed to prevent recurring waste, fraud, and abuse of government charge cards, and requires agencies to implement safeguards and internal controls to reduce these risks. This audit will determine if DOL has established controls over its purchase and travel card programs to prevent and detect illegal, improper, or erroneous purchases and payments.

**Single Audit Compliance, Quality Control Reviews of Single Audit Reports—Annual.** We will determine if selected independent auditors complied with the requirements of the *Single Audit Act* and if there is a need for any follow-up work.

**Single Audit Compliance, Desk Reviews of DOL Grantee Reports Referred by the Federal Audit Clearinghouse—Annual.** We will perform desk reviews of single audit reports referred to us by the Federal Audit Clearinghouse. We will determine if: 1) the independent auditor’s report, Schedule of Findings and Questioned Costs, Schedule of Expenditures of Federal Awards, and corrective action plans were acceptable; 2) issues identified in the reports require follow-up audit work; 3) a quality control review should be conducted; and 4) other issues identified in the report should be brought to the attention of the appropriate DOL funding agency or agencies.