Office of Audit Workplan

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

Fiscal Year 2020

Message from the Assistant Inspector General for Audit

I am pleased to provide the Office of Inspector General's (OIG) Audit Workplan for Fiscal Year (FY) 2020. 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 2020. 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 may come from legislative mandates, congressional or 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.

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Assistant Inspector General for Audit
U.S. Department of Labor

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Office of Audit

The OIG Office of Audit conducts audits and reviews to determine whether: 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 2020 Workplan

The FY 2020 Audit Workplan is presented by DOL agency and then further broken down into mandatory and discretionary audits.

FY 2020 Audit Workplan

Bureau of Labor Statistics
(BLS)

Discretionary Audits

BLS Survey Response Rates. This audit will focus on how BLS has incorporated new methodologies and technology into its data collection process to ensure expected response rates and reduced respondent burden. BLS is the principal federal agency responsible for measuring labor market activity, working conditions, and price changes in the nation's economy. The President, Congress, federal policymakers, public institutions, and private citizens use the economic information developed by BLS to guide and support decision-making. According to a 2013 study by the National Research Council, "for many household surveys in the United States, response rates have been steadily declining for at least the past two decades." A decline in response rates could increase data collection costs and affect data quality, which may result in unreliable economic information developed by BLS.

Bureau of International Labor Affairs
(ILAB)

Mandatory Audit

Memoranda of Agreement between USAID and ILAB. ILAB signed two agreements with the U.S. Agency for International Development (USAID) that transferred approximately $7 million to ILAB for grant-funded projects. The projects are intended to ensure a fair global playing field for workers by enforcing trade commitments, strengthening labor standards, and combatting child labor, forced labor, and human

trafficking. This mandatory audit will focus on how taxpayer dollars were spent and if the reported program results were reliable.

Employment and Training Administration
(ETA)

Mandatory Audits

Job Corps

Job Corps Contractor Claimed Costs. ETA awards millions of dollars annually in national contracts to provide Job Corps students with trade-specific training. Prior OIG work revealed areas of concern, including achieving contract goals and contractor use of funds This audit will focus on how contractors have expended training funds, and if students are employed in jobs related to their training.

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 and/or psychological harm. These unnecessary risks could lead to an increase in dropouts, a decrease in enrollments, lower student performance, and diminished placement outcomes. Effective screening of applicants decreases the risk of admitting potentially violent or disruptive students. This ongoing audit focuses on how Job Corps' admissions policies and practices have screened for applicants with potential disciplinary issues.

Discretionary Audits

ETA Contract and Grant Programs

ETA's Use of Evaluations. Evaluations of agency programs can be valuable in demonstrating program success or progress, and can help agencies identify areas of improvement. A 2010 OIG audit found ETA did not consistently share with stakeholders the results of evaluations State Workforce Agencies conducted of Adult, Dislocated Worker, and Youth training programs required under the Workforce Investment Act. Since then, we have remained 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 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 the 2017 wildfires. Since our 2015 audit identified delays in ETA's approval of dislocated-worker grant modification requests, we have remained concerned about ETA's management of this important grant funding. This ongoing audit focuses on the extent to which ETA has properly administered dislocated worker grants for areas affected by hurricanes Harvey, Maria, and Irma, and the wildfires of 2017.

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 similar ETA training programs reported ETA did not provide sufficient oversight of grantees, and participants did not benefit from training, despite claims that grantees met their goals. This ongoing audit focuses on how ETA has designed and monitored the AAI grant program.

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 credentials earned by participants have been aligned with local employer needs and have assisted participants in finding skilled employment.

Reintegration of Ex-Offenders (RExO) Program—In Progress. The RExO program consists of a portfolio of grant projects that provide pre-release and post-release services to incarcerated youth and adult offenders. One of these grant projects, the Face Forward Program, is for 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. Our ongoing audit will determine if ETA established appropriate goals and metrics for Face Forward grantees, and the extent grantees achieved performance goals and spent funds properly.

Unemployment Insurance (UI) Program

Disaster Unemployment Assistance (DUA) —In Progress. DUA provides financial assistance to individuals who lose their employment or self-employment to a major disaster. Program guidelines require quick turnarounds on paying DUA claims. This quick payment requirement, particularly when combined with a breakdown of essential systems during a disaster, increases the risk of improper payments. DOL awarded DUA grants, totaling nearly $57 million, to states impacted by hurricanes Harvey, Irma, and

Maria during the 2017 hurricane season. This audit will determine if ETA's controls have been sufficient to detect and prevent DUA improper payments.

Unemployment Insurance Work Search Requirements—In Progress. Since 2016, the leading cause of UI improper payments has resulted from payments to claimants who failed to meet the work search requirements of the UI program. The Department estimated 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. This ongoing audit will assess the accuracy of reported noncompliance with work search requirements and recommend possible approaches for improving compliance and reducing improper payments.

Mine Safety and Health Administration
(MSHA)

Discretionary Audits

MSHA – Miners' Exposure to Respirable Silica. Respirable silica (e.g. quartz), a highly toxic carcinogen, can cause silicosis, chronic obstructive pulmonary disease, and other conditions, and may be contributing to the resurgence of black lung disease. MSHA could be increasing miners' exposure to excess levels of respirable silica through inconsistent enforcement of regulations. This audit will assess MSHA's regulations, preventive measures, and enforcement actions with respect to silica content in respirable dust.

MSHA Pattern of Violations (POV) Status. MSHA can place mines in POV status when they have a history of "significant and substantial" violations. If MSHA places a mine in POV status, then MSHA can exercise enhanced enforcement activities, such as shutting the mine down. 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 seven POV notices. Yet, the last time MSHA placed a mine in 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 Response Plan. When disaster strikes, a well-prepared mine rescue effort can mean the difference between life and death for trapped miners. Insufficient personnel, equipment, and training would hamper MSHA's ability to respond quickly and effectively in mine rescue situations. Prior OIG work found MSHA had not provided adequate oversight of mine emergency response plans, a key component of planning for mine emergencies, which includes planning by both mine operators and MSHA. This

audit will assess MSHA's preparedness in responding to emergencies requiring mine rescue operations.

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, MSHA 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 does not correctly assess and collect monetary penalties, their deterrent effect is minimized. This ongoing audit focuses on whether MSHA appropriately wrote, terminated, modified, collected, or vacated citations and orders.

Occupational Safety and Health Administration (OSHA)

Discretionary Audits

Severe Violators Enforcement Program (SVEP) Activities. SVEP targets the most egregious workplace safety violators, of which there were 654 in 2019. OSHA's policy requires that it enhance inspections of and enforcement on these employers. In 2009, OIG issued an audit report on OSHA's Enhanced Enforcement Program, the predecessor to SVEP. We found for 97 percent of sampled employers, OSHA did not identify all egregious employers and did not perform sufficient inspections and related enforcement. This audit will follow up on OIG's 2009 report to assess whether OSHA has made changes to improve enforcement activities related to employers who demonstrated indifference to their workplace safety responsibilities.

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 OSHA has used complainant and witness testimony during a complaint inspection.

OSHA Whistleblower Protection Programs (WPP)—In Progress. From FYs 2011 through 2018, approximately 900 whistleblowers filed retaliation complaints against their employers with OSHA's San Francisco Region. OSHA investigates such WPP complaints 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 a retaliation complaint is adjudicated in favor of the whistleblower, they may be entitled to reinstatement, back pay, restored benefits,

and other remedies to make them whole. Our ongoing review focuses on the extent OSHA's San Francisco Region has appropriately investigated WPP complaints.

OSHA's Administration of Rules—In Progress. OSHA has a duty to create and enforce rules, also known as "standards" and "regulations," to help protect 121 million Americans at 9 million worksites. Because of concerns about recently finalized rules that appeared to violate requirements of the Administrative Procedure Act and other applicable executive orders, particularly as related to transparency and the impact of implementation delays, we are conducting this audit to determine how well OSHA administers the rulemaking process.

Office of Federal Contract Compliance Programs (OFCCP)

Discretionary Audit

Effectiveness of OFCCP Enforcement of Federal Contract Requirements—In Progress. OFCCP enforces, for the benefit of wage earners and job seekers, three Equal Employment Opportunity (EEO) laws directed at those who do business with the federal government. In FY 2017, the federal government obligated more than $36 billion for public construction projects. 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 2019 and 2020). 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. As such, FISMA 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

Information Technology (IT) System Modernization Review Across the Department. IT modernization across the Department is critical to preventing security breaches, excessive costs, missed deadlines, and low-quality IT products and services. DOL has struggled to modernize IT systems, largely allocating resources to maintaining older technologies, rather than to adopting modern technologies. This can result in greater security deficiencies in high risks areas. Our audit will focus on the Chief Information Officer's (CIO) management of IT modernization efforts across the Department, to include software integration, legacy systems, and shared services.

DOL's 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 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 $730 million annually on a portfolio of information technology assets that support the operation and management of its programs, but has a history of undertaking IT projects that missed deadlines, went over budget, or did not meet the needs of stakeholders. Additionally, DOL's information security program has been found to contain deficiencies in critical high-risk areas and security. These issues can be partially attributed to the authority of DOL's CIO, who had not been elevated to an adequate level to carry-out required duties, as cited for many years in previous OIG audits. In 2018, Executive Order 13833 required federal CIOs to report directly to their agency heads. This audit will focus on DOL's implementation of an IT governance framework, including the authority and independence of the CIO and DOL's compliance with Executive Order 13833.

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 Varick Street federal building in New York City, have exposed threats to safety that federal facilities, employees, and the public continue to encounter. 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, 2020. 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 2018, the UI program and the Federal Employees' Compensation Act (FECA) reported outlays of $28.7 billion and $3.0 billion respectively, with an estimated improper payment rate of 13.05 percent and 2.4 percent, respectively. Based on the Department's risk assessments, the UI and FECA programs continue to be considered the 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 required 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.

The Digital Accountability and Transparency Act of 2014 (DATA Act) Audit. The DATA Act requires federal agencies to report spending data per government-wide data standards developed by the Office of Management and Budget (OMB) and the Department of 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, and the extent 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, accounting, mail, and publications. The money for DOL's working capital fund comes annually from the Department's component agencies that utilize the shared services, and amounted to

more than $300 million in FY 2017. This ongoing audit will determine if Working Capital Fund activities were appropriate, and if 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 whether: 1) the Schedule of Actuarial Liability, Net Intra-Governmental Accounts Receivable, and Benefit Expense was fairly presented for the year ending September 30, 2020; and 2) 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 presented fairly, in all material respects, the financial position of the LHWCA Special Funds as of September 30, 2019.

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 presented fairly, in all material respects, the financial position of the DCCA Special Funds as of September 30, 2019.

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, 2019, through June 30, 2020.

Discretionary Audits

Energy Employees Occupational Illness Compensation Program – Delay in Claims Processing. Since it was enacted in October 2000, OWCP has paid more than $15 billion in compensation and medical benefits to claimants under the Energy Employees Occupational Illness Compensation Program Act. 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 processed claims timely and issued consistent justifications when claims were denied.

OWCP Durable Medical Equipment. OWCP paid a total of $45 million in benefits for durable medical equipment during FY 2017 and FY 2018. Insufficient controls and overpayments for durable medical equipment have been known problems within the FECA program, and have led us to question how the overall program is managed by OWCP. This audit will focus on OWCP's controls over improper payments for durable medical equipment.

Energy Employees' Home Healthcare Costs. Since the inception of the Energy Employee Occupational Illness Compensation program, OWCP has reported $3 billion in home healthcare costs, from a total $5 billion in medical benefits paid to claimants. The Department has expressed concern regarding the potential for providers to exploit home healthcare benefits through unauthorized or unnecessary billings. This audit will assess: 1) the policies and controls in place to prevent questionable billings and address improper payments; and 2) the potential for fraud, waste, and abuse in home healthcare.

Wage and Hour Division
(WHD)

Discretionary Audits

WHD Enforcement—In Progress. WHD enforces laws that provide more than 143 million workers with minimum wage, overtime pay, migrant and seasonal protections, prevailing wages on government-funded contracts, and other wage protections. To complement its enforcement efforts, WHD uses a variety of methods to help employers understand their labor responsibilities, such as opinion letters, compliance videos, outreach events, and compliance partnerships. This audit will focus on how WHD has met its enforcement requirements and leveraged its resources between compliance assistance and enforcement activities.

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, instead of 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.

Multi-Agency

Mandatory Audits

Charge Card Risk Assessment—Annual. The Government Charge Card Abuse Prevention Act of 2012 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 submitted to the Federal Audit Clearinghouse to determine whether: 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.

Discretionary Audits

Vulnerabilities in Foreign Labor Program. DOL is responsible for reviewing certification and prevailing wage forms before submitting them to other agencies for visa issuance. DOL also enforces H-1B, H2, and PERM program requirements by conducting investigations when it receives complaints meeting certain criteria. In 2003, OIG issued a white paper identifying vulnerabilities in Foreign Labor Certification programs. Since the white paper was issued, subsequent OIG and GAO audits and investigations have confirmed vulnerabilities still exist. We will conduct this study to assess and update current vulnerabilities.

DOL's Use of Debarment in Foreign Labor Certification Programs—In Progress. DOL works to ensure the admission of foreign workers to work in the U.S. will not adversely affect the job opportunities, wages, and working conditions of U.S. workers. Labor certification duties are performed through the Employment and Training Administration's (ETA) Office of Foreign Labor Certification. Alongside ETA, DOL's Wage and Hour Division conducts investigations to identify and enforce actions, including debarment, against any applicant who violates program rules. The current administration wants to confront entities committing visa program fraud and abuse, and part of that process would include ETA/WHD investigation outcomes that potentially

identify any H-1B, H-2A, H-2B, and PERM employers that should be debarred. Our ongoing review focuses on whether DOL's debarment process holds H-1B, H-2B, H-2A and PERM employers accountable for violating laws and policies to ensure U.S. workers, foreign workers, and employers who followed laws and regulations are protected.