

HIGHLIGHTS

October 1, 2012–March 31, 2013 Volume 69

A Message from the Deputy Inspector General

This *Highlights* edition provides a summary of selected noteworthy activities, accomplishments, and concerns that the Department of Labor (DOL) Office of Inspector General (OIG) reported in its *Semiannual Report to Congress* for the six-month period ending March 31, 2013.

Our audits made significant recommendations regarding vulnerabilities in the Department’s programs and operations. We issued 28 audit and other reports, which recommended that \$42.1 million in funds be put to better use. We also questioned \$9.3 million in costs relating to DOL programs. In addition, our investigations continue to combat labor racketeering in the workplace and fraud against the Department’s programs. During the reporting period, our investigative work resulted in 293 indictments, 262 convictions, and \$38.4 million in monetary accomplishments.

We look forward to continuing to work with the Department to ensure that the rights and benefits of American workers and retirees are safeguarded.



Daniel R. Petrole, Deputy Inspector General

Selected Statistics

Investigative monetary accomplishments	\$38.4 million
Investigative cases opened	316
Investigative cases closed	254
Investigative cases referred for prosecution	237
Investigative cases referred for administrative/civil action	107
Indictments	293
Convictions	262
Debarments	20
Audit and other reports issued	28
Total questioned costs	\$9.3 million
Funds recommended for better use	\$42.1 million
Outstanding questioned costs resolved during this period	\$31.3 million

Employment and Training Programs

Our audits and investigations continue to find weaknesses within the Department's Employment and Training programs. Examples of our work during this reporting period include the following:

- An OIG audit found that the impact of the Department's \$500 million Green Jobs Training Program was limited in terms of reported employment outcomes. For instance, job retention results as of June 30, 2012, were lower than those proposed by grantees, and 52% of the workers trained were already employed.
- Another OIG audit found that the Employment and Training Administration needed to enhance its performance evaluation process for discretionary job training grantees and use results to award and monitor future grant investments. For example, ETA did not define an overall acceptable measure of grantee performance, making the performance certification process subjective.

Job Corps

In addition, our audit oversight of Job Corps program operations continues to identify management lapses and insufficient monitoring on the part of the program.

- During this reporting period, the OIG found Job Corps centers allowed \$32.9 million in maintenance funds to expire or approach expiration. As a result, by not repairing maintenance deficiencies in a timely manner, Job Corps exposed students, staff, and visitors to safety and health hazards.

Worker Safety, Health, and Workplace Rights

OIG audits continue to identify weaknesses in DOL programs involving Worker Safety, Health, and Workplace Rights. Highlights of our work during this reporting period include the following:

Mine Safety and Health Administration (MSHA)

- While one of our audits found that MSHA made significant progress implementing recommendations from its internal review following the Upper Big Branch mine disaster, another audit found that MSHA still needs to do more to improve its oversight of coal mine roof control plans.

In addition, our ongoing criminal investigations into the Upper Big Branch mine explosion continue to result in successful prosecutions.

- A former mine superintendent at the Upper Big Branch mine in West Virginia was sentenced to serve 21 months in prison for his role in allowing and concealing multiple safety and health violations relating to the Upper Big Branch mine disaster.

Worker and Retiree Benefit Programs

During this reporting period, we conducted several audits and investigations involving the Department's Federal Employees' Compensation Act (FECA) benefit program, and the Unemployment Insurance program. Highlights of our work in these areas include the following:

Unemployment Insurance (UI) Programs

- An OIG audit of the Georgia Department of Labor found that it missed opportunities to detect and recover UI overpayments caused by unreported earnings because it delayed implementing cross-matching of new hires with the National Directory of New Hires database.
- In one of 85 UI investigations completed this period, a business owner in Illinois was sentenced to one year in prison and ordered to pay over \$393,000 in restitution to the Illinois Department of Employment Security. As part of the scheme, she fraudulently applied for UI benefits on behalf of undocumented foreign workers and charged them for her services.

Office of Workers' Compensation Programs (OWCP)

During this reporting period, we conducted 71 OWCP investigations. Highlights of our work include the following:

- A former medical doctor in New York was sentenced to 10 months' imprisonment and ordered to forfeit \$905,788 for his role in a health care fraud scheme that included fraudulent bills being submitted to OWCP and other Federal and state programs.
- Two Florida men were sentenced for defrauding OWCP of over \$1.1 million and were ordered to pay restitution for using the stolen identities of medical providers to submit fraudulent claims to OWCP for services not rendered.

Labor Racketeering

The OIG has a unique program responsibility to investigate labor racketeering and/or organized crime with respect to labor unions, employee benefit plans, and labor-management relations. During this reporting period, we conducted 40 labor racketeering investigations. Highlights of our investigative results in this area include the following:

- A La Cosa Nostra family member in Philadelphia was sentenced to four and a half years in prison for his role in a racketeering conspiracy involving illegal gambling and theft from an employee benefit plan.
- A New York construction company vice-president was sentenced to serve nine months' home confinement, three years' supervised release, and ordered to pay over \$1.8 million in forfeiture for stealing benefit plan contributions.
- A former chiropractic clinic owner in Illinois was sentenced to six and a half years in prison and ordered to pay over \$2 million in restitution for his role in a health care fraud scheme that included union-sponsored benefit plans.
- A former Ohio Port Authority Board member was sentenced to more than four years in prison for his role in multiple crimes relating to the operations of an employee benefit plan.

Departmental Management

The OIG continues to conduct audits related to the Department's management of its procurement activities, information technology systems, and financial systems. We also conduct investigations into possible misconduct or criminal activities involving DOL employees. Examples of our work during this reporting period include the following:

- In one audit, the OIG found that DOL did not always effectively sanitize electronic media prior to its transfer or disposal and that DOL did not have policies to prevent the release of sensitive data stored on electronic media, including Personally Identifiable Information.
- An investigation into the activities of the former director of DOL's Human Resources Center found that he violated Merit System Principles by engaging in noncompetitive hiring and reassignment of employees. The executive retired from Federal service on April 2, 2012.

Legislative Recommendations

The OIG continues to propose legislative recommendations that have remained markedly unchanged over the last several years. The OIG believes that the following legislative actions are necessary to increase the efficiency and integrity of Departmental programs and functions:

- Allow DOL access to wage records to reduce overpayments in employee benefit programs, including UI, FECA, and Disaster Unemployment Assistance.
- Amend pension protection laws by expanding the authority of the Employee Benefits Security Administration to require correcting substandard benefit plan audits, requiring direct reporting of Employee Retirement Income Security Act (ERISA) violations to DOL, and strengthening criminal penalties in Title 18 of the U.S. Code.
- Repeal ERISA's limited-scope audit exemption, which prevents independent public accountants who audit pension plans from rendering an opinion on the plans' financial statements.
- Provide authority to ensure the integrity of the foreign labor certification process, including the ability to verify the accuracy of information provided on labor condition applications.
- Improve the integrity of the FECA program by reassessing the benefit rate structure and determining an appropriate benefit for those beneficiaries who remain on the FECA rolls into retirement, and granting authority to DOL to directly access Social Security Administration records.
- Clarify MSHA's authority to issue verbal mine closure orders.

OIG HOTLINE

The OIG Hotline is open to the public and to Federal employees 24 hours a day, 7 days a week to receive allegations of fraud, waste, and abuse concerning DOL programs and operations.

Phone: 202.693.6999 or 800.347.3756 **Fax:** 202.693.7020 **Email:** hotline@oig.dol.gov