



Semiannual Report to Congress

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





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A Message from the Acting Inspector General

The last six months have proven challenging for our country and people around the world. As the COVID-19 pandemic rages on, we understand its substantial impact and the hardships many Americans are facing. Millions of Americans have filed for unemployment since the beginning of the crisis. The U.S. Department of Labor (DOL) programs, such as unemployment insurance and occupational health and safety protection, play a vital role in securing the financial well-being, health, and safety of all Americans. It is imperative that these programs continue to deliver on their essential missions effectively and efficiently. As the federal agency with primary oversight of DOL, the Office of Inspector General (OIG) is committed to meeting these challenges head-on and assisting DOL and Congress in protecting the American workforce. We are diligently focused on limiting the negative impacts of the pandemic as the country continues to reopen.

The OIG took immediate steps to respond to the crisis, quickly developing a comprehensive Pandemic Response Oversight Plan to address known and expected risks resulting from the pandemic. The plan was developed using experience and information gained from OIG work on previous disaster responses and stimulus bills. OIG work in this area provided a very useful foundation that facilitated the swift development and execution of the plan, especially in the area of expected risks. These risks include fraud, waste, and abuse as well as the need for efficiency and effectiveness in providing benefits, guidance, training, and other assistance to help the country get through the pandemic quickly and safely.

We continue to conduct oversight that focuses on the Department's response to the pandemic and, in particular, the Department's actions under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Specific areas of review include DOL's efforts to administer and oversee the expansion of unemployment benefits, protect workers and miners from exposure to COVID-19, and provide guidance and enforce CARES Act regulations related to paid leave. Already this reporting period, we have issued 10 advisory memorandums, alert memorandums, or audit reports on COVID-19 and the pandemic, in addition to our report on the Top Pandemic Challenges Facing the Department. A short summary of each is included herein, but the full publications and additional information about how we are conducting oversight and responding to the pandemic are available on the Pandemic Response Portal on our website.

We have also issued three fraud alerts and worked alongside our law enforcement partners to notify institutions of financial schemes relating to unemployment insurance. As part of our investigative program, we have identified and stopped several multistate multi-million-dollar fraud schemes targeting the unemployment insurance program. The OIG is committed

to safeguarding this essential program and will continue to alert the public and our law enforcement partners of any threats to the integrity of the unemployment insurance system.

The OIG is also a member of the Pandemic Response Accountability Committee, which was created to detect and prevent fraud, waste, abuse, and mismanagement of the more than \$2.4 trillion in funds provided by the CARES Act and other legislation. As part of this effort, we will work with our OIG partners to identify major risks that cut across DOL programs and agency boundaries.

In addition to our extensive work relating to the pandemic, the OIG has continued to conduct audits to review the effectiveness, efficiency, economy, and integrity of DOL programs and operations, and investigations into alleged violations of federal laws relating to DOL programs, personnel, and operations. This report highlights all of our office's significant audit and investigative accomplishments during the reporting period, and several significant concerns, including many concerns relating to DOL's response to the pandemic.

We will continue to work constructively with the Department and Congress on our shared goals of identifying improvements to DOL programs and operations and protecting the interests and benefits of the nation's workers and retirees during this unprecedented time.



Larry D. Turner
Acting Inspector General



OIG Mission

The Office of Inspector General (OIG) at the U.S. Department of Labor (DOL) conducts audits to review the effectiveness, efficiency, economy, and integrity of all DOL programs and operations, including those performed by its contractors and grantees. This work is conducted in order to determine whether the programs and operations are in compliance with the applicable laws and regulations; DOL resources are efficiently and economically being utilized; and DOL programs achieve their intended results. The OIG also conducts criminal, civil, and administrative investigations into alleged violations of federal laws relating to DOL programs, operations, and personnel. In addition, the OIG conducts criminal investigations to combat the influence of labor racketeering and organized crime in the nation's labor unions in three areas: employee benefit plans, labor-management relations, and internal union affairs. The OIG also works with other law enforcement partners on human trafficking matters.

Core Values

Excellence

We deliver relevant, quality, timely, high-impact products and services through a workforce committed to accountability and the highest professional standards.

Integrity

We adhere to the highest ethical principles and perform our work in an honest and trustworthy manner.

Independence

We are committed to being free of conflicts of interest through objectivity and impartiality.

Service

We are a unified team, vigilant to duty through dedicated public service.

Transparency

We promote an environment of open communication through information sharing, accountability, and accurate reporting.

Strategic Goals

Goal 1: Deliver timely, relevant, and high-impact results.

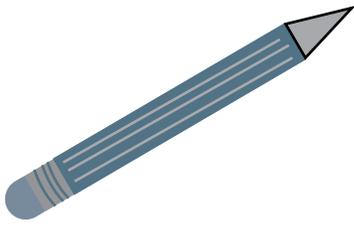
Goal 2: Foster an internal OIG culture that drives high performance and engagement.

Goal 3: Promote responsible stewardship of OIG financial and non financial resources.

Audit Statistics

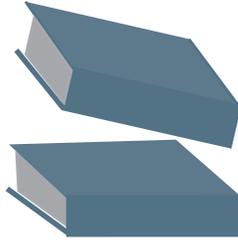
21

Audits and Other Reports Issued



45

Recommendations for Corrective Action



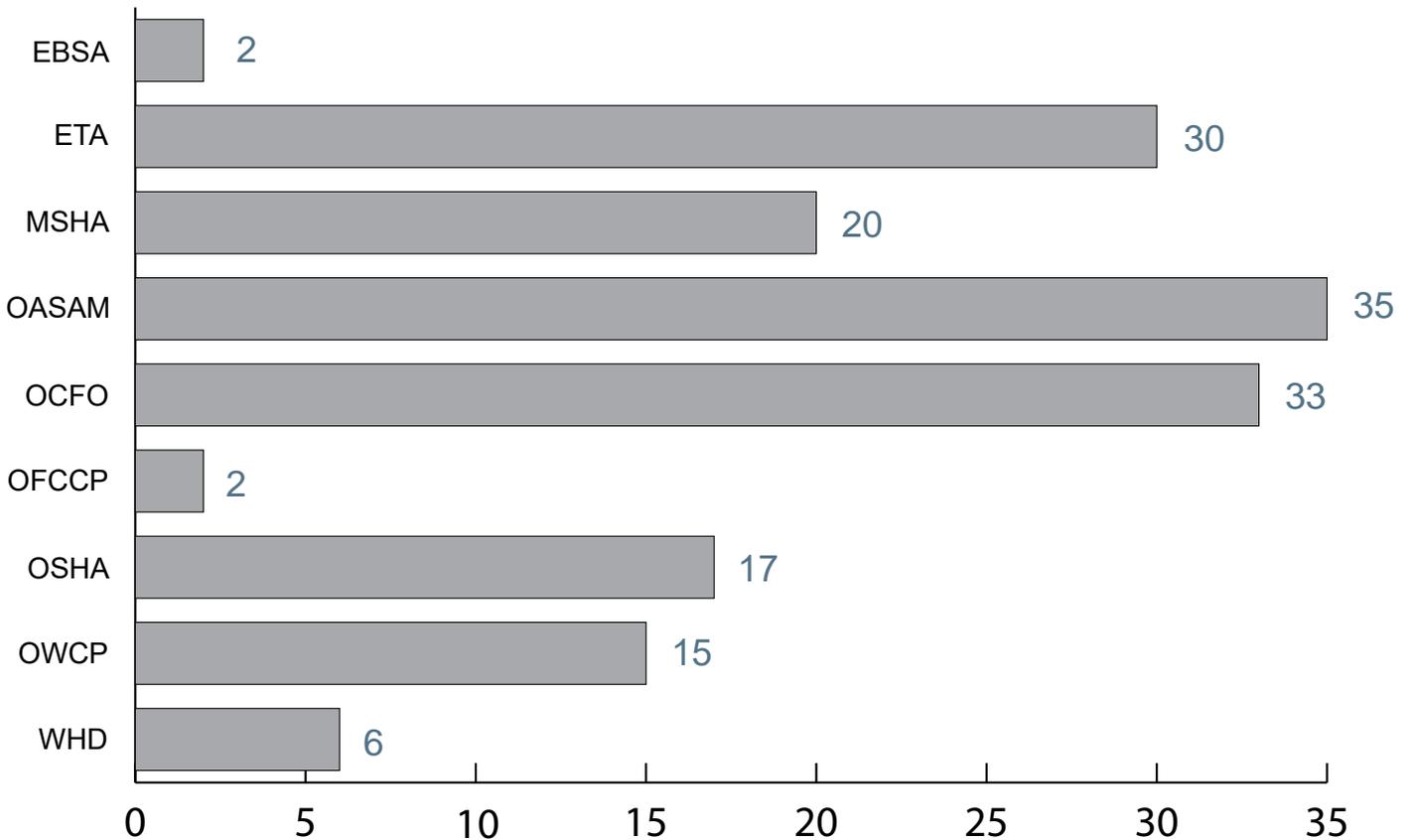
41

Recommendations Closed This Reporting Period



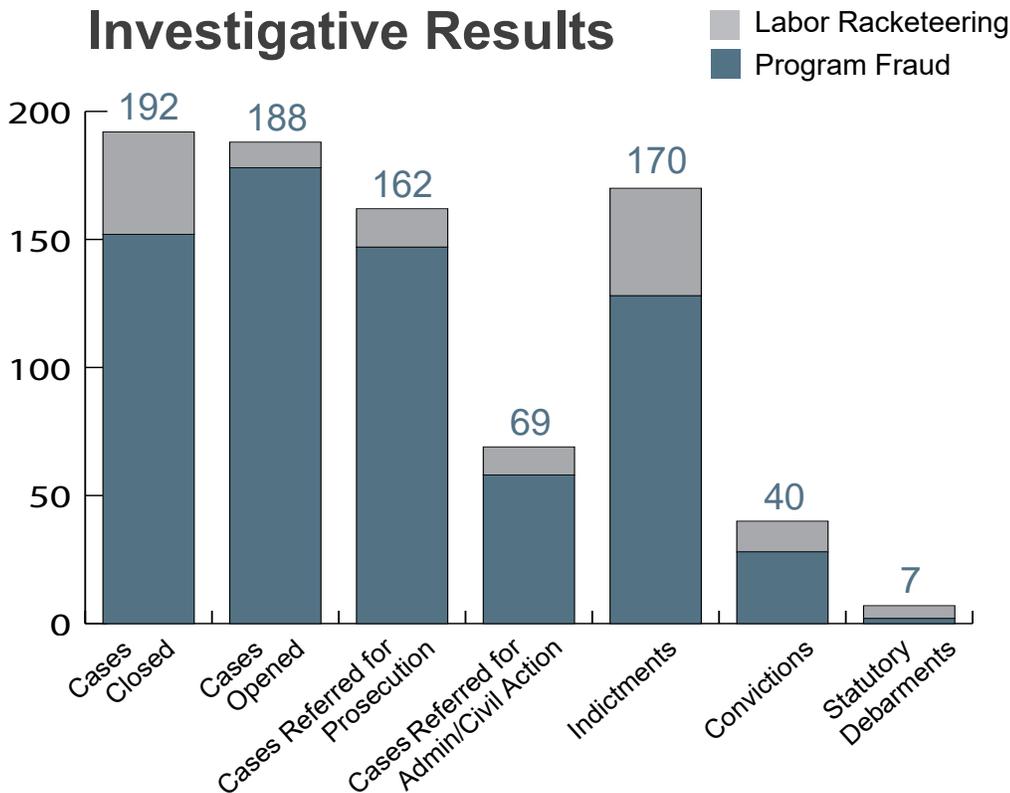
OIG Unimplemented Recommendations

OIG recommendations not fully implemented as of March 31, 2020

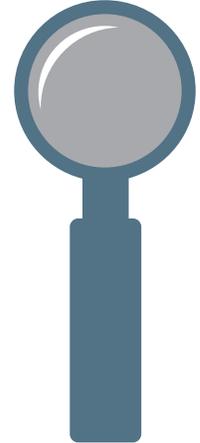


Investigative Statistics

Investigative Results

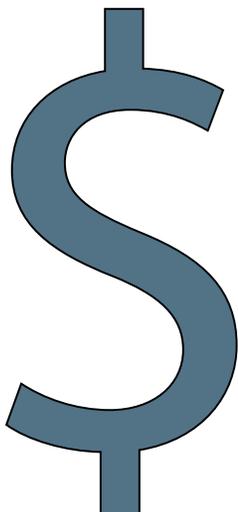


188 / 192



Over 180 investigative cases opened and over 190 cases closed

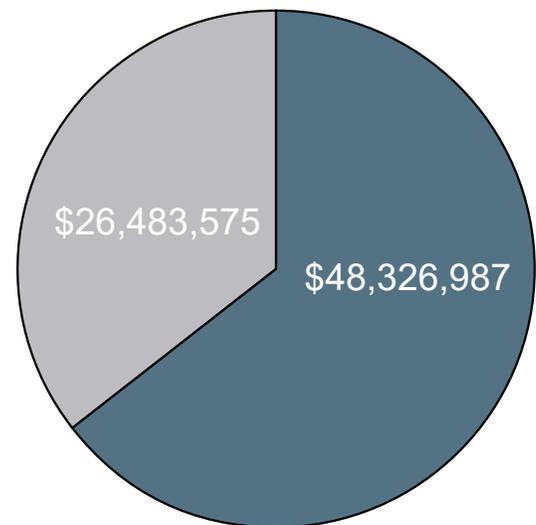
Monetary Accomplishments



This includes:

- Recoveries
- Cost-Efficiencies
- Restitutions
- Fines/Penalties
- Forfeitures
- Civil Monetary Actions

\$74,810,563
Total



Legend:
■ Labor Racketeering
■ Program Fraud

Significant Concerns

The OIG has identified the following areas of significant concern that cause the Department to be at particular risk of fraud, mismanagement, waste, abuse, or other deficiencies. The identified areas of concern reflect continuing matters as well as emerging issues. Most of these issues appear in our annual Top Management and Performance Challenges report, which can be found in its entirety at www.oig.dol.gov.



Significant Concerns

Deploying Unemployment Insurance Benefits Expeditiously While Reducing Improper Payments

The OIG has previously expressed concern with the Department's ability to deploy program benefits expeditiously and efficiently while ensuring adequate oversight, particularly in response to national emergencies and disasters. The OIG has reiterated this concern in light of the COVID-19 pandemic and the unprecedented levels of funding for the unemployment insurance (UI) program, which has received hundreds of billions of dollars under recently enacted legislation. The extraordinary increase in UI funding has resulted in a proportional increase in our investigative work in the UI program. Since the start of the pandemic, the OIG has opened more than 1,800 complaints and investigations relating to UI benefits paid under the CARES Act. As a result, UI investigations account for 70 percent of our investigative case inventory, compared to 12 percent prior to the pandemic. The OIG has reported for many years on the Department's ability to measure, report, and reduce improper payments in the UI program. The program is designated a "high-priority" program by the Office of Management and Budget, with an estimated improper payment rate of more than 10 percent. Conservatively, assuming improper payments continue at 10 percent, at least \$36 billion of the \$360 billion expended under the CARES Act as of November 7, 2020, could be paid improperly, with a significant portion attributable to fraud.

Our prior audit work revealed that the Department has not done enough to formally assess the various strategies available to combat improper payments and determine which issues persist, due in part to a lack of reliable state-reported data. Furthermore, improper payments stemming

from fraudulent activity continue to pose a significant threat to the integrity of the UI program, as identity thieves and organized criminal groups have found ways to exploit program weaknesses. For example, benefits paid via non-state-issued prepaid debit cards help provide anonymity to those who submit fraudulent claims. Such issues are exacerbated by the significant funding increase in response to the COVID-19 pandemic, resulting in the need for greater oversight and scrutiny.

The Department needs to continue its ongoing work with states to implement strategies designed to reduce the UI improper payment rate, to include sharing best practices identified among states. The Department needs to continue providing guidance to states on how to deploy resources efficiently and expeditiously, establish performance measures for activities to ensure timely delivery of benefits to those in need, and develop the required reporting to improve effectiveness and accountability. In addition, the Department needs to provide timely oversight to ensure that states are effectively carrying out these critical responsibilities.

Providing the OIG Access to Wage Records

The OIG's lack of direct access to wage records to reduce improper payments and combat fraud in employee benefit programs, including UI and Disaster Unemployment Assistance (DUA), is of significant concern.

The OIG must have easy and expeditious access to the National Directory of New Hires (NDNH), state UI wage records, and Social Security Administration (SSA) wage records to conduct appropriate oversight of UI funds. The NDNH is a

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nationally consolidated database operated by the U.S. Department of Health and Human Services (HHS) Administration for Children and Families that contains new hire, quarterly wage, and UI information. The NDNH cannot be used for any purpose not authorized by federal law. In 2004, the law was amended to allow the state workforce agencies to cross match UI claims against the NDNH to better detect overpayments to UI claimants who have returned to work but continue to collect UI benefits. However, the applicable law does not permit the OIG to obtain NDNH data directly, and the OIG cannot use its subpoena authority to obtain NDNH records.

Similarly, the OIG needs the authority to access state UI and SSA wage records to verify claimants' eligibility for UI benefits, both for initial eligibility (and amounts), and for continuing eligibility. Access to these records would permit the OIG to identify claimants who are receiving benefits while also having reported wages. The OIG could refer these claimants to the state workforce agency to stop benefit payments determined to be improper and take other appropriate actions as necessary. The OIG could also use those records to assess program outcomes for UI reemployment programs, as well as other training programs, such as YouthBuild and Job Corps, where employment and wage increases are important factors in determining a program's success.

Granting the OIG access to the NDNH, state UI wage records, and SSA wage records would provide the OIG with a valuable source of information for both audits and investigations. For example, OIG auditors could use these records to verify initial and continuing eligibility for unemployment compensation programs or to assess the effectiveness of training programs, such as the Job Corps program. In addition, OIG

investigators could use these records to compare beneficiary UI compensation payments to the beneficiaries' reported wages in the NDNH to identify potential fraudulent activity.

Protecting the Safety and Health of Workers

As the Occupational Safety and Health Administration (OSHA) is responsible for the safety and health of 136 million workers employed at more than 9 million establishments, the OIG remains concerned about OSHA's ability to target its compliance activities to areas where it can have the greatest impact. OSHA must ensure that employers are providing the level of protection warranted to workers by relevant laws and policies.

OSHA carries out its compliance responsibilities through a combination of self-initiated and complaint-based inspections. However, the program can reach only a fraction of the entities it regulates due to resource limitations. Consequently, OSHA must target the most egregious or persistent violators to protect the most vulnerable worker populations. For example, about 2 million construction workers in the United States are exposed to silica at work. Employers are required to limit worker exposure to respirable crystalline silica and take other steps to protect workers. However, because of its limited resources, OSHA faces challenges in targeting workplaces where workers are exposed to silica dust.

Moreover, since the start of the pandemic, OSHA has received a sudden influx of complaints and reduced the number of its inspections, particularly on-site inspections. OSHA received 28 percent more complaints but performed 53 percent fewer

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inspections this year compared to a similar period in 2019. The decline in on-site inspections may be attributed, in part, to state-mandated closures of “non essential” businesses. OSHA, in response to the pandemic, has used alternative or modified protocols to ensure worker safety, such as conducting inspections remotely and verifying the abatement of hazards through remote follow-up with employers. There is an increased risk that OSHA is not providing the level of oversight needed at various job sites.

Protecting the Safety and Health of Miners

The Mine Safety and Health Administration’s (MSHA’s) ability to continue completing all mandatory and non-mandatory mine inspections while safeguarding the health of miners and the agency’s staff during the COVID-19 pandemic is a concern for the OIG. At the same time, mine operators’ underreporting of occupational injuries and illnesses hinders MSHA’s ability to focus its resources on addressing concerns at the most dangerous mines. We are likewise concerned with the high incidence of powered haulage accidents in mines, which accounted for about half of all mine fatalities in 2017 and 2018 and a quarter of all mine fatalities in 2019. MSHA also needs to develop strategies to address lung disease in Appalachian coal mining states, in particular updating regulations regarding quartz content in respirable dust. Quartz can cause deadly and incurable chronic diseases such as silicosis and black lung disease.

Ensuring a Safe Return to On-Site Instruction at Job Corps Centers and Implementing Distance Learning During the Pandemic

The OIG is concerned about Job Corps’ ability to effect a safe return to in-person learning during the COVID-19 pandemic. Job Corps released a Program Instruction Notice to help guide centers as they begin a phased reopening. Preventing outbreaks of COVID-19 at centers across the United States will pose a significant challenge for Job Corps. Job Corps centers are residential in nature, where students and staff work and live in close quarters. Other residential educational institutions have had substantial difficulty containing and preventing outbreaks of COVID-19. While Job Corps also plans to continue to improve its distance learning programs, the OIG is concerned with two issues related to this option. First, many Job Corps programs are intensively hands-on and may not successfully transition to a virtual training model. Second, many Job Corps students may not have access to the equipment or high-speed Internet services they need in order to participate in distance learning. Job Corps has procured and begun distributing laptops and mobile hot spots to students who need the equipment to participate in distance learning.

Ensuring the Safety of Students and Staff at Job Corps Centers

We continue to have concerns about the Job Corps program’s ability to provide a safe environment for its students and staff. Controlling on-campus violence and other criminal behavior is a long-standing challenge for Job Corps centers. OIG audits from 2015 and 2017 revealed that some Job Corps centers failed to report and investigate serious misconduct, such as drug

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abuse and assaults. The audits also disclosed that some Job Corps centers downgraded incidents of violence to lesser infractions, creating an unsafe environment for students and staff. The follow-up work we completed in December 2017, and our ongoing review of Job Corps' corrective actions, showed that Job Corps has taken steps to improve center safety and security. However, the Department has not yet fully implemented its corrective action plan. The OIG continues to monitor Job Corps' progress in completing its various safety initiatives.

Improving Job Corps' Procurement Process

Job Corps spends about \$1 billion on goods and services annually for its approximately 120 centers nationwide and is currently transitioning center operations from cost reimbursement to fixed-price contracts. The Department believes that this transition will lower government risk, reduce the administrative burden, generate more pre-award efficiencies, and encourage more participants to compete for contracts. Increased competition among contractors should lead to better contractor performance with fewer staffing shortages and improved services, including those supporting centers' safety and security.

Prior OIG work in this area found that Job Corps' procurements did not ensure the best value for taxpayers. As the Department moves to fixed-price contracting, the Department must ensure that its contract requirements are well developed; contract competition is fair; contractor payments align with performance metrics and related outcomes; and sound post award oversight is used to quickly ameliorate deficiencies and poor performance.

Ensuring the Integrity of the DOL Rulemaking Process

We are concerned about the Department's procedures for issuing rules and guidance to promote the welfare of workers, job seekers, and retirees by safeguarding working conditions, health and retirement benefits, and wages. The Department's rules and guidance should be transparent to American taxpayers, comply with DOL's policies and procedures, and applicable to federal laws and regulations.

DOL also faces challenges in ensuring that it enters into rulemaking when appropriate rather than issuing guidance. For example, an OIG audit of OSHA's issuance of guidance found that OSHA lacked a procedure to ensure that it had considered and determined the appropriateness of issuing a document as guidance rather than as a rule. Issuing a document as guidance is appropriate if the document is interpretative or a general statement of policy and if it does not create, modify, or revoke a standard. Between 2014 and 2016, OIG found that OSHA did not follow its existing procedures for 80 percent of sampled guidance. OIG identified shortcomings including the failure to document on standard clearance forms that OSHA and the Office of the Solicitor had (1) determined whether guidance was consistent with OSHA rules, (2) considered the anticipated reception of the guidance by significant stakeholders, and (3) obtained official approval to issue the guidance.

DOL is aware of the challenges associated with its rulemaking process and is completing a comprehensive review and analysis of it, including evaluating enforcement and compliance assistance materials to ensure that they are current, accessible, and easy to understand.

Significant Concerns

Improving the Performance Accountability of Workforce Development Programs

The OIG has concerns about the Department's ability to ensure that its planned \$5 billion investment in workforce development programs is successful in advancing participants' skills and placing them in suitable employment. Critical to this task is the Department's ability to obtain accurate and reliable data with which to measure, assess, and make decisions regarding the performance of grantees, contractors, and states in meeting the programs' goals. For example, our March 31, 2020, report on the Face Forward grants, which help previously incarcerated youths to overcome employment barriers, found that reported performance outcomes for Face Forward participants were unreliable because the underlying performance data were incomplete.

The Department also needs to ensure that its investments in credential attainment align with the needs of local employers and are having the desired impact on participants' ability to obtain or advance in a job. A 2018 audit followed up on the employment status of a sample of Job Corps students 5 years after they left the program. It found that Job Corps faced challenges in demonstrating the extent to which its training programs helped participants obtain meaningful jobs appropriate to their training.

Finally, research suggests that opioid dependency has been a leading cause of workforce exits for workers ages 25 to 54. To date, the Employment and Training Administration has approved up to \$112 million in National Health Emergency Grants for 20 states and the Cherokee Nation to address the opioid crisis. The Department needs to monitor the performance of the discretionary

grants it has awarded for the delivery of services to employers and workers affected by the opioid crisis.

Maintaining the Integrity of Foreign Labor Certification Programs

Foreign labor certification (FLC) programs are intended to permit U.S. businesses to hire foreign workers to meet their workforce needs while protecting the jobs, wages, and working conditions of U.S. workers. DOL's administration of the FLC programs under current laws has been an OIG concern for decades. OIG investigations have shown these visa programs, in particular the H-1B program for workers in specialty occupations, to be susceptible to significant fraud and abuse. Dishonest immigration agents, attorneys, labor brokers, employers, and organized criminal enterprises often perpetrate the fraud and abuse.

DOL is statutorily required to certify an H-1B application unless it determines that the application is "incomplete or obviously inaccurate." OIG investigations have revealed schemes in which fictitious companies or dishonest businesses seeking to acquire foreign workers filed fraudulent applications with DOL. Our investigations also have uncovered numerous instances of employers misusing FLC programs to engage in human trafficking, with victims often exploited for economic gain.

In addition, rising application numbers and seasonal spikes in employer workforce demands have resulted in delays in processing visa applications for the H-2B program, which employers use to hire foreign workers for temporary nonagricultural jobs. DOL needs to continue its efforts to process H-2B applications in time for employers to hire foreign workers by

the start dates needed while also protecting the interests of U.S. workers.

Protecting the Security of Employee Benefit Plan Assets

The OIG remains concerned over DOL's ability to administer and enforce Employee Retirement Income Security Act of 1974 (ERISA) requirements that protect the benefit plans of about 154 million plan participants and beneficiaries, particularly in light of statutory limitations on DOL's oversight authority. One challenge the Employee Benefits Security Administration (EBSA) has been facing for decades is that ERISA allows billions of dollars in pension assets held in otherwise regulated entities, such as banks, to escape full audit scrutiny. We have previously found that as much as \$3.3 trillion in pension assets, including an estimated \$800 billion in hard-to-value alternative investments, received limited-scope audits that provided few assurances to participants regarding the financial health of their plans.

In addition, given the number of benefit plans that the agency oversees relative to the number of investigators, EBSA needs to focus its available resources on investigations that are most likely to result in the deterrence, detection, and correction of ERISA violations. Finally, EBSA lacks the authority under the Federal Employees' Retirement System Act to enforce its oversight of more than \$500 billion in Thrift Savings Plan (TSP) assets and to ensure the implementation of TSP audit recommendations.

Managing Medical Benefits in the Office of Workers' Compensation Programs, Including Opioids

The OIG has concerns about the Office of Workers' Compensation Programs' (OWCP's) ability to manage effectively rising home health care costs in the Energy Employees Occupational Illness Compensation (Energy Workers) program as well as the use and cost of pharmaceuticals in the Federal Employees' Compensation Act (FECA) program. The Department needs to make certain it has controls in place to ensure that the medical benefits it provides to energy workers and FECA program claimants are safe, effective, medically necessary, and the most cost-effective.

In the Energy Workers program, with an aging claimant population and an increased demand for home health care services, there is a potential for providers to exploit these benefits through unauthorized or unnecessary billings. Since 2010, home health care costs paid by the Energy Workers program have grown from \$100 million to more than \$610 million, comprising 73 percent of all medical benefits paid by the program in FY 2019. OWCP needs to continue its efforts to analyze home health care billings for abusive practices and to identify and refer allegations involving potential fraud or abuse to the OIG for further investigation.

Past audits of the FECA program have identified internal control weaknesses related to OWCP's management of pharmaceuticals. For example, OWCP allowed increases in billings for compounded drugs to go undetected and failed to identify the overuse of opioids. Given the high risk of fraud related to prescription payments, OWCP needs to analyze and monitor FECA program costs to promptly detect and address emerging

Significant Concerns

issues before they manifest into material concerns.

The prevalence of prescriptions for highly addictive opioids in the FECA program has the potential to lead to abuse. While opioids accounted for less than 20 percent of total pharmacy expenditures in FY 2019, 43 percent of FECA's claimants receiving pharmaceuticals were receiving opioid prescriptions in a given month. Additionally, in response to the COVID-19 pandemic, OWCP has had to divert resources from focusing on claimants with opioid prescriptions to processing an influx of COVID-19 claims from federal workers, which has the potential to negatively impact the FECA program's opioid user population.

Consistent with prior OIG audit recommendations, OWCP imposed restrictions on opioid prescriptions in September 2019, limiting all initial opioid prescriptions to 7 days, with three subsequent 7-day refills, and requiring prior authorization to obtain opioids beyond 28 days. According to OWCP-provided data, OWCP's efforts to address the opioid problem have resulted in declines in opioid use and new prescriptions. OWCP needs to continue its efforts to help identify claimants at risk of opioid dependence and determine the associated costs of addiction treatment.

Recent actions taken by OWCP resulted in significant decreases in compounded drug costs—from more than \$250 million in FY 2016 to less than \$1 million in FY 2019—underscoring the enormous monetary impact of failing to monitor rising costs and implement controls earlier.

Ensuring the Solvency of the Black Lung Disability Trust Fund

Miners and their dependent survivors receive lifetime benefits when awarded under the Black Lung Benefits Act. Mine operators pay these benefits when possible. The Black Lung Disability Trust Fund (BLDTF) pays the benefits when a miner's former employer does not or cannot assume liability. The current annual income of the BLDTF (primarily from an excise tax on coal) is not sufficient to cover annual benefit obligations, meet administrative costs, and service past debt. According to DOL's Agency Financial Report, as of September 30, 2019, the BLDTF was carrying a \$5.8 billion deficit balance, which is projected to grow to nearly \$15.3 billion (in constant dollars) by September 30, 2044.

The U.S. Energy Information Administration projects that coal production will decline through 2022. The downturn has resulted in several coal mine operators filing for bankruptcy. In some instances, the BLDTF will be responsible for benefit payments previously made by mine operators no longer able to cover their federal black lung liabilities.

In February 2020, the Government Accountability Office issued a report concluding that operator bankruptcies have placed a financial strain on the fund and that DOL's insufficient oversight of coal mine operator self-insurance arrangements exposed the BLDTF to financial risk. Later that month, OWCP published a news release announcing reforms to the self-insurance process for coal mine operators to better protect the BLDTF.¹ It stated, "[i]n part, the assessment involves reviewing actuarial estimates of the

¹ www.dol.gov/newsroom/releases/owcp/owcp20200224.

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operators' liabilities and setting security amounts based on those liabilities and the operators' risk of default" (see Table 1).

TABLE 1: SELF-INSURED COAL MINE OPERATOR BANKRUPTCIES AFFECTING THE BLACK LUNG DISABILITY TRUST FUND, FILED FROM 2014 THROUGH 2016

Coal Operator	Amount of collateral at time of bankruptcy	Estimated transfer of benefit responsibility to the Trust Fund	Estimated number of beneficiaries for whom liability has been transferred to the Trust Fund
Alpha Natural Resources	\$12.0 million	\$494 million	1,839
James River Coal	\$0.4 million	\$141 million	490
Patriot Coal	\$15.0 million	\$230 million	993
Total	\$27.4 million	\$865 million	3,322

The excise tax that funds the BLDTF is levied on domestic sales of coal mined in the United States (coal exports and lignite are not subject to this tax). From January 1 through December 31, 2019, the tax rates were reduced to the rates originally set when the trust fund was established in 1978: \$0.50 per ton of underground-mined coal or \$0.25 per ton of surface-mined coal. Even though this rate reverted to higher pre-2019 levels effective January 1, 2020, the temporary tax rate reduction plus the reduction in coal production will result in decreased cash inflows to the BLDTF. The Congressional Research Service reported in 2019 that “the decline in the excise tax rates will likely put additional financial strain on a trust fund that already borrows from the general fund to meet obligations.”² Moreover, the tax rate will once again revert to lower pre-2020 levels beginning in January 2021, putting further strain on the BLDTF.

Securing and Protecting Information Management Systems

We are concerned about the Department’s ability to safeguard its data and information systems. While the Department is implementing a new IT governance model, we continue to report deficiencies in its modernization efforts and ability to identify vulnerabilities, protect information systems and data, and recover from security incidents. The most recent deficiencies we reported were identified in four of the five information security functional areas as defined by the National Institute of Standards and Technology Cybersecurity Framework. The deficiencies continue to hinder the Department identifying security weaknesses; protecting its systems and data; and detecting, responding to, and recovering from incidents. For example, DOL has not:

² S. Szymendera, *The Black Lung Program, the Black Lung Disability Trust Fund, and the Excise Tax on Coal: Background and Policy Options*, CRS Report No. R45261 (Washington, DC: Congressional Research Service, 2019).

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- implemented effective strategies and programs to identify system security vulnerabilities and ensure that appropriate actions are being taken.
- provided adequate oversight of its information systems, including those that are either owned or operated by contractors or other federal entities on behalf of DOL.
- accurately identified its information system inventory, as well as its hardware and software asset inventory.

The Department's agencies rely on IT systems to obtain and create vast amounts of information and data in carrying out their missions. Included in these data are the personally identifiable information and personal health information of citizens and federal employees. Securing these data is a growing concern because DOL's data integrity is at risk from external and internal threats. We continue to identify deficiencies in the Department's efforts to configure and monitor its information systems as well as to identify and report security vulnerabilities. In addition, we determined that the Department has not adequately planned or implemented the technology tools required to manage and monitor IT security. Moreover, due to COVID-19, DOL changed its work and IT landscape to significantly expand telework operations for its employees as well as to identify alternate methods for securing data that were previously required to remain on-site for security reasons.

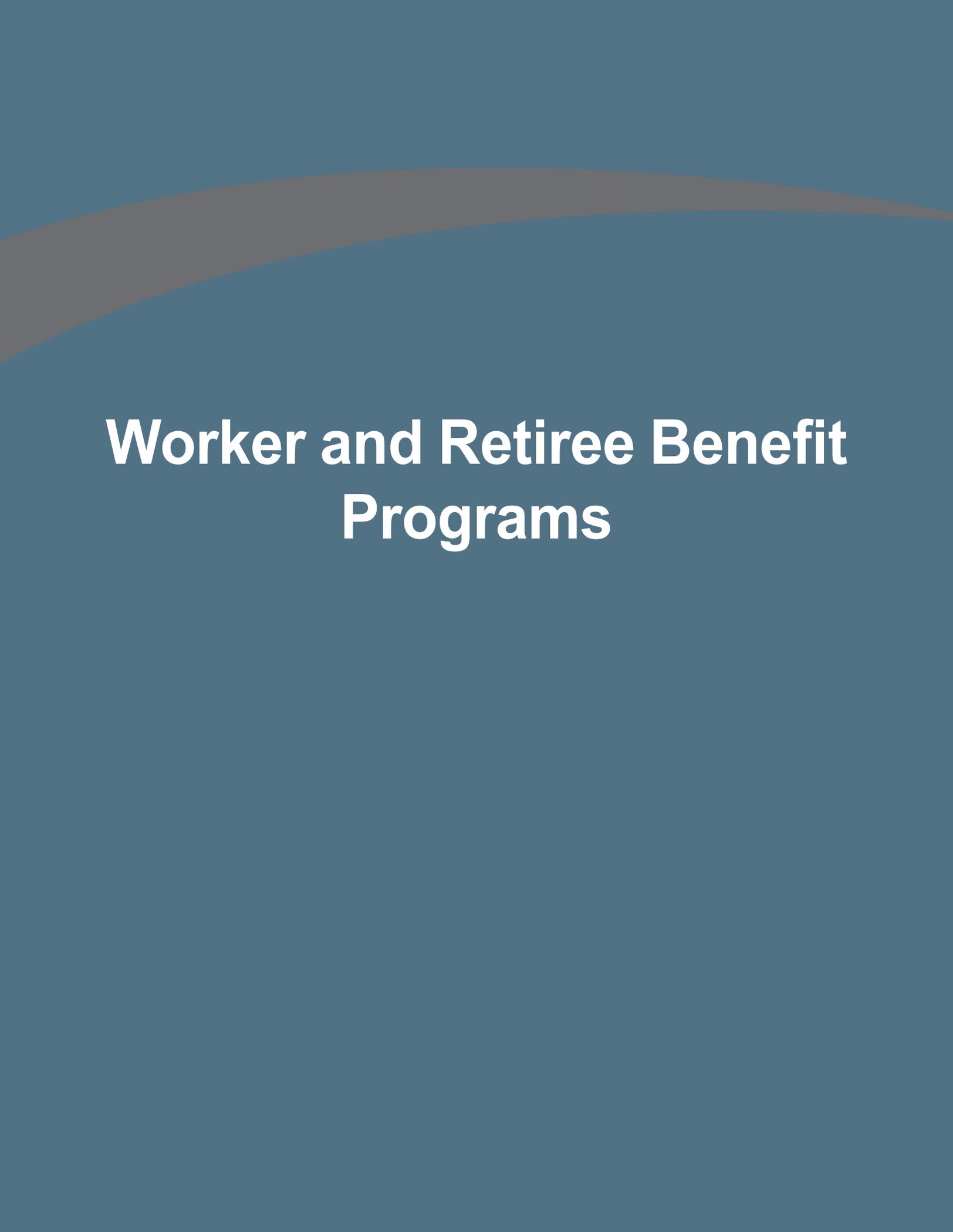
The Department continues to move its information systems to a shared services model and expand its use of cloud and third-party providers for information infrastructure and services. We have identified deficiencies that still remain in the Department's oversight of information systems managed by DOL's program agencies and

systems operated by a third party on behalf of the Department. As it continues this move, DOL will further require specialized knowledge and expertise in protecting and managing its systems, including the contracted systems.

The Department has been unable to implement an effective asset management system since this issue was first identified in 2011. The Department maintains a significant number of desktops, laptops, tablets, and mobile devices for its employees. In addition, the Department maintains servers, routers, storage devices, and other IT hardware. The Department has indicated that it implemented an enterprise asset management system in FY 2020 and is in the process of ensuring data quality. However, the Department needs to provide evidence of such implementation, and more work needs to be done to effectively track and protect DOL assets through their life cycle. Without effective asset inventory processes, the Department is unable to account for and secure its data and equipment.

These deficiencies represent ongoing risks to the confidentiality, integrity, and availability of DOL's information systems, which are necessary to support the Department's mission. Our concern is whether DOL can implement the necessary strategies and tools to provide sufficient capability and security for the Department's data and information systems as well as support the effective execution of its mission. Finally, we continue to be concerned that the position of the Chief Information Officer (CIO) does not report directly to the agency head. Realigning the organizational chart to create such a direct reporting relationship would provide this position with greater independence and authority to implement and maintain an effective information security program.





Worker and Retiree Benefit Programs

Unemployment Insurance Programs

Enacted more than 80 years ago as a federal–state partnership, the UI program is the Department’s largest income-maintenance program. This multibillion-dollar program provides unemployment benefits to eligible workers who become unemployed through no fault of their own. Although the program’s framework is determined by federal law, the benefits for individuals depend on state law and, generally, state funding of benefits that are administered by state workforce agencies in 53 jurisdictions covering the 50 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands, under the oversight of DOL’s Employment and Training Administration (ETA). The federal government pays the program’s administrative expenses.

DOL-OIG’s Efforts to Protect the Integrity of the UI Program

DOL-OIG is the primary federal law enforcement agency responsible for investigating fraud involving the UI program. Fraudulent activity poses a significant threat to the integrity of the UI program, as identity thieves and organized criminal groups continue to exploit program weaknesses. These fraudsters have taken advantage of federal and state program vulnerabilities during the pandemic. Indeed, the volume of UI investigative matters currently under review is unprecedented in the DOL-OIG’s history. Since the pandemic started, DOL-OIG has opened more than 2,500 investigative matters concerning UI fraud. Many of these matters have developed into actionable, high-impact investigations.

The combination of significant increases in the number of claims and limited resources (IT systems and personnel) available to respond to and process these claims has made it easier for fraudsters to target UI programs, and in particular the Pandemic Unemployment Assistance (PUA) program. The expanded coverage offered under the PUA program has posed significant challenges

to states as they implement processes to determine initial and continued program eligibility for participants. The sole reliance on claimant self-certifications without evidence of eligibility and wages renders the PUA program vulnerable to improper payments and fraud. DOL-OIG audit work of the PUA program found ETA’s guidance to states on administering the PUA program did not sufficiently address the risk of fraud, waste, or abuse. On May 26, 2020, we issued an alert memorandum to highlight the risk of fraud in the PUA program given this reliance on self-certification. In response to our memorandum, ETA agreed to engage Congress regarding additional fraud prevention and program integrity measures.

DOL-OIG took an immediate, proactive, and coordinated approach to combat fraud, waste, and abuse in all DOL programs and operations in response to the pandemic. This effort included creating a Pandemic Rapid Response Team consisting of agency decision makers and subject matter experts. This group developed a phased action plan, which included hiring additional criminal investigators, auditors, data scientists, and a National UI Fraud Coordinator. Regional UI Fraud Coordinators were also hired

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in localities across the country. The National UI Fraud Coordinator and the Regional UI Fraud Coordinators play an important role in intelligence sharing, deconfliction, national and regional messaging, and coordinating the interagency response.

In addition, DOL-OIG recognized the importance of investigating the significant influx of fraud allegations in a joint law enforcement environment. To this end, DOL-OIG was instrumental in the formation of the U.S. Department of Justice's (DOJ's) National UI Fraud Task Force (NUIFTF), which includes the FBI, the U.S. Secret Service (USSS), the U.S. Postal Inspection Service, the Social Security Administration (SSA)–OIG, Homeland Security Investigations, the U.S. Department of Homeland Security (DHS)–OIG, and the IRS Criminal Investigation Division. The NUIFTF focuses on intelligence sharing, deconfliction, joint national messaging, and the effective use of investigative and prosecutorial resources.

DOL-OIG also deployed an extensive engagement and outreach plan to educate and raise awareness regarding fraud trends, best practices, red flags, and other investigative outreach tools. As part of this effort, the DOL-OIG has addressed pandemic-related UI fraud issues in collaboration with the American Bankers Association, the Independent Community Bankers of America, the National Association of Attorney's General, The Consortium (conglomerate of the largest banks), DOL's Office of Unemployment Insurance, and the 53 state workforce agencies. The DOL-OIG also developed and coordinated the release of various public and law enforcement sensitive alerts to aid stakeholders in detecting and preventing fraud. Some of these communications have included a NUIFTF

UI Fraud Consumer Protection Guide, an alert regarding UI fraud and phishing, an alert regarding UI fraud and identity theft, a joint DOL-OIG/USSS alert on the detection and mitigation of UI fraud for financial institutions, and an alert sent to banks through the U.S. Department of the Treasury regarding fraud and vulnerabilities in the PUA program.

Finally, DOL-OIG is participating in initiatives to address the new fraud typologies the Department is facing. For example, DOL-OIG is working with DOJ on its Money Mule campaign. The aim of this campaign is to raise awareness, educate, and deter money mule activity through criminal, civil, and administrative remedies.

CARES Act: Initial Areas of Concern Regarding Implementation of Unemployment Insurance Provisions

When the OIG issued this advisory report in April 2020, the COVID-19 pandemic had resulted in more than 22 million additional workers filing initial jobless claims as of March 14, 2020, the largest increase since DOL began tracking the data in 1967. The advisory report presents the OIG's initial areas of concern for DOL and the states to consider in implementing UI provisions included in the CARES Act. The concerns represent years of oversight work relating to DOL's UI program, including the Department's use of prior stimulus funds and response to past natural disasters.

The CARES Act became law on March 27, 2020. It introduced three new UI programs, providing hundreds of billions of dollars in additional payments. The new PUA program extended unemployment benefits to self-employed individuals, independent contractors, those with

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limited work history, and other individuals not traditionally eligible for unemployment benefits who are unable to work as a direct result of certain COVID-19-related reasons. The CARES Act also made available an additional 13 weeks of unemployment compensation to those individuals who have exhausted their regular unemployment benefits. Finally, the CARES Act provided a supplemental payment of \$600 per week for up to four months. These conditions require heightened monitoring of the UI program.

The substantial increase in unemployment benefits requires ETA and state workforce agencies to establish strong controls to ensure that the funding is used to meet the intent of the CARES Act and helps support workers and the economy. Based on our prior OIG reports, we identified the following initial areas of concern for ETA and states to consider in implementing UI provisions: state preparedness, initial eligibility determination, benefit amount, improper payment detection and recovery, return to work, and program monitoring.

Given the extraordinary circumstances surrounding the CARES Act, the OIG remains concerned that staffing challenges, coupled with the state of legacy systems, will continue to impede the management and oversight of UI benefits. We are concerned that ETA and the states do not have sufficient systems, alternative controls, and oversight in place to ensure appropriate payment durations and amounts.

We noted that the risk of fraud and improper payments is even higher under the PUA program because Section 2102 of the CARES Act permits claimants to self-certify that they meet certain PUA-eligibility requirements. We are also concerned that ETA and the states have not

developed sufficient systems to prevent fraud during initial eligibility determinations and detect fraud if those systems fail. ETA needs to continue developing and improving its methods to assist states in detecting fraud and recovering improper payments.

To ensure that unemployment compensation payments stop at the appropriate time, we noted the need to cross match data to check the continued eligibility of all benefit recipients. This is especially important given the large numbers of claimants expected to return to work once the COVID-19 pandemic subsides, some of whom may continue to collect benefits after successful reemployment.

For more information, go to www.oig.dol.gov/public/reports/oa/viewpdf.php?r=19-20-001-03-315&y=2020, Report No. 19-20-001-03-315 (April 21, 2020).

Alert Memorandum: The Pandemic Unemployment Assistance Program Needs Proactive Measures to Detect and Prevent Improper Payments and Fraud

The PUA program was created under the CARES Act to expand UI eligibility to those who are self-employed, have a limited work history, or were not previously covered by UI programs. Costs for PUA benefits at the time this alert memorandum was published, on May 26, 2020, were estimated to total nearly \$110 billion. The associated risk of improper payments and fraud is significant, as the UI program has historically experienced some of the highest improper payment rates within the federal government programs.

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To establish eligibility, the CARES Act requires individuals to self-certify that they are unemployed, partially unemployed, or unable or unavailable to work due to one of the COVID-19-related reasons specified within the statute. This self-certification renders such individuals eligible to receive payments immediately. Given the fraud risk associated with self-certification, the OIG issued a memorandum on May 26, 2020, to alert the Assistant Secretary for Employment and Training that states' reliance on self-certifications alone to ensure eligibility for PUA will lead to increased improper payments and fraud.

As ETA's implementation of the PUA program currently stands, any individual may initially self-certify without evidence of previous wages earned and be approved for payment in accordance with the state's UI regulations. Even if the individual fails to provide documentation within 21 days, he is not rendered ineligible for PUA benefits. Consequently, individuals continued to receive an average of \$775 per week (through July 31, 2020) based solely on an initial undocumented self-certification statement that one of the COVID-19-related reasons caused their unemployment and the acknowledgment that any intentional misrepresentation in their self-certifications to obtain PUA benefits constitutes fraud.

The CARES Act (§ 2102(h)) states that the federal regulations governing the DUA program apply to the PUA program unless otherwise provided in this section or to the extent that there is a conflict between the CARES Act requirements and the DUA regulations. The DUA regulations require states to determine eligibility immediately, based upon an initial application and the individual's self-certification, and determine the weekly benefit amount (WBA) based on documentation available at the time the initial application was submitted.

DUA regulations also require claimants to submit documentation to substantiate employment or self-employment within 21 days of the initial filing if the original claim was based on the claimant's statement of employment or self-employment.

Therefore, the OIG believes the provisions under DUA regulation 20 C.F.R. § 625.6(e)(1) apply and do not conflict with the PUA requirement that eligible claimants receive payments without a waiting period. Rather, the DUA regulation works in conjunction with the state agency requirements to justify the continuation of program benefits and the WBA.

In light of the Department's disagreement with our assessment, based upon its interpretation of the act and underlying regulations, and given the UI program's previously reported vulnerability to improper payments and the high risk of fraud, we recommended that ETA seek additional guidance or clarification from Congress. We believe congressional guidance or clarification concerning whether a claimant is entitled to establish and continue to receive PUA payments, even without providing documentation at any point to support a WBA determination, might result in better implementation of the CARES Act PUA program.

For more information, go to www.oig.dol.gov/public/reports/oa/viewpdf.php?r=19-20-002-03-315&y=2020, Report No. 19-20-002-03-315 (May 26, 2020).

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COVID-19: More Can Be Done to Mitigate Risk to Unemployment Compensation Under the CARES Act

The CARES Act included an initial estimated \$260 billion in funding for new or expanded UI benefits. It provided for additional benefit payments and created new programs delivering benefits to individuals not traditionally eligible for UI. These expanded benefits and new programs have significantly increased the risks of fraud, waste, and abuse. We conducted this audit to determine whether ETA's initial implementation of the CARES Act UI provisions sufficiently mitigated the risks of fraud, waste, and abuse.

While ETA implemented the CARES Act UI provisions in a timely manner, additional guidance could better assist states in mitigating the risks of fraud, waste, and abuse. Further, ETA has directed states to leverage their existing program integrity systems to include CARES Act UI programs, but ETA can do more to ensure adequate program assessment and reporting.

We found that ETA has been leveraging existing tools to combat fraud, but more needs to be done. For example, ETA directed states to include CARES Act UI programs in their Benefit Payment Control activities. However, ETA needs to do more to ensure that existing tools are used effectively and to assist the OIG in obtaining access to state data. Over the years, joint investigations between the OIG and states have led to hundreds of successful prosecutions and monetary recoveries.

Additionally, ETA's oversight plan does not sufficiently address the assessment of CARES Act UI program results because the CARES Act UI programs are not included in its program assessments. ETA noted the programs' temporary

nature and the cost associated with including them as reasons not to include them in its program assessments. However, by not doing so, ETA fails to calculate the effect of programs with an initial estimated cost of \$260 billion.

To address the issue of individuals who refuse to return to work, ETA encouraged states to request employers to report such employees to their state workforce agency. However, to prevent millions of dollars in overpayments, states will also need to take proactive measures to identify individuals who refuse to return to work. ETA should consider encouraging states to contact large employers, or at least ensure that states use public websites to alert employers to their obligation.

We made recommendations to ETA to improve its management oversight of the UI program provisions under the CARES Act by issuing guidance to states on continuing eligibility and fraud prevention, monitoring states, and estimating improper payments.

For more information, go to www.oig.dol.gov/public/reports/oa/2020/19-20-008-03-315.pdf, Report No. 19-20-008-03-315 (August 7, 2020).

ETA Should Do More to Assist Vulnerable States Prepare for Disaster Unemployment Assistance Program Implementation

In FY 2017, Hurricanes Harvey, Irma, and Maria devastated parts of the Caribbean islands and the United States. The DHS's Federal Emergency Management Agency, by way of ETA, granted \$85 million in DUA funds to the states of Florida, Georgia, and Texas; Puerto Rico; and the U.S. Virgin Islands (USVI). Prior OIG reports identified

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a breakdown of essential systems during past disasters and increased risk of fraud, improper payments, and untimely benefit payments.

Given these concerns, we conducted this audit to determine whether ETA had established adequate controls to ensure that DUA benefits were paid only to eligible claimants and were paid promptly. We determined that ETA had not.

We found that ETA did not establish adequate controls to ensure states paid benefits only to eligible claimants. ETA did not make a timely on-site monitoring visit to the Florida Department of Economic Opportunity (FLDEO), or ensure that FLDEO and the USVI Department of Labor (VIDOL) had provided DUA training to their staff members and developed DUA-specific standard operating procedures. Training and the development of procedures would have better ensured that officials collected the documentation necessary to substantiate a claimant's eligibility. ETA does not have specific policies and procedures in place that require states to provide periodic training or ensure that regional officials make timely monitoring

FIGURE 1: OBSTACLES THAT PREVENTED VIDOL'S ROUTINE OPERATIONS



visits. As a result, FLDEO and VIDOL officials could not substantiate eligibility for 23 percent of the claims we tested at either site. We estimated that \$5.6 million could have been put to better use.

We also found that ETA did not establish adequate controls to ensure that states paid benefits promptly. ETA did not provide adequate oversight to ensure that VIDOL provided DUA training, developed standard operating procedures, or took the necessary measures to reduce its backlog of claims. ETA's lack of specific policies or procedures that require states to provide periodic DUA training was a contributing factor to this issue. ETA also did not ensure that VIDOL had DUA-specific written standard operating procedures to mitigate this concern. As a result, VIDOL paid only 27 percent of its claims within 21 days. Initial delays were understandable due to the devastation suffered. However, VIDOL paid on time only 42 percent of extended claims on time, even though claimants did not file these claims until at least 18 months after the hurricanes hit. See Figure 1 for obstacles that prevented VIDOL's routine operations.

We recommended that the Assistant Secretary for Employment and Training establish policies, procedures, and controls to ensure that states provide training and establish DUA policies and procedures, and

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that ETA recover \$95,699 in questioned costs from FLDEO and VIDOL for participants whose eligibility was not demonstrated.

For more information, go to www.oig.dol.gov/public/reports/oa/2020/04-20-002-03-315.pdf, Report No. 04-20-002-03-315 (September 29, 2020).

Maryland Department of Labor Collaborates with U.S. Attorney's Office and DOL-OIG to Uncover Massive Criminal Fraud Scheme

A massive and sophisticated criminal enterprise targeting Maryland's UI system was uncovered by state officials working in conjunction with the U.S. Attorney's Office and DOL-OIG. Once the scheme was discovered, officials were able to suspend more than 47,500 fraudulent UI claims totaling more than \$501 million.

Oklahoma Employment Security Commission Blocks 952 Fraudulent Unemployment Insurance Claims, Saving More than \$2.8 million

On June 22, 2020, the Oklahoma Employment Security Commission (OESC) blocked 952 fraudulent unemployment insurance claims filed following the enactment of the CARES Act. This action stopped more than \$2.8 million in unemployment benefits from reaching the hands of international criminals.

Following the enactment of the CARES Act, the U.S. Attorney's Office for the Northern District of Oklahoma created the Coronavirus Anti-Fraud Team. The Team coordinated efforts to determine that hundreds of Oklahomans' identities had been used to file fraudulent unemployment

insurance claims with OESC. Investigative efforts determined that a large group of claims were filed through the Internet from Internet protocol (IP) addresses in London. Based on investigative findings, OESC blocked this large group of claims and blocked other foreign IP addresses from accessing and fraudulently filing claims with OESC. This is a joint investigation with OESC, the Oklahoma Attorney General's Office, the FBI, USSS, and SSA-OIG.

Two Charged in \$1.8 Million Unemployment Insurance Scam

A claims examiner employed by Michigan's UI agency and a co-conspirator were charged via criminal complaint for their alleged role in a \$1.8 million UI fraud scheme. The scheme targeted state and federal funds meant to assist unemployed lawful workers during the COVID-19 pandemic.

The complaint alleges that beginning in May 2020, the claims examiner used his internal access to release payments on hundreds of fraudulent UI claims. Specifically, he is alleged to have used his network credentials to override "fraud stops" on UI claims that the state had identified as potentially fraudulent. The examiner's actions resulted in the fraudulent disbursement of more than \$1.1 million in federal and state funds intended to assist unemployed lawful workers during the COVID-19 pandemic. The examiner also attempted to override fraud stops on another \$761,000 in fraudulent UI claims, but these payments were stopped by authorities prior to execution.

The examiner is alleged to have worked with outside co-conspirators as part of his fraud scheme. One co-conspirator allegedly filed at

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least 25 fraudulent claims seeking more than \$350,000 in unearned UI benefits.

Eight Arrested on Federal Indictment Alleging Scheme to Obtain \$1.1 Million in Unemployment Benefits Through Sham Companies

Law enforcement officers arrested eight individuals indicted by a federal grand jury on fraud charges involving the creation of non-existent businesses and the claiming of more than \$1.1 million in unemployment benefits for purported employees of those fake businesses.

The nine-count indictment unsealed on March 20, 2020, alleges a 3-year conspiracy to cheat California's UI program through the creation of bogus cleaning services and boutique stores, and sometimes using the names of prison inmates as phony employees in order to fraudulently collect UI benefits. The indictment charges each of the eight defendants with one count of conspiracy to commit wire fraud and one count of aggravated identity theft.

From February 2013 until July 2016, the defendants allegedly registered fake businesses with the California Employment Development Department (EDD), the administrator of the federal UI benefit program for the state. Bogus companies were created and post office boxes were maintained in those names and used to receive the fake businesses' mail.

After being supplied California EDD-funded debit cards, the defendants allegedly withdrew funds from the cards, which were in the names of other claimants. In total, the defendants fraudulently obtained approximately \$1,106,282 in UI benefits, according to the indictment.

North Miami Beach Resident Sentenced for His Role in an Unemployment Insurance Identity Theft Fraud Scheme

On April 28, 2020, Johnson Augustin was sentenced to 24 months in prison for his involvement in an identity theft scheme to defraud the Florida UI program. Augustin utilized fraudulently obtained personally identifiable information to file numerous Florida UI claims. Augustin directed the funds received from the scheme to several bank accounts and pre-paid debit cards he controlled. Augustin was captured on video utilizing the debit cards and also used the stolen unemployment funds to make online purchases. This was a joint investigation with FLDEO and the North Miami Beach Police Department. *United States v. Johnson Augustin* (S.D. Florida)

\$230,000 Seizure Warrant Served Against Bank Account Held by Arkansas Resident

On September 4, 2020, a seizure warrant was served to Arvest Bank in Hot Springs, Arkansas, authorizing the seizure of up to \$230,000 from the general checking account of a Hot Springs resident. Money was deposited into this personal checking account from a suspected fraudulent Small Business Administration Paycheck Protection Program loan and from proceeds obtained through suspected fraudulent UI claims. This ongoing investigation has identified more than 50 suspected fraudulent UI claims affecting 46 state workforce agencies. The actual loss from this suspected fraud is more than \$485,000, and the intended loss is in excess of \$1 million. This is a joint investigation with the FBI and Arkansas Division of Workforce Services.

Office of Workers' Compensation Programs

OWCP administers four workers' compensation programs: the Federal Employees' Compensation Act (FECA) program, the Energy Employees Occupational Illness Compensation Program, the Longshore and Harbor Workers' Compensation Act program, and the Coal Mine Workers' Compensation program.

FECA is the largest of the programs and provides workers' compensation coverage to millions of federal, postal, and other employees for work-related injuries and illnesses. Benefits include wage loss benefits, medical benefits, vocational rehabilitation benefits, and survivors' benefits for covered employees' employment-related deaths.

COVID-19: OWCP Should Continue to Closely Monitor Impact on Claims Processing

We audited OWCP's initial response to the pandemic to determine the extent to which COVID-19 has affected OWCP's ability to process and adjudicate claims and what OWCP did to address the challenges encountered. We found that most OWCP programs were experiencing or expecting delays and resource management issues as a result of increased claims or social distancing mandates. In response, OWCP was tracking delays, providing guidance, extending deadlines, and taking additional actions as needed.

The Division of Federal Employees' Compensation (DFEC) expected a potential strain on resources and claims processing delays. To address these anticipated challenges, DFEC developed a contingency plan, issued new procedures for handling COVID-19 claims, and created a COVID-19 Task Force to oversee claims development and adjudication.

The Division of Coal Mine Workers' Compensation (DCMWC) experienced challenges in its ability

to process claims in a timely way because a significant number of approved physicians temporarily suspended pulmonary examinations, which are required for a coal miner's claim to be processed. These delays created a backlog that will strain resources whenever physicians resume claimant examinations. DCMWC has tracked the delays and taken steps to assist claimants, including publishing guidance on its website and extending deadlines.

The Division of Energy Employees Occupational Illness Compensation (DEEOIC) was experiencing delays in obtaining required information from certain U.S. Department of Energy facilities and physicians who had closed their practices or were limiting operations. DEEOIC has been tracking a small number of impacted claims and allowing extensions in those cases.

The Division of Longshore and Harbor Workers' Compensation did not experience, nor was it expecting to experience, any significant impact in its operations due to the pandemic.

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The OIG made recommendations related to monitoring, guidance, and performance measurement.

For more information, go to www.oig.dol.gov/public/reports/oa/2020/19-20-004-04-001.pdf, Report No. 19-20-004-04-001 (July 6, 2020).

Florida Reference Laboratory, Pain Clinic, and Two Individuals Agree to Pay \$41 Million to Resolve Allegations of Unnecessary Urine Drug Testing

On April 15, 2020, Logan Laboratories, LLC, a reference laboratory in Tampa, Florida; Tampa Pain Relief Centers, Inc., a pain clinic also based in Tampa; and two of their former executives, Michael T. Doyle and Christopher Utz Toepke, agreed to pay a total of \$41 million to resolve alleged violations of the False Claims Act affecting numerous federal health programs, including those administered by OWCP, involving medically unnecessary urine drug testing.

The government alleged that, from 2010 through 2017, the defendants knowingly submitted or caused the submission of false claims to federal health care programs for presumptive and definitive urine drug tests, in circumstances wherein such testing was not medically reasonable or necessary. Presumptive urine drug tests are tests that screen for the presence of drugs, and definitive urine drug tests are tests that identify the amounts of those drugs in a patient's system. The government alleged that the defendants developed and implemented a policy and practice of automatically ordering both presumptive and definitive urine drug tests for all patients at every visit, without any physician's making an individualized determination that either

test was medically necessary for the patients for whom the tests were ordered.

The claims resolved by this settlement are allegations only and there has been no determination of liability.

This is a joint investigation with the U.S. Department of Health and Human Services (HHS)–OIG, United States Postal Service–OIG, and Office of Personnel Management–OIG. *United States ex rel. Ashton v. Logan Laboratories, LLC*, et al. (E.D. Pennsylvania) and *United States ex rel. Cho v. Surgery Partners Inc., et al.* (M.D. Florida)

Employee Benefit Plans

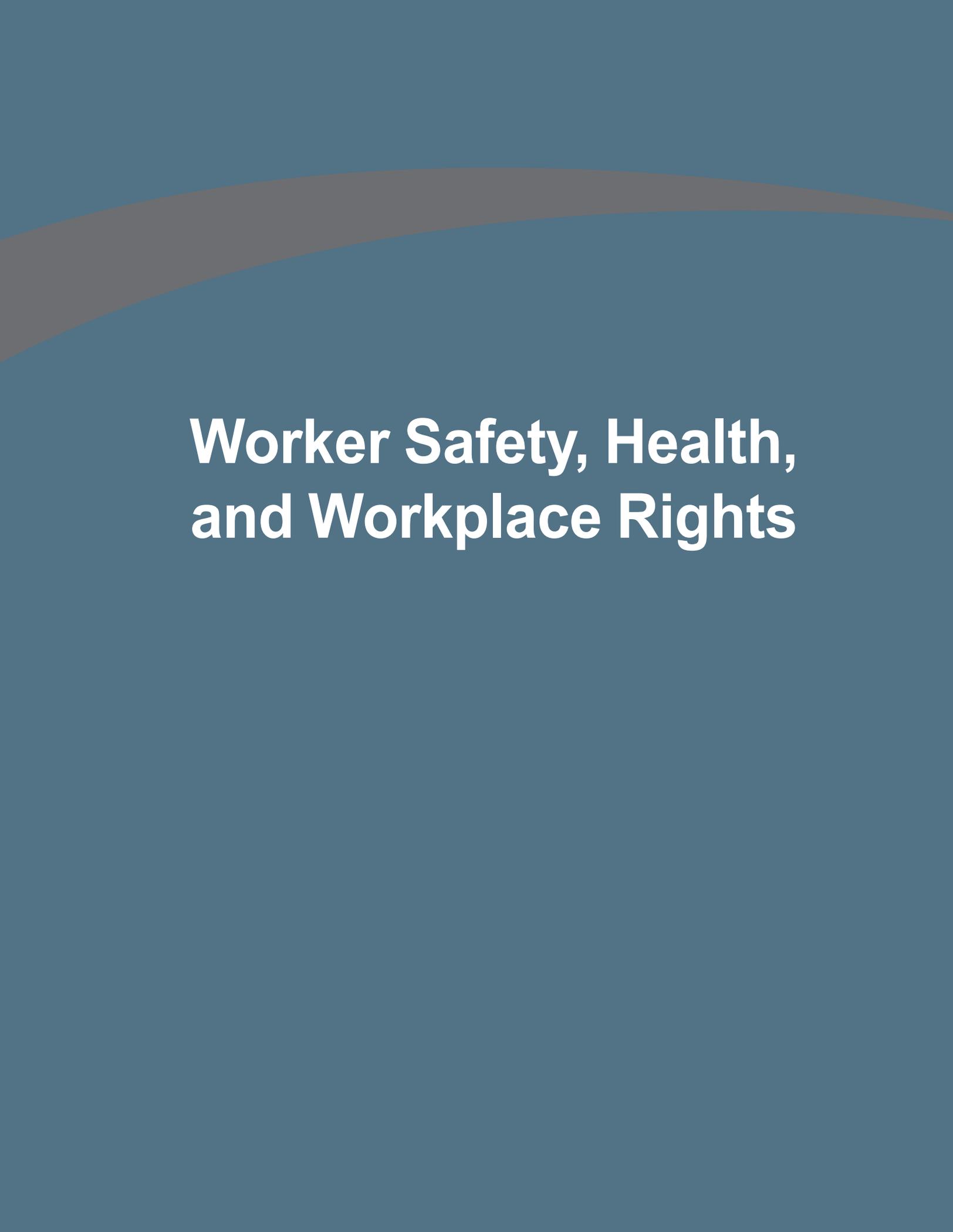
The Department's EBSA is responsible for protecting the security of retirement, health, and other private-sector employer-sponsored benefit plans for America's workers and retirees, and their families. EBSA is charged with protecting about 154 million workers, retirees, and family members who are covered by nearly 722,000 private retirement plans, 2.5 million health plans, and similar numbers of other welfare benefit plans that together hold estimated assets of \$10.7 trillion.

Southern California Chiropractor Sentenced to Nearly 4 Years in Federal Prison for Bilking Labor Union Health Plan for \$4.8 Million

Mahyar David Yadidi, a chiropractor, was sentenced to 46 months in federal prison for conspiring to defraud a labor union's health care benefit plan by offering kickbacks to patients for attending a clinic he controlled known as Philips San Pedro Chiropractic. Yadidi was also ordered to pay \$1,976,832 in restitution at the time of sentencing. Yadidi's co-conspirators, Ivan Semerdjiev and Julian Williams, were also previously each sentenced to 6 months in prison for their roles in this scheme.

The investigation revealed that from July 2016 through October 2018, Yadidi, Semerdjiev (a fellow chiropractor), and Williams (a personal fitness trainer) engaged in a scheme to defraud the welfare plan. Specifically, the trio offered kickbacks to patients for visiting the clinic and billed the plan for services not rendered to its patients, services not medically necessary, and services provided by unlicensed and unqualified employees. In total, Yadidi, Semerdjiev, and Williams submitted almost \$5 million in claims to the plan, with the plan paying approximately \$2 million.

This was a joint investigation with EBSA. *United States v. Semerdjiev et al.* (C.D. California)



Worker Safety, Health, and Workplace Rights

Occupational Safety and Health Administration

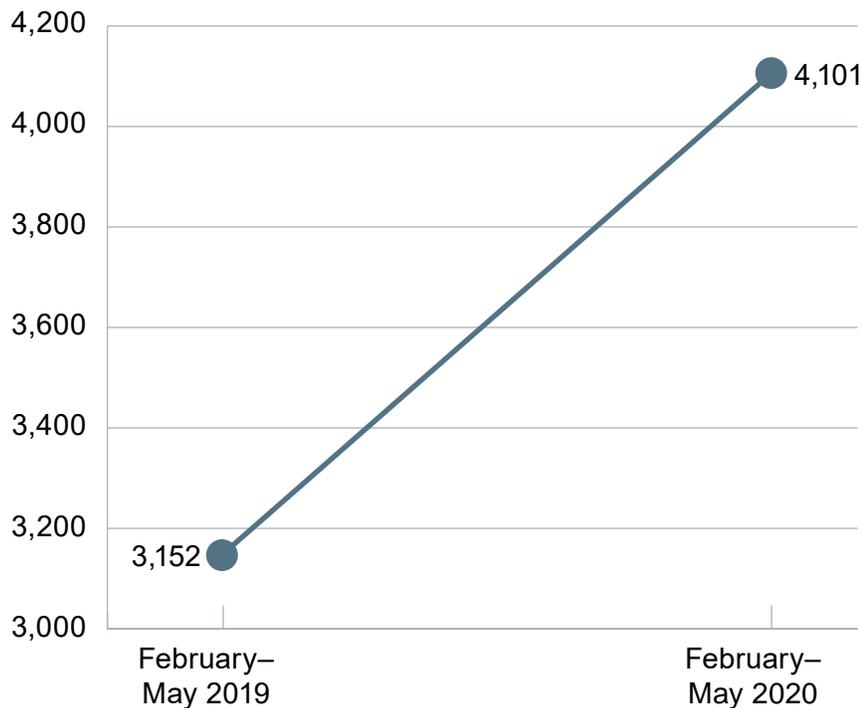
The mission of OSHA is to ensure that employers provide every worker in America safe and healthy working conditions. OSHA pursues this mission by setting and enforcing workplace safety and health standards; investigating whistleblower complaints; providing training, outreach, and education; and encouraging continuous improvement in workplace safety and health.

COVID-19: OSHA Needs to Improve Its Handling of Whistleblower Complaints During the Pandemic

The COVID-19 pandemic has raised concerns about the safety and health of workers and the protections afforded to workers who report potential workplace safety violations, including violations involving social distancing and personal protective equipment. As part of Phase 1 of the OIG’s Pandemic Response Oversight Plan, we conducted this audit to determine what impact COVID 19 whistleblower complaints had on OSHA and how OSHA addressed those complaints.

We found that due to the pandemic’s impact, the number of whistleblower complaints that OSHA received increased significantly (see Figure 2).

FIGURE 2: TOTAL WHISTLEBLOWER COMPLAINTS RECEIVED



Source: OSHA whistleblower data unaudited

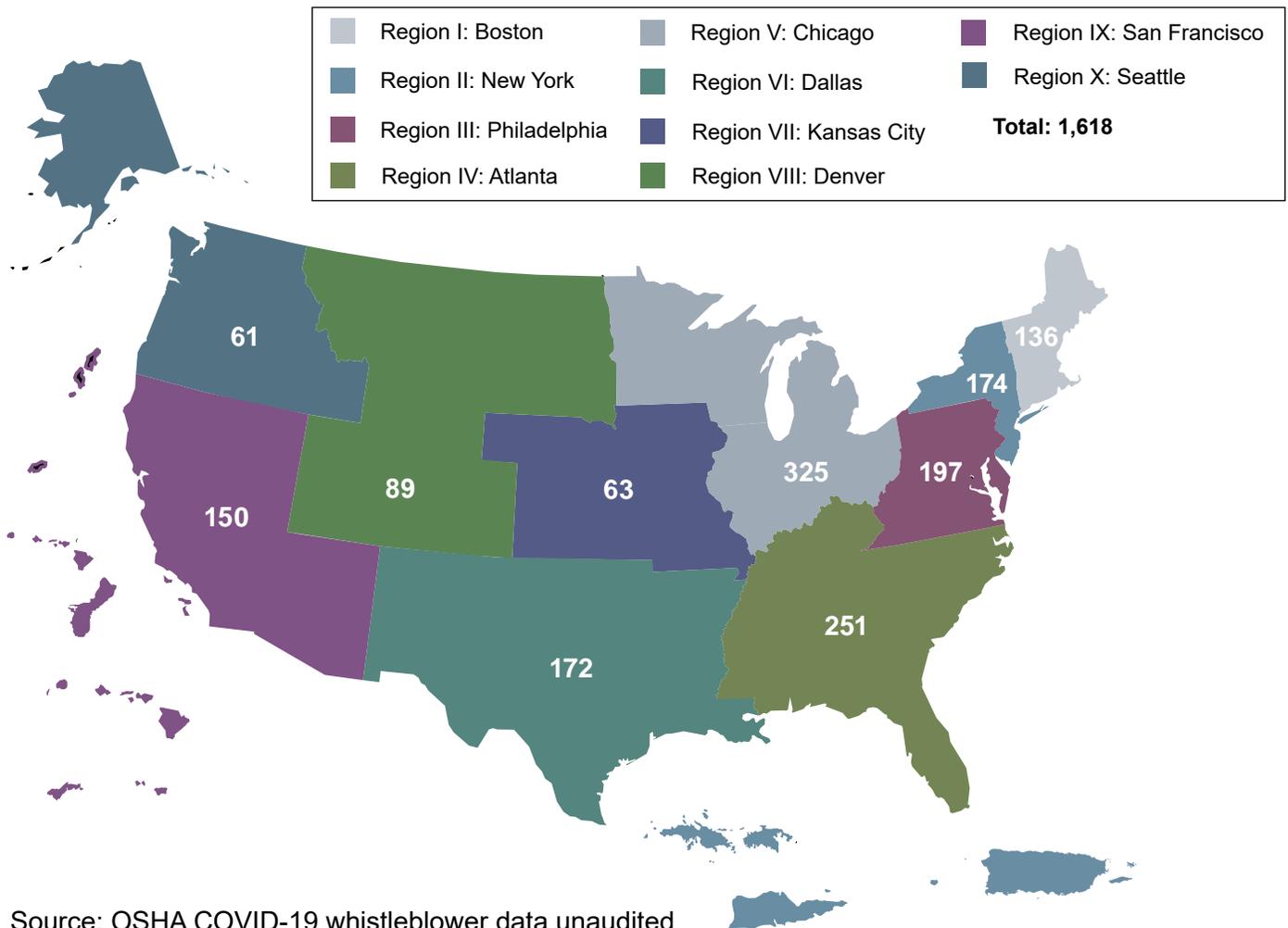
Worker Safety, Health, and Workplace Rights

Before the pandemic, OSHA was challenged to complete investigations in a timely manner, and now the potential exists for even greater delays. Exacerbating this challenge, full-time employment in OSHA's Whistleblower Protection Program has decreased from 126 in 2019 to 120 in 2020. Investigators we interviewed said they can optimally manage a maximum of 20 open investigations at once. However, the number of open investigations per investigator ranged from 19 to 45 in 2020, compared to 15 to 40 in 2019.

If OSHA finds merit to an employee's allegations, the employee may be entitled to reinstatement, back pay, restored benefits, or other remedies. Any delays in investigations could leave workers to suffer emotionally and financially and may also lead to the erosion of key evidence and witness participation.

Prior to the pandemic, OSHA began a triage pilot intended to expedite the complaint screening process. The agency also reassigned older complaints from regions with large backlogs to regions with lesser backlogs. However, OSHA did not use a similar approach to reassign pandemic-related complaints to more evenly distribute the complaints among regions. Figure 3 shows the disparity of COVID-19 whistleblower complaints received by OSHA.

FIGURE 3: COVID-19 COMPLAINTS PER REGION (FEBRUARY–MAY 2020)



Source: OSHA COVID-19 whistleblower data unaudited

Worker Safety, Health, and Workplace Rights

We made recommendations to the Principal Deputy Assistant Secretary for Occupational Safety and Health regarding staff vacancies, the triage pilot, and the caseload management plan to evenly distribute whistleblower complaints among investigators.

For more information, go to www.oig.dol.gov/public/reports/oa/viewpdf.php?r=19-20-010-10-105&y=2020, Report No. 19-20-010-10-105 (August 14, 2020).

Mine Safety and Health Administration

The federal Mine Safety and Health Act of 1977 (Mine Act), as amended by the Mine Improvement and New Emergency Response Act of 2006, charges MSHA with setting and enforcing standards to protect the health and safety of approximately 350,000 men and women working in our nation's mines.

COVID-19: MSHA Faces Multiple Challenges in Responding to the Pandemic

On March 28, 2020, DHS labeled mining as one of the critical infrastructure industries that states should consider keeping open to help in the United States' response to the COVID-19 pandemic. Since mines continued to operate, MSHA continued to perform mine inspections and investigations.

As part of Phase 1 of the OIG's Pandemic Response Oversight Plan, we conducted an audit of MSHA's initial response to the pandemic. Given the risks to both miners and MSHA's workforce, we conducted an audit to determine what plans and guidance MSHA had developed to address the challenges created by COVID-19 and examined the extent to which these challenges have affected MSHA's ability to protect the safety of miners and the agency's workforce.

We found that MSHA faces a number of current and potential challenges related to COVID-19. Challenges include unavailable inspectors, potential safety concerns expressed by the mining industry, shortages of personal protective equipment, canceled and suspended mine rescue contests, and unenforceable Centers for Disease Control and Prevention and MSHA COVID-19 guidance. While the agency has taken actions to address some of the concerns, more effort is required to ensure the safety of its workforce and those in the mining industry.

On March 26, 2020, MSHA posted COVID-19 guidance on its website to its workforce and to the mining industry, addressing the need to implement measures such as social distancing, disinfecting equipment, and washing hands.³ However, unless it issues an emergency temporary standard, MSHA cannot enforce this guidance to the extent that it is not already covered by existing MSHA

³ MSHA's website has been updated since the report was issued; the updated guidance can be found at www.msha.gov/msha-response-covid-19.

Worker Safety, Health, and Workplace Rights

standards. More action is needed to determine whether the agency should issue an emergency temporary standard related to COVID-19.

MSHA suspended or reduced some of its enforcement activities, and education visits, as well as special safety and fatality initiatives that normally gather groups of miners on-site in order to limit unnecessary contact. Such actions could affect miners' health or safety and result in a backlog of work. MSHA will need to develop a plan to address the potential backlog once full operations resume.

MSHA is challenged to timely complete mandatory inspections while ensuring the safety of its inspectors. Workforce reductions (due to inspectors' being sidelined because they self-identified as high risk for COVID-19) and miners' safety concerns may challenge MSHA's ability to complete enforcement activities. Further, shortages of personal protective equipment, such as N-95 masks, complicate the agency's ability to ensure the safety of its personnel.

We recommended that MSHA monitor and plan to address the potential backlog of suspended and reduced enforcement activities and that the agency use information about COVID-19 outbreaks in mines to reevaluate its decision not to issue an emergency temporary standard related to COVID-19.

For more information, go to www.oig.dol.gov/public/reports/oa/2020/19-20-006-06-001.pdf, Report No. 19-20-006-06-001 (July 24, 2020).



Wage and Hour Programs

The Wage and Hour Division (WHD) enforces federal minimum wage, overtime pay, record-keeping, and child labor requirements of the Fair Labor Standards Act (FLSA). WHD also enforces the Migrant and Seasonal Agricultural Worker Protection Act, the Employee Polygraph Protection Act, the Family and Medical Leave Act, the wage garnishment provisions of the Consumer Credit Protection Act, and a number of employment standards and worker protections as provided in several immigration related statutes. Additionally, WHD administers and enforces the prevailing wage requirements of the Davis-Bacon and Related Acts, the Service Contract Act, and other statutes applicable to federal contracts for construction and for the provision of goods and services. WHD also administers and enforces the Emergency Paid Sick Leave Act and the Emergency Family and Medical Leave Expansion Act under the recently enacted Families First Coronavirus Response Act (FFCRA).

WHD Needs to Closely Monitor the Impact of COVID-19 on Its Operations

On March 18, 2020, Congress passed the Emergency Paid Sick Leave Act and the Emergency Family and Medical Leave Expansion Act of the FFCRA to ensure that American workers would not be forced to choose between their paychecks and the public health measures needed to combat the virus. We audited WHD's initial response to the COVID-19 pandemic to determine the extent to which it has affected WHD's ability to implement its FFCRA responsibilities and conduct investigations. Our audit also sought to review any plans and guidance WHD had developed to address the challenges it encountered.

WHD acted quickly after Congress passed the FFCRA by issuing guidance, training staff, and conducting investigations of potential violations of the law. However, WHD continues to face the challenges of an expanded telework policy, a broad definition of health care providers who may be exempted from taking paid leave under the

FFCRA, and an incomplete operating plan that did not discuss any FFCRA-related activities for the future.

First, WHD has transitioned to telephone-only contact with the public and maximized telework. WHD has performed on-site investigations only for child labor and agriculture complaints affecting the health and safety of workers. Only 19.3 percent of the FLSA cases investigated during our audit period were on-site investigations, whereas between October 1, 2019, and March 17, 2020, 53.5 percent were on-site investigations. This reduction challenges WHD's oversight of certain FFCRA requirements and other programs. Only 19.3 percent of the FLSA cases investigated during our audit period were on-site investigations, whereas between October 1, 2019, and March 17, 2020, 53.5 percent were on-site investigations. This reduction challenges WHD's oversight of certain FFCRA requirements, and other programs.

Second, WHD has been challenged to ensure that all who were eligible for the FFCRA's emergency paid leave benefits were able to take advantage of those benefits. DOL issued a temporary rule

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that could have excluded an estimated 9 million health care providers from the emergency leave provisions of the FFCRA, despite their working in environments vulnerable to COVID-19. This estimate, provided to the public and other stakeholders, was likely understated because it did not include employees who might provide services to the health care providers excluded under DOL's definition.

Third, we found that the FY 2020 WHD Operating Plan: COVID-19 Addendum was finalized at the end of May 2020, more than two months after the FFCRA was signed, and the addendum primarily documented what WHD had already accomplished and was less focused on providing details on what it planned to do. For example, the addendum did not address how WHD intends to use the additional \$2.5 million it received in CARES Act funding to fulfill its obligations under the FFCRA.

We recommended that WHD improve its FFCRA-related strategies by developing a plan to monitor the program, managing the backlog of delayed on-site investigations, taking action to address the impact of legal decisions, and updating its COVID-19 operating plan addendum.

For more information, go to www.oig.dol.gov/public/reports/oa/2020/19-20-009-15-001.pdf, Report No. 19-20-009-15-001 (August 7, 2020).

Bureau of International Labor Affairs

The Bureau of International Labor Affairs (ILAB) promotes a fair global playing field for workers in the United States and around the world by enforcing trade commitments, strengthening labor standards, and combating international child labor, forced labor, and human trafficking.

ILAB Could Improve Oversight of Child Labor and Forced Labor Grants

ILAB Office of Child Labor, Forced Labor, and Human Trafficking (OCFT) battles child and forced labor practices—including slavery, child prostitution, pornography, and trafficking—in other countries by funding projects ranging from providing services to vulnerable children to advocating for reforms. OCFT has spent more than \$1.2 billion in approximately 100 countries since 1995 to fund projects in efforts to reduce child and forced labor. It is critical that OCFT meet its reporting obligations and effectively monitor its grant-funded projects to ensure that they achieve their objectives in light of continuing child and forced labor practices. These practices present dire consequences for children and other workers. We conducted a performance audit to determine whether OCFT implemented its reporting requirements and provided effective oversight of its grant-funded projects related to combating child and forced labor.

We determined OCFT implemented its reporting requirements but could improve oversight of its grant-funded projects related to combatting child and forced labor. OCFT reports on countries' efforts to eliminate the worst forms of child labor and publishes lists that identify goods and products made by child or forced

Worker Safety, Health, and Workplace Rights

labor or forced child labor. According to OCFT, Congress and the executive branch use OCFT's report on the worst forms of child labor to formulate labor and trade policies. The product listings are used to raise public awareness of child and forced labor and to ensure that federal agencies do not procure goods made by forced child labor.

Oversight of projects is vital for OCFT to ensure that grantees use funds to serve and protect vulnerable individuals at risk of child or forced labor practices. As part of its oversight responsibilities, OCFT conducted audits of high-risk projects. We found that it took at least a year on average for OCFT to issue corrective action notices to grantees. Inadequate oversight of the audit resolution process and lack of coordination with the grant officer resulted in delays.

OCFT also conducted third-party evaluations of each project twice during the project's period of performance. However, we found that OCFT did not adequately document follow-up actions taken by grantees in response to evaluation recommendations. Specifically, OCFT did not ensure that grantees reported on the status of all recommendations from project evaluations. When grantees did report on follow-up actions, the reporting was insufficient to determine whether the actions taken were consistent with agreed-upon plans.

We made recommendations to the Associate Deputy Undersecretary for International Labor Affairs to develop and implement processes for ensuring that corrective action notices and other audit resolution documents are issued to grantees in a timely manner, and for documenting and tracking the status of recommendations from interim and final evaluations.

For more information, go to www.oig.dol.gov/public/reports/oa/2020/17-20-003-01-070.pdf, Report No. 17-20-003-01-070 (September 25, 2020).



Employment and Training Programs

Employment and Training Administration Programs

ETA provides employment assistance, labor market information, and job training through the administration of programs authorized by the Workforce Innovation and Opportunity Act (WIOA) for adults, youth, dislocated workers, and other targeted populations. WIOA grant funds are allocated to state and local areas based on a formula distribution and to governmental and private entities through competitive grant awards.

Alert Memorandum: ETA Needs to Improve Its Plans for Providing Administrative, Financial Management, and Audit Requirements Relief to Grant Recipients Impacted by the Novel Coronavirus (COVID-19)

On March 19, 2020, the Office of Management and Budget (OMB) issued Memorandum M-20-17, “Administrative Relief for Recipients and Applicants of Federal Financial Assistance Directly Impacted by COVID-19 Due to Loss of Operations.” These time-limited flexibilities provided short-term relief from some administrative, financial management, and audit requirements of federal awards and were reassessed by OMB in a June 18, 2020, memo.

ETA needs to improve its communication with grant recipients regarding the availability of these time-limited flexibilities. As of the date of our alert memorandum, May 19, 2020, the following ETA or DOL websites did not have any information on such flexibilities:

- ETA’s Homepage—www.dol.gov/agencies/eta
- ETA’s Grants Website—www.dol.gov/agencies/eta/feature-grants

- ETA’s Advisories Website—wdr.doleta.gov/directives/
- DOL’s Coronavirus Resources Website—www.dol.gov/coronavirus
- DOL’s Grants Information Website—www.dol.gov/general/grants/howto

ETA officials informed us that they had discussed the flexibilities internally and taken several actions; however, no formal plan had been developed or implemented. Even so, ETA officials stated that they were either implementing, implementing on a limited basis, or not implementing the various flexibilities identified in OMB’s memorandum. Although ETA officials stated that they had communicated these flexibilities to grant recipients, such communication was through a non-DOL website and did not specify the plans ETA intended to implement.

The website ETA had been using was sponsored by DOL and provided resource information to state workforce agencies, but ETA should have used it in conjunction with more formal DOL communication channels, such as the main DOL website or ETA’s website. Moreover, nothing on DOL’s website indicated that this time-sensitive information on flexibilities was available externally. The use of a non-DOL website created unnecessary risks because ETA was not in full

Employment and Training Programs

control of what was posted, and the audience was limited.

We recommended that ETA take immediate action to improve its communication with grant recipients regarding the time-limited flexibilities provided by OMB in Memorandum M-20-17.

For more information, go to www.oig.dol.gov/public/reports/oa/viewpdf.php?r=19-20-003-03-001&y=2020, Report No. 19-20-003-03-001 (May 19, 2020).

CARES Act: Key Areas of Concern Regarding Implementation of Dislocated Worker Grant Provisions

As of June 2, 2020, DOL had awarded Dislocated Worker Grants (DWGs) of more than \$222 million of CARES Act funding to address the surge in unemployed workers due to business closures resulting from the COVID-19 pandemic. The goal of this grant program is to provide disaster-relief employment as well as employment and training activities for eligible participants.

The OIG has published numerous audit reports identifying areas for improvement in ETA's grant programs, including the use of prior stimulus funds and the Department's response to past natural disasters. The CARES Act made \$345 million of funds available for DWGs. To help the Department avoid historical pitfalls while implementing its pandemic response, we pinpointed three areas of concern for ETA and states to consider when distributing the funds: eligibility, program effectiveness, and program compliance and monitoring.

According to our prior audit work, swift fund deployment under rapidly changing circumstances can lead to shortcomings in the effective and efficient management of programs that provide stimulus funds. DWGs temporarily expand the service capacity of dislocated worker training and employment programs at the state and local levels. A principal challenge faced by states is ensuring that the expanded program serves only individuals who are eligible to receive CARES Act-funded employment as well as employment and training services. Keeping past systemic weaknesses in mind, ETA must ensure that:

- States collect complete documentation to support participant eligibility;
- States establish clear and achievable program goals; and
- CARES Act-funded grants are sufficiently designed and executed, and costs are accurately tracked and reported.

Our past audit work included recommendations to address deficiencies identified in each of these areas. In most cases, ETA initiated corrective actions, but initiating such actions does not ensure that they are effective or will continue to be effective in addressing program risks and weaknesses. In implementing the relevant CARES Act provisions to help workers transition back to the workforce, ETA and the states need to ensure that DWGs are used effectively, efficiently, and in compliance with current laws and regulations.

For more information, go to www.oig.dol.gov/public/reports/oa/19-20-005-03-391.pdf, Report No. 19-20-005-03-391 (June 23, 2020).

Employment and Training Programs

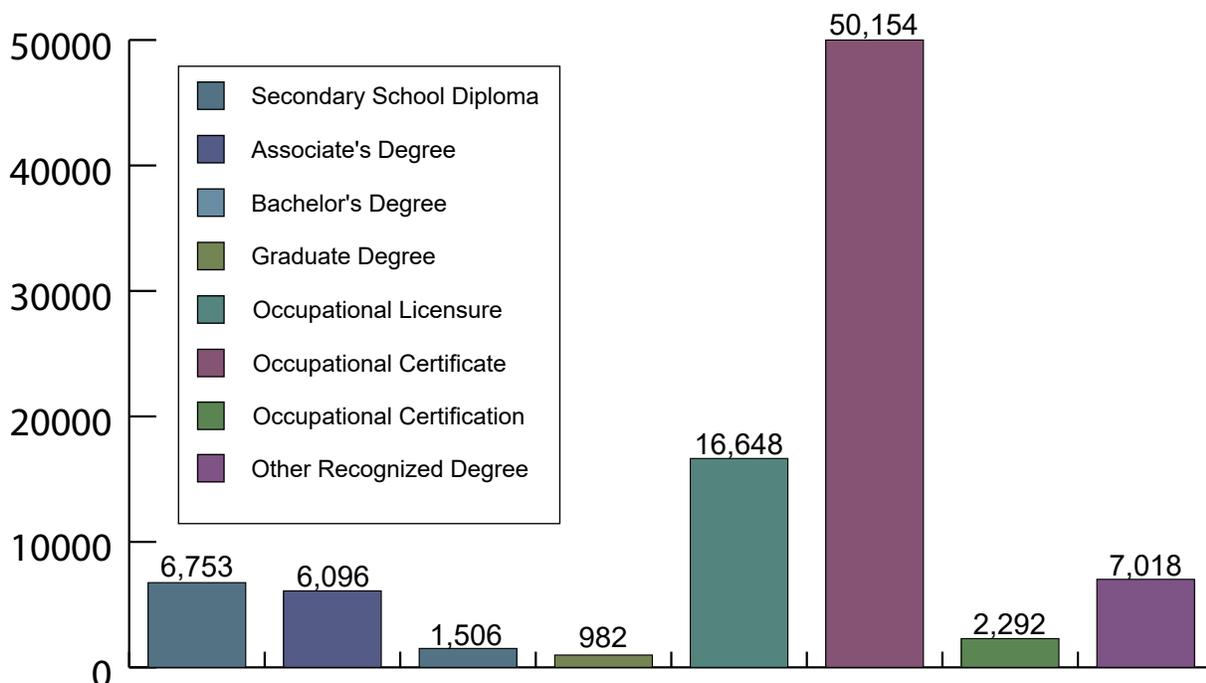
ETA Could Not Demonstrate That Credentials Improved WIOA Participants' Employment Outcomes

ETA ensures that employment and training services provided by WIOA core programs are coordinated and complementary so that job seekers acquire skills and credentials that meet local employers' needs. A credential is awarded in recognition of an individual's attainment of the measurable technical or occupational skills necessary to gain employment or advance within an occupation. Accordingly, ETA has provided guidance to states indicating that participants are to earn credentials that improve their employment opportunities. In fact, for the WIOA credential attainment measure, credit is given if the participant earns a credential and becomes employed, or enters post-secondary education (for youth participants).

We conducted a performance audit to determine the extent to which earning credentials impacted WIOA Title I (adult, dislocated worker, and youth) program participants' outcomes after exit. We found ETA could not demonstrate that credentials improved participants' outcomes because it did not collect the information necessary to measure the effectiveness of earning credentials. Figure 4 presents the number of credentials earned by type in program year 2016.

The credential attainment rate that states report to ETA is only the percentage of participants who receive a credential out of those trained. Further, employers are not required to indicate the specific job the participant holds and whether a credential was necessary for the job. For example, if a participant exits the WIOA program with a credential and obtains employment, it is not known whether the participant worked

FIGURE 4: NUMBER OF CREDENTIALS EARNED IN PROGRAM YEAR 2016



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as a cashier, store manager, truck driver, or IT specialist. Since there is no performance measure to determine whether the participant needed the credential for the job obtained upon exiting the program, ETA could not confirm whether the credential helped the participant obtain employment. In ETA's response, the agency stated that it limits data collected from states to statutory mandated measures and data necessary to calculate the outcomes identified in the law. ETA disagreed that requiring additional data after program exit was necessary to understand the impact credentials had on employment.

Further, ETA could not provide reasonable assurance that the WIOA data it collected from states were accurate, valid, and reliable. The WIOA performance accountability provisions became effective July 2016, but ETA did not issue data validation guidance until December 2018. Thus, states whose programs were reviewed during our audit had no instruction on how to validate the data they submitted for program years 2016 and 2017. ETA did implement more than 400 extensive edit/logic checks in its information system, so the WIOA data states reported were checked up front for reliability and accuracy. The data validation guidance was issued in time for states to check further validity of their program year 2018 data, the first year states reported on the credential attainment rate.

Without capturing sufficient information to determine whether credentials were necessary to obtain employment or assisted with advancement within an occupation, ETA cannot measure the advantage credentials may provide to participants. Furthermore, inaccurate data for performance indicators inhibits the proper decision making that would help ETA increase the effectiveness of the program overall. Accurate data are also

important for annual reporting purposes because stakeholders depend on the data to assess the WIOA program's effectiveness. We made recommendations to the Assistant Secretary for Employment and Training to develop a mechanism to measure the impact of credentials on participant outcomes and to ensure that states validate performance data they submit to ETA.

For more information, go to www.oig.dol.gov/public/reports/oa/2020/03-20-002-03-391.pdf, Report No. 03-20-002-03-391 (September 30, 2020).

Georgia Commercial Driver's License Examiner and Owner of Alabama Commercial Driver's License School Sentenced

On June 11, 2020, Michael Jordan and James Welburn were sentenced for their roles in a conspiracy to falsify U.S. Department of Transportation examinations. Jordan was sentenced to 36 months' probation, a \$10,250 fine, a \$100 special assessment, and 100 hours' community service. Welburn was sentenced to 60 months' probation, a \$250,000 fine, and a \$100 special assessment.

Jordan was a third-party commercial driver license (CDL) examiner who operated in Columbus, Georgia. Welburn was the owner and president of American Truck Driving Academy (ATDA), a WIOA-authorized training provider for CDL training located in Opelika, Alabama. In exchange for cash payments from Welburn, Jordan falsified CDL examinations for ATDA students. This was a joint investigation with the U.S. Department of Transportation-OIG. *United States v. James F. Welburn; United States v. Michael K. Jordan* (M.D. Alabama)

Job Corps

The Job Corps program provides education, training, and support services to more than 50,000 disadvantaged, at-risk youths, ages 16–24, at more than 120 Job Corps centers nationwide, both residential and nonresidential. The goal of the nearly \$1.7 billion program is to offer an intensive intervention to members of this targeted population as a means to help them learn vocational skills, earn a high school diploma or general equivalency diploma, and find and keep a good job.

COVID-19: ETA Should Continue to Closely Monitor Impact on Job Corps Program

The Job Corps program, administered by DOL's ETA, had about 30,000 students enrolled in its program when the pandemic began. This report presents the results of an audit of ETA's initial response to the challenges the pandemic posed to the Job Corps program. Specifically, we conducted a performance audit to determine what actions Job Corps had taken in response to these challenges.

Job Corps temporarily suspended operations and transitioned students to remote learning, but challenges continue, particularly with regard to ensuring that students are safe and receive the services they need during the pandemic. Specifically, Job Corps temporarily suspended operations on its campuses on March 16, 2020, and transported nearly 30,000 students to their homes or located housing for them. Fifty-five centers remained open to house and feed 445 students who had nowhere else to go. Between March 16 and May 31, 2020, 4 of these students tested positive for COVID-19. Thirty-five staff tested positive while they were working on-site.

In April 2020, Job Corps also started requiring its career transition and outreach and admissions

service providers to work remotely. The program also transitioned to remote learning on May 11, 2020, in order to continue educating and training students. However, not every student had a laptop, tablet, or even Internet access and thus could not participate in remote learning. Job Corps said it was working to ensure that every student would have the necessary tools needed for remote learning by August 2020. Job Corps procured and intended to distribute laptops and mobile hot spots to students over the remainder of this calendar year.

Remote learning has created new challenges for Job Corps students, many of whom have not completed a secondary education and have basic skills deficiencies. Without the structured environment Job Corps provides, some students may not be able to adapt to online learning and may discontinue participation in the program. Remote learning will be especially challenging for participants in some training courses, as certain technical skills, such as automotive and machine repair, carpentry, and advanced cement masonry, might be difficult to learn when courses are limited to virtual instruction.

In preparation for the reopening of all centers, Job Corps recognizes that some students may

Employment and Training Programs

surpass the maximum allotted time they may remain in the program. Job Corps has granted extensions to address this issue.

We made recommendations focused on protecting the health of students and staff who are currently at Job Corps centers, ensuring that both centers and remote students have the necessary resources to engage in a virtual learning environment, and ensuring that centers have the proper controls in place to adhere to national safety guidance prior to reopening their campuses.

For more information, go to www.oig.dol.gov/public/reports/oa/2020/19-20-007-03-370.pdf, Report No. 19-20-007-03-370 (July 28, 2020).



Foreign Labor Certification Programs

ETA administers a number of FLC programs that allow U.S. employers to employ foreign workers to meet domestic worker shortages, including the H-1B and H-2B programs. The H-1B program requires employers that intend to employ foreign workers in specialty occupations on a temporary basis to file labor condition applications with ETA stating that the employer will pay the applicable wage rates and meet other conditions of employment required by statute. The H-2B program requires U.S. employers to apply for a temporary labor certification as the first step in bringing foreign workers into the United States on a temporary basis to perform nonagricultural services. The temporary labor certification for H-2B employers reflects a determination that there are not qualified U.S. workers available to perform the labor or services and that the employment of foreign workers will not adversely affect the wages and working conditions of similarly employed U.S. workers. The OIG also investigates labor trafficking cases that involve fraud against FLC programs.

DOL Needs to Improve Debarment Processes to Ensure Foreign Labor Program Violators Are Held Accountable

Prior OIG investigations have shown that U.S. foreign labor programs are susceptible to fraud and abuse, which sometimes involves crimes as egregious as human trafficking. DOL is responsible for ensuring that foreign and domestic workers are protected in foreign labor programs, such as the H-1B, H-2A, H-2B, and permanent labor certification (PERM) programs.

DOL's ETA and WHD conduct investigations and audits to identify employers that should be debarred for fraud or abuse. We conducted a review to determine whether DOL's debarment process held H-1B, H-2A, H-2B, and PERM employers accountable for violating laws and policies.

We determined that DOL needs to improve its debarment processes to hold violators accountable and ensure full protection for U.S.

and foreign workers as well as for employers that follow laws and regulations. DOL had not fully utilized the H-1B program's investigation process to determine when employers should be debarred and had not established a risk-based process for determining the number of H-2A and H-2B applications to audit.

Regarding the H-1B program, DOL can only initiate investigations under four circumstances: (1) WHD receives a complaint from an aggrieved party, (2) WHD receives credible information from a reliable source, (3) WHD conducts a random investigation of an employer who the Secretary found willfully violated aspects of the H-1B program within the previous 5 years, or (4) the Secretary personally certifies that there is reasonable cause that the employer is not in compliance. This final option, the Secretary-certified investigation, has never been used. Not exercising the Secretary's authority to initiate investigations and WHD's inability to initiate an investigation without a complaint impede DOL from holding H-1B program violators accountable.

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Regarding the H-2A and H-2B programs, we found that the process of selecting applications to audit neither used data analytics nor accounted for risk. ETA had not documented any of the risk factors considered before initiating an audit, making it difficult to determine whether the applications audited were those most likely to result in violations eligible for debarment.

Consequently, DOL could not provide reasonable assurance that it had identified violators and held them accountable to ensure the protection of U.S. workers, foreign workers, and employers that abide by laws and regulations. Figure 5 indicates some reasons for debarment.

FIGURE 5: MORE INFORMATION ON DEBARMENT

DEBARRED from future sponsorship of any immigrant or any temporary visa or as a permanent resident for usually 1-5 years	
Some reasons for debarment:	
X	Failed to pay wages, benefits or working conditions to foreign workers
X	Failed to comply with employer's obligation to recruit US workers
X	Displaced U.S. Workers or improper layoffs
X	Impeded an investigation of an employer

We recommended that WHD develop guidelines to use the Secretary's option to initiate H-1B investigations, define a process for assessing willfulness, and work with Congress to broaden the authority to launch investigations, similar to the process for the H-2A and H-2B programs. For the H-2A and H-2B programs, we recommended that ETA use data analytics to establish and document a risk-based audit process.

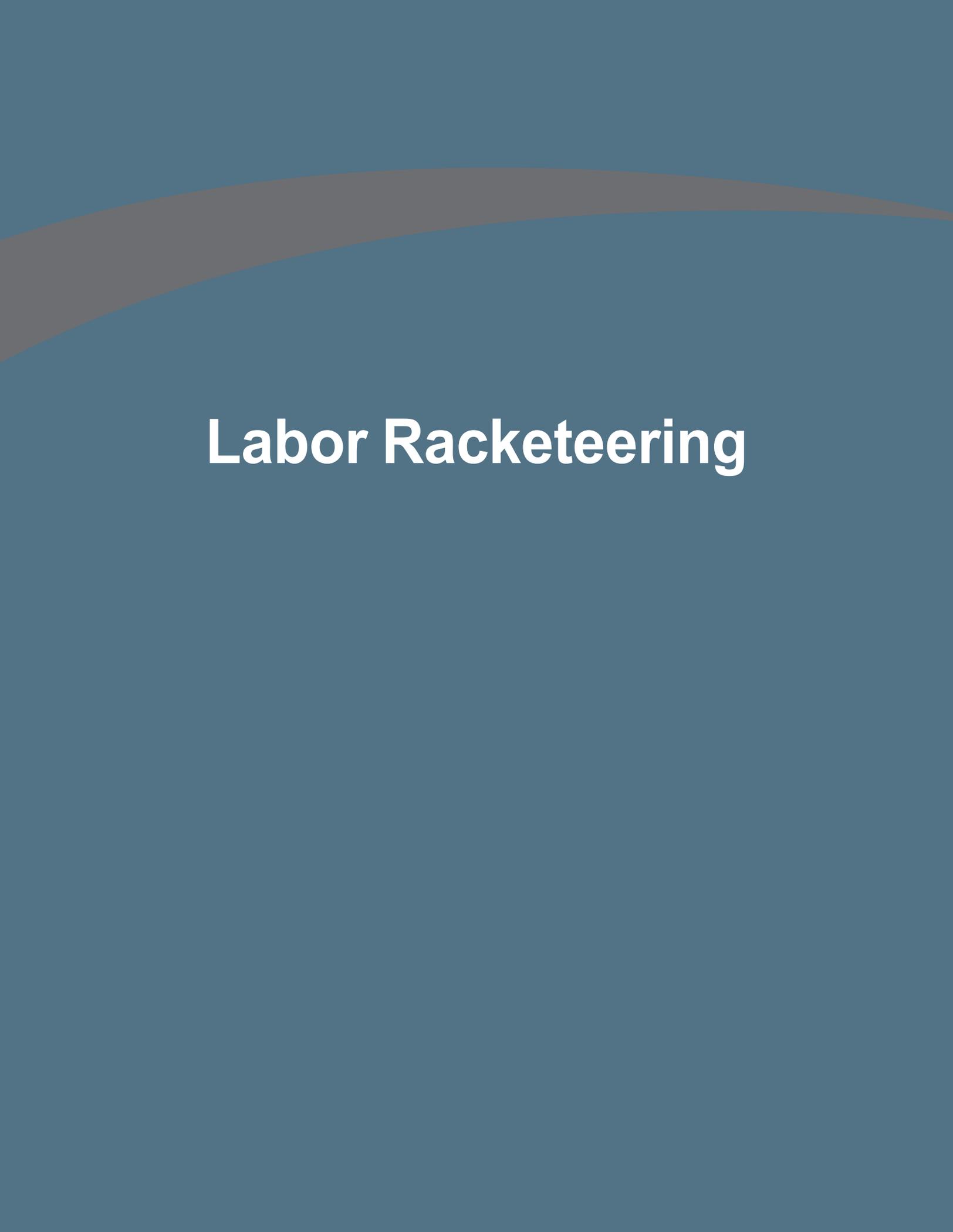
For more information, go to www.oig.dol.gov/public/reports/oa/2020/06-20-001-03-321.pdf, Report No. 06-20-001-03-321 (September 30, 2020).

Illinois Woman Pleads Guilty to Labor Trafficking

On July 28, 2020, Concepcion Malinek pleaded guilty to one count of labor trafficking. Malinek admitted she assisted 10 undocumented Guatemalan immigrants enter the United States illegally from 2009 to 2019. Once they were in the country, Malinek arranged for the immigrants to reside in her home while they worked at nearby jobs. Malinek threatened to contact U. S. immigration authorities if the immigrants did not pay her a significant portion of their earnings.

This was a joint investigation with the FBI, DHS, the Cook County Sheriff's Office, and th Chicago Police Department. *United States v. Concepcion Malinek* (N.D. Illinois)





Labor Racketeering

Labor Racketeering

Under the Inspector General Act of 1978, the OIG is responsible for investigating labor racketeering and the influence of organized criminal enterprises involving unions, employee benefit plans, and labor-management relations.

Labor racketeering refers to the infiltration, exploitation, or control of a union, employee benefit plan, employer entity, or workforce, carried out through illegal, violent, or fraudulent means. OIG labor racketeering investigations focus largely on individuals and organized criminal enterprises engaged in embezzlement, extortion, violence against union members or employers, and other related criminal activities.

Our investigations continue to identify complex financial and investment schemes used to defraud benefit fund assets, resulting in millions of dollars in losses to plan participants. OIG investigations have demonstrated that abuses involving service providers are particularly egregious not only because of their potential for large dollar losses but also because the schemes often affect several plans simultaneously.

New York Man Sentenced for Conspiring to Commit Extortion and Racketeering Offenses with Members of the Genovese Crime Family

On June 22, 2020, Frank Giovinco was sentenced to 48 months' incarceration and was ordered to pay \$135,000 in restitution, jointly and severally, as well as a forfeiture of \$5,000.

In December 2019, Giovinco was convicted at trial of conspiring to commit extortion and racketeering offenses with members and associates of the Genovese Crime Family of La Cosa Nostra. The jury found Giovinco responsible for acts involving extortion, honest services fraud, and unlawful kickback payments related to the Genovese Crime Family's control of two local chapters of a labor union. Giovinco extorted a financial adviser and a labor union official for a cut of commissions made

from union investments. Giovinco also participated in the long-running extortion of a union president for annual tribute payments of more than \$10,000 and sought a job at the union for the purpose of exerting control over the official and union on behalf of the Genovese Crime Family.

This is a joint investigation with the FBI, New York City Police Department, and Office of Labor–Management Standards. *United States v. Frank Giovinco* (S.D. New York)

Former Iron Workers President Sentenced to 42 Months in Prison for Violent Hobbs Act Extortion

On September 23, 2020, former Iron Workers Local 395 president Jeffrey Veach was sentenced to 42 months' imprisonment for Hobbs Act extortion conspiracy. Veach was also ordered to pay more than \$30,000 in restitution to the

Labor Racketeering

victims and was prohibited from holding any union position for 13 years.

Veach admitted to conspiring with former business agent Thomas Williamson Sr., and others, to use actual and threatened violence in an attempt to obtain a labor contract for Local 395 with D5 Iron Works, an Illinois steelworking company, and a business contract with Lagestee–Mulder, an Illinois construction company. Williamson pleaded guilty to Hobbs Act extortion conspiracy on January 24, 2020, and is awaiting sentencing.

Veach learned that D5 was working on a construction project for Plum Creek Christian Academy, a school affiliated with the Dyer Baptist Church in Dyer, Indiana. Veach and Williamson visited the job site to convince the owner of D5 to sign up with Local 395 or stop working on the job. The owner refused and told them to leave the job site. Williamson became angry and said that they were going to have to “take things back to old school.” Veach and Williamson gathered approximately 10 rank-and-file members of Local 395 and returned to the job site that afternoon. Local 395 members attacked the D5 workers, beat them with their fists and loose pieces of hardwood, and kicked them while they were on the ground. As a result of the attack, one D5 worker sustained serious bodily injury in the form of a broken jaw that required several surgeries and extended hospitalization. Veach admitted that the purpose of the attack was to intimidate D5 and Lagestee–Mulder in order to secure replacement contracts from them.

This is a joint investigation with the FBI and Dyer Police Department. *United States v. Jeffrey Veach* (N.D. Indiana)

Former Union President Sentenced to 16 Months in Prison for Theft of Union Funds

On May 14, 2020, Rhondalyn Cornett was sentenced to 16 months in prison and ordered to pay restitution of more than \$150,000. Cornett was also debarred per 29 U.S.C. §1111 from serving and being permitted to serve in certain capacities involving employee welfare and pension benefit plans for a period of 13 years. From November 2013 until her resignation in November 2018, Cornett was the president of the Indianapolis Education Association, the union that represents Indianapolis Public School teachers. Cornett used her position and authority to write checks from the union’s bank account and use the union’s debit card for personal expenses and to withdraw more than \$150,000 in cash.

This is a joint investigation with the FBI and DOL’s Office of Labor-Management Standards. *United States v. Rhondalyn Cornett* (S.D. Indiana)





Departmental Management

Departmental Management

The OIG performs oversight work involving the Department's operations, financial management, and information technology (IT) services.

DOL Needs to Do More to Secure Employees' Personally Identifiable Information in the Travel Management System

DOL's travel management system, E2 Solutions (E2), is managed by the Department's Office of the Chief Financial Officer (OCFO). E2 contains personally identifiable information (PII) for all DOL employees who use the system, including Social Security numbers and credit card numbers, which are common targets for identity theft. E2 also contains sensitive details regarding travel plans for DOL personnel. Concerned by the potential risk of unauthorized access to or unintentional exposure of employees' PII, we reviewed the OCFO's management and oversight of E2 to determine whether the OCFO effectively managed and oversaw the system to prevent unnecessary access to DOL employees' PII.

We determined that the OCFO did not effectively manage and oversee its E2 travel system to prevent unnecessary access to DOL employees' PII. Specifically, the OCFO did not manage E2 user accounts according to DOL information security policies. We found that the OCFO had not provided sufficient guidance to agencies' personnel on how to secure E2 user accounts during account creation and maintenance. In addition, the OCFO had not performed the oversight necessary to ensure that E2 user accounts were appropriately created and maintained. Further, we found that the OCFO had

not fully implemented E2's contractual security requirements and deliverables.

These security issues existed because the OCFO had not implemented controls to manage E2 user accounts and contractual requirements appropriately. DOL employees were at risk of having their PII accessed or exposed because the OCFO did not ensure that E2 user accounts were appropriately secured.

We recommended that the Chief Financial Officer establish and implement procedures to ensure that E2 account management practices enforce DOL's security policies and that E2 is managed in compliance with contractual security requirements and DOL computer security policies for contracted information systems.

For more information, go to the report summary at www.oig.dol.gov/public/reports/oa/viewpdf.php?r=23-20-003-13-001&y=2020&t=b, Report No. 23-20-003-13-001 (September 10, 2020).

DOL Needs to Do More to Implement the Geospatial Data Act of 2018

The Geospatial Data Act of 2018 (GDA) was signed into law October 5, 2018, to foster efficient management of geospatial data, technologies, and infrastructure through enhanced coordination among federal, state, local, and tribal governments, along with the private sector and academia. Geospatial data (information linked to specific geographic locations) is used to help in decision making and to support many functions, including national security, law enforcement, health care, environmental protection, and natural resources conservation.

The GDA requires inspectors general to complete the first audit of their agencies' progress toward implementing the requirements of the act by October 5, 2020. However, agencies have 5 years from the establishment of applicable data standards to complete implementation. To address this mandatory audit requirement, we focused on DOL's progress toward compliance with the GDA and performed an audit to determine the extent to which DOL fulfilled the requirements of the GDA to date.

We determined that DOL has taken some steps to address the 13 specific requirements of the GDA, but more remains to be done. Of the 13 requirements, DOL has initiated action and made limited progress on 3 of the requirements, completed or met 3, and made no progress to date on the remaining 7.

DOL's progress to date has been impaired by several factors. First, DOL's Chief Data Officer had only recently assumed the role to develop DOL's policies and procedures for implementing geospatial laws and regulations.

Further, required guidance and regulations from the Federal Geospatial Data Committee and the Office of Management and Budget have not yet been issued. DOL determined its current geospatial footprint to be low risk since it is not a significant producer of geospatial data. For this reason, DOL decided to wait until data guidance and regulations are finalized before spending resources to further develop and implement policies and procedures. DOL believes it can meet the deadlines imposed by the GDA once the required guidance is provided. However, without sufficient planning efforts underway, there is no reasonable assurance that DOL will be able to achieve timely compliance with the GDA.

While planning and implementing standards would generally improve data handling and information control, the impact to government-wide geospatial data collection is low because DOL does not produce or share geospatial data.

We made recommendations to DOL to better prepare for full implementation and use of geospatial data resources.

For more information, go to www.oig.dol.gov/public/reports/oa/2020/23-20-004-01-001.pdf, Report No. 23-20-004-01-001 (September 30, 2020).

Reporting Over the U.S. Department of Labor's FY 2019 Compliance with the Improper Payments Elimination and Recovery Act

Since 2002, federal agencies have been required to identify programs susceptible to significant improper payments and to estimate and report on actions taken to reduce improper payments for those programs. The Improper Payments Elimination and Recovery Act of 2010 (IPERA) further requires federal agencies to take additional steps to reduce improper payments. The OIG contracted with the independent accounting firm KPMG LLP to conduct a performance audit related to DOL's compliance with IPERA for the year ended September 30, 2019.

The first objective of the performance audit was related to DOL's compliance with the requirements of Section 3(a)(3) of IPERA. The second was an agreed-upon procedures engagement to assist the OIG in evaluating certain objectives of OMB Circular No. A-123, Appendix C, Requirements for Payment Integrity Improvement⁴. The third objective was to determine the status of corrective action plans related to IPERA that were reported in DOL's FY 2018 Agency Financial Report (AFR).

For the first objective, KPMG determined that DOL complied with 5 of the 6 requirements listed in IPERA Section 3(a)(3). The requirement it did not meet was a UI improper payment rate of less than 10 percent; DOL's rate was 10.61 percent.

For the second objective, KPMG determined that DOL implemented certain procedures to address the requirements of the Do Not Pay Initiative, as defined in Office of Management and Budget Circular No. A-123, Appendix C.

For the third objective, KPMG determined that of the 16 corrective actions reported in DOL's FY 2018 AFR, 13 actions remained open, while 3 actions were closed and replaced with new corrective actions. One open action was updated because DOL did not meet the 10 percent threshold requirement for improper payment rates.

For more information, go to www.oig.dol.gov/public/reports/oa/viewpdf.php?r=22-20-008-13-001&y=2020, Report No. 22-20-008-13-001 (May 15, 2020).

⁴ www.whitehouse.gov/wp-content/uploads/2018/06/M-18-20.pdf.

Departmental Management

Risk Assessment of DOL’s Purchase and Travel Card Programs

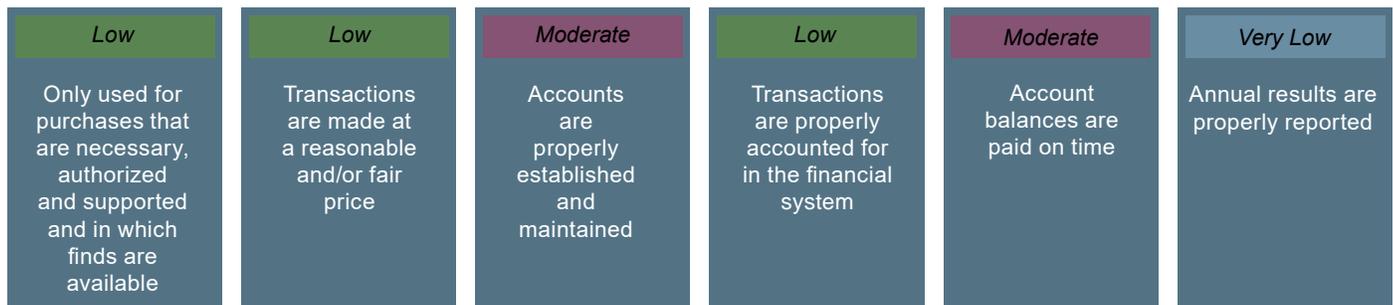
Pursuant to the Government Charge Card Abuse Prevention Act of 2012 (Charge Card Act), we completed our required risk assessment of DOL’s purchase and travel card programs as of June 30, 2020. Based on the results of our assessment, we determined the risk of illegal, improper, or erroneous use of DOL’s purchase and travel cards was very low to moderate. See Figure 6 for the level of risk we identified for each of the six key program objectives we assessed separately for the purchase and travel card programs.

The Charge Card Act is designed to prevent recurring waste, fraud, and abuse of government-wide charge cards. It requires agencies to implement safeguards and internal controls to prevent and detect improper use of government purchase cards, convenience checks, and travel cards. Inspectors general are required to conduct periodic risk assessments of agency purchase cards, combined integrated card programs, and travel card programs to analyze the risks of illegal, improper, or erroneous purchases.

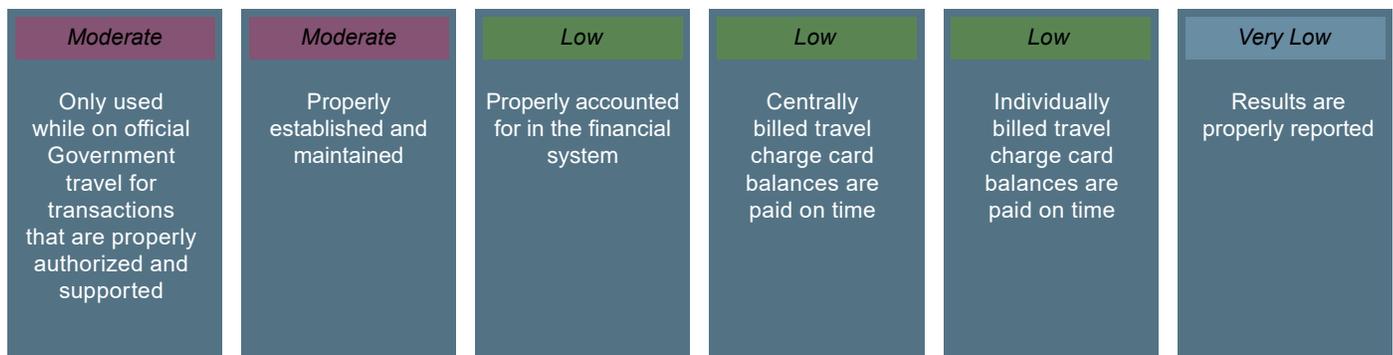
In FY 2019, DOL had 1,026 purchase card holders, who generated 38,201 transactions totaling approximately \$18 million, and 10,352 travel card holders, who generated 265,818 transactions totaling approximately \$38 million. DOL used centrally billed purchase cards and convenience check accounts

FIGURE 6: ASSESSED RISK OF KEY PROGRAM OBJECTIVES NOT BEING ACCOMPLISHED

Purchase Card Program



Travel Card Program



Departmental Management

as well as individual and centrally billed accounts for travel. DOL's Office of the Assistant Secretary for Administration and Management manages the purchase card program, and the OCFO manages the travel card program. Our assessment resulted in no recommendations to the agency.

For more information, go to www.oig.dol.gov/public/reports/oa/viewpdf.php?r=17-20-004-50-598&y=2020, Report No. 17-20-004-50-598 (September 29, 2020).

Single Audits

A single audit provides an organization-wide examination of an entity expending federal assistance funds received for its operations. The audit is typically conducted annually by an independent certified public accountant, and its objective is to provide assurance to the U.S. government regarding the management and use of funds by such recipients as states, schools, universities, and nonprofits.

Single Audits Identified Material Weaknesses or Significant Deficiencies for 40 DOL Grantees

The OIG reviewed 90 single audit reports this period, covering DOL expenditures of about \$18 billion. The auditors identified material weaknesses or significant deficiencies in reports of 40 organizations that received DOL grant funds. These findings indicate that improvements are needed in those organizations' management of DOL funds and/or compliance with grant requirements. We reported the 104 findings and 104 related recommendations identified in these 40 single audit reports to the appropriate DOL funding agencies and requested that the agencies ensure that the grantees take necessary corrective actions.

Under Uniform Guidance,⁵ cognizant federal agencies must oversee the implementation of single audit requirements. The OIG is currently cognizant for 15 entities and is required to periodically perform quality control reviews of their single audits. During this reporting period, we initiated one quality control review.

⁵ Uniform Guidance refers to 2 C.F.R. Part 200, OMB's "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards."



OIG Whistleblower Activities

OIG Whistleblower Activities

Whistleblower Protection Coordinator

Pursuant to Section 2 of the Whistleblower Protection Coordination Act of 2018 (S.1869, June 25, 2018), every inspector general's office is required to designate a whistleblower protection coordinator. According to Section 2, the coordinator (1) educates agency employees about prohibitions against retaliation for protected disclosures; (2) educates agency employees who have made or are contemplating making a protected disclosure about their rights and the remedies against retaliation for protected disclosures, including the means by which employees may seek review of any allegation of reprisal, as well as the roles of the OIG, the Office of Special Counsel (OSC), the Merit Systems Protection Board, and any other relevant entities; and (3) provides general information about the timeliness of such cases, the availability of any alternative dispute mechanisms, and avenues for potential relief. Within DOL-OIG, an Assistant Counsel to the Inspector General has been designated to serve as the whistleblower protection coordinator. Pursuant to this designation, the coordinator has:

- Provided input into training that was presented to, and required to be completed by, all DOL employees, entitled "Prohibited Personnel Practices, Whistleblower Protection";
- Provided live training to all DOL supervisors and managers entitled "Responding to Whistleblower Retaliation Complaints / Overview of Prohibited Personnel Practices—Annual Training,"
- Updated the DOL–OIG public–facing website titled "Whistleblower Protection Coordinator," which is available to all DOL and OIG employees, to provide information on whistleblower protections and options for DOL employees and employees of DOL contractors and grantees;
- Established a dedicated e-mail address (OIGWhistleblower@oig.dol.gov) to receive and respond to whistleblower-related inquiries from DOL employees;
- Worked with DOL to help obtain recertification of its 2302(c) program (October 2019);
- Obtained the OIG's recertification of its 2302(c) program (June 2020), and
- Monitored whistleblower retaliation complaints received by the OIG, as well as whistleblower retaliation investigations conducted by the OIG.

Whistleblower Retaliation Investigations

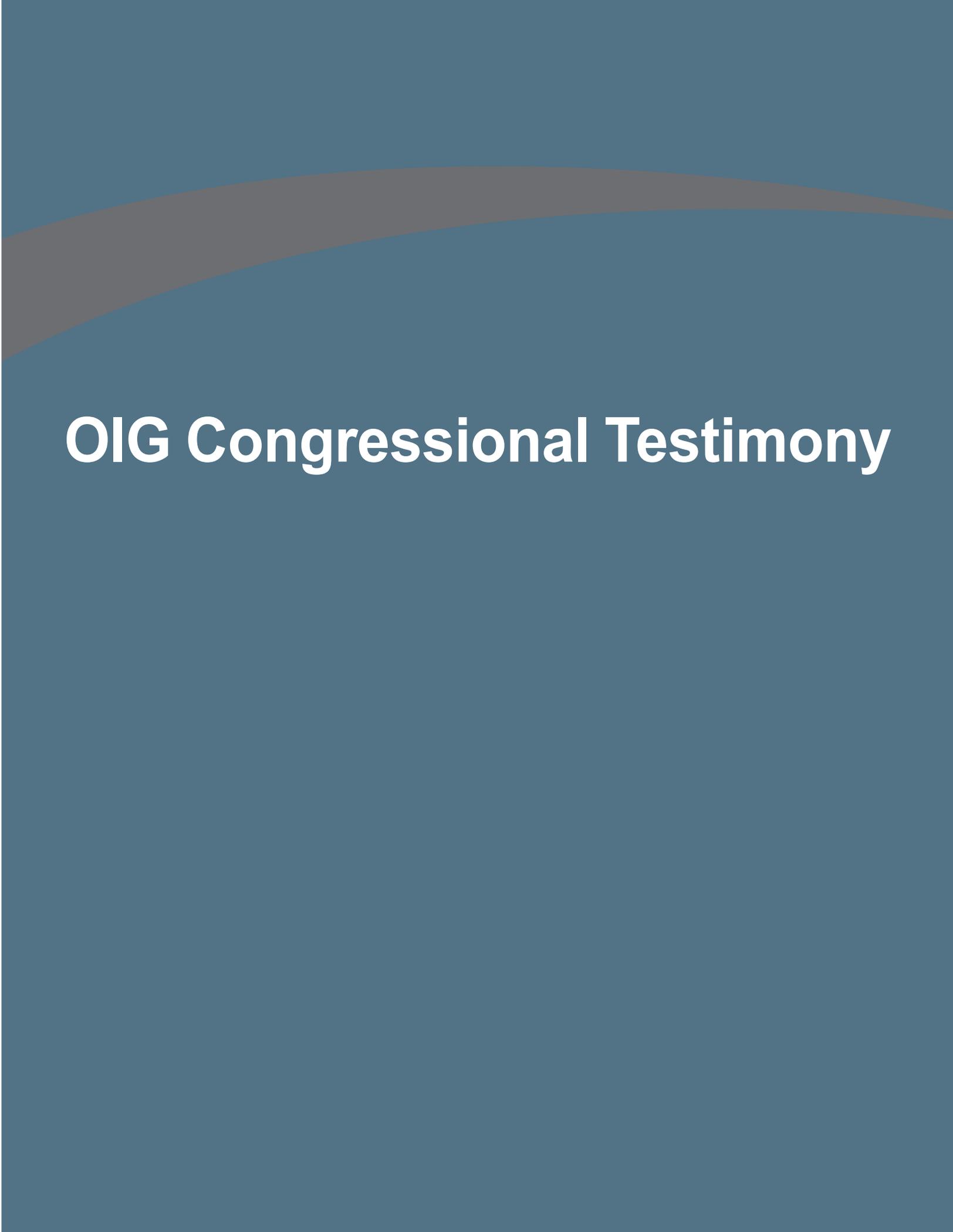
The OIG can initiate its own investigations into allegations of improper or illegal retaliation brought by DOL employees or, on a discretionary basis, refer such allegations to OSC for review and investigation. During this reporting period, the OIG received complaints from two DOL employees who allege that they were retaliated against for engaging in protected activity under the whistleblower protection statute. The OIG is currently evaluating these complaints to determine how it will proceed.

Further, pursuant to 41 U.S.C. § 4712, the OIG is required, with some exceptions, to investigate whistleblower retaliation allegations made by employees of DOL contractors or grantees. During this reporting period, the OIG:

- Closed one investigation into alleged whistleblower retaliation made by an employee of a government contractor and provided the OIG report to the Secretary of Labor or his designee; and
- Ended this reporting period with six pending investigations.







OIG Congressional Testimony

OIG Congressional Testimony

During this semiannual reporting period, the OIG provided a briefing for one congressional committee, and provided a statement for the record for one congressional hearing. The full text of our testimony is available on our website at www.oig.dol.gov/testimony.htm

June 1, 2020—House Committee on Oversight and Reform: Subcommittee on Government Operations

Scott S. Dahl, former Inspector General, U.S. Department of Labor, briefed the Subcommittee on Government Operations.

June 9, 2020—Senate Committee on Finance

Scott S. Dahl, former Inspector General, U.S. Department of Labor, provided a statement for the record on “Unemployment Insurance During COVID-19: The CARES Act and the Role of Unemployment Insurance During the Pandemic.”





Legislative Recommendations

Legislative Recommendations

The Inspector General Act requires the OIG to review existing or proposed legislation and regulations and to make recommendations in the Semiannual Report concerning their impact on both the economy and the efficiency of the Department's programs and on the prevention of fraud, waste, and abuse. The OIG continues to believe that the following legislative actions are necessary to increase efficiency and protect the Department's programs.

Allow DOL and the OIG Access to Wage Records

The OIG lacks direct access to wage records necessary to reduce improper payments and combat fraud in employee benefit programs, including UI and DUA. For example, DOL needs access to the NDNH, which is a nationally consolidated database that contains UI claimant data and wage information from state and federal agencies. Recent legislation enacted in response to the coronavirus pandemic has substantially increased government funding to provide expanded benefits across federal government programs, including billions of dollars in UI benefits.

To enhance oversight of and reduce overpayments in employee benefit programs, including the UI, DUA, and FECA programs, the Department and the OIG also need authority to access state UI and SSA wage records. Access to SSA and UI wage records would also allow the Department to measure the long-term impact of employment and training services on job retention and earnings. This type of outcome information for program participants is otherwise difficult to obtain.

Because the NDNH contains UI claimant data, granting the OIG statutory access to NDNH data would provide the OIG with a valuable source of information for both audits and investigations. The NDNH, however, cannot be used for any purpose not specifically authorized by federal law. In 2004, the law was amended to allow the state workforce agencies to cross match UI claims against the NDNH to better detect overpayments to UI claimants who have returned to work but continue to collect UI benefits. However, the applicable law does not permit the OIG to obtain NDNH data, and the OIG cannot use its subpoena authority to obtain NDNH records. Granting the OIG access to the NDNH would permit OIG auditors to use these records to verify Workforce Innovation and Opportunity Act program participants and their reported outcomes. In addition, OIG investigators could use these records to investigate employer fraud in the UI program, claimant fraud in the FECA program, and prevailing wage violations by federal contractors.

Enact the UI Integrity Legislative Proposals

In October 2016, the Department submitted a legislative package to Congress proposing legislative changes that would help address UI program integrity and the high improper payment rates experienced in the UI program. These

Legislative Recommendations

proposals were also included in each of the President's budget requests since FY 2018. The OIG encourages Congress to consider and adopt these proposals to aid the Department's efforts to combat improper payments in the UI program. The proposals include the following:

- Require states to use the State Information Data Exchange System.
- Require states to cross match UI claims against the NDNH.
- Allow the Secretary of Labor to require states to implement UI corrective actions related to performance and integrity.
- Require states to cross match UI claims with SSA's prisoner database and other repositories of prisoner information.
- Allow states to retain 5 percent of UI overpayment recoveries for program integrity use.
- Require states to use UI penalty and interest collections solely for UI administration.

In addition to the above, the President's FY 2020 budget request included a new proposal to require states to access data sources available through the UI Integrity Center's Integrity Data Hub (IDH). IDH contains a Suspicious Actor Repository that allows states to exchange data elements from known fraudulent UI claims and contains additional near-real-time data sources to help states detect improper payments and fraud, including an identity verification tool to prevent fraudulent UI benefit claims. This proposal will require states to cross match UI claims against the data sources available through IDH. The UI program's system wide use of IDH will result in increased prevention, detection, and recovery of improper and fraudulent payments.

These legislative proposals are consistent with previous OIG findings and recommendations to address UI improper payments.

Provide Authority to Ensure the Integrity of the H-1B Program

If DOL is to have a meaningful role in the H-1B specialty-occupations FLC process, it must have the statutory authority to ensure the integrity of that process, including the ability to verify the accuracy of information provided on labor condition applications, and to initiate its own H-1B investigations. Currently, the Department is statutorily required to certify an H-1B application unless it determines that the application is "incomplete or obviously inaccurate." Also, DOL may not initiate its own H-1B investigations based on factors outside the four statutory criteria, unlike investigations into the H-2A and H-2B programs.

Our concern with the Department's limited ability to ensure the integrity of the certification process is heightened by the results of OIG analyses and investigations showing that the program is susceptible to significant fraud and abuse, particularly by employers and attorneys.

Amend Pension Protection Laws

Legislative changes to ERISA and criminal penalties for ERISA violations would enhance the protection of assets in pension plans. To this end, the OIG recommends the following legislative actions:

- **Repeal ERISA's limited-scope audit exemption.** This exemption excludes pension plan assets invested in financial institutions, such as banks and savings and loans, from audits of employee benefit plans. Notwithstanding recent changes to auditing

Legislative Recommendations

standards strengthening limited-scope audits, these audits prevent independent public accountants who are auditing pension plans from rendering an opinion on the plans' financial statements in accordance with professional auditing standards. These "no opinion" audits provide no substantive assurance of asset integrity either to plan participants or to the Department.

- **Expand the authority of EBSA to correct substandard benefit plan audits and ensure that auditors with poor records do not perform additional plan audits.** Changes should include providing EBSA with greater enforcement authority over registration, suspension, and debarment as well as the ability to levy civil penalties against employee benefit plan auditors. The ability to correct substandard audits and take action against auditors is important because benefit plan audits help protect participants and beneficiaries by ensuring the proper valuation of plan assets and computation of benefits.
- **Require direct reporting of ERISA violations to DOL.** Under current law, a pension plan auditor who finds a potential ERISA violation is responsible for reporting it to the plan administrator but not directly to DOL. To ensure that improprieties are addressed, we recommend that plan administrators or auditors be required to report potential ERISA violations directly to DOL. This change would ensure the timely reporting of violations and would more actively involve auditors in safeguarding pension assets, providing a first line of defense against the abuse of workers' pension plans.

- **Strengthen criminal penalties in U.S.C. Title 18.** Three sections of U.S.C. Title 18 serve as the primary criminal enforcement tools for protecting pension plans covered by ERISA. Embezzlement or theft from employee pension and welfare plans is prohibited by Section 664; making false statements in documents required by ERISA is prohibited by Section 1027; and, giving or accepting bribes related to the operation of ERISA-covered plans is prohibited by Section 1954. Sections 664 and 1027 subject violators to up to 5 years' imprisonment, while Section 1954 calls for up to 3 years' imprisonment for violators. We believe the maximum penalty should be raised to 10 years for all three violations to correspond with the 10-year penalty imposed by Section 669 (theft from health care benefit programs), to serve as a greater deterrent and to further protect employee pension plans.

Improve the Integrity of the FECA Program

The OIG believes reforms should be considered to improve the effectiveness and integrity of the FECA program in the following areas:

- Provide statutory access to Social Security wage records and the NDNH. Currently, the Department can access Social Security wage information only if the claimant gives it permission to do so, and it has no access to NDNH data. Granting the Department routine access to these databases would aid in detecting fraud committed by individuals receiving FECA wage loss compensation but failing to report income they have earned.
- **Establish a 3-day waiting period at the beginning of the claim process.** FECA

Legislative Recommendations

legislation provides for a 3-day waiting period, which is intended to discourage the filing of frivolous claims. As currently written, the legislation places the waiting period at the end of the 45-day continuation-of-pay period, thereby negating its purpose. Legislation passed in 2006 placed the waiting period for postal employees immediately after an employment-related injury. If the intent of the law is to ensure a true waiting period before an employee applies for benefits, then that period should likewise come immediately after an employment-related injury for all federal workers, not exclusively postal employees.

- **Allow the temporary suspension of questionable medical providers pending the outcome of an investigation.** While FECA regulations allow OWCP to exclude a provider through administrative means, OWCP must provide notice to the provider and afford the provider an opportunity for a hearing before DOL's Office of Administrative Law Judges. This process and the various procedures involved can be lengthy. Although the Department's suspension and debarment process is being successfully applied to FECA medical providers, legislative changes are needed to enable DOL to immediately suspend all payments to providers who have been indicted for fraudulent billing practices. This proposal was included in the President's budget proposal for FY 2019.
- **Set prescription drug price limitations.** Through the Federal Ceiling Price statute (38 U.S.C. § 8126), Congress mandated controls on the prices that manufacturers can charge for drugs in four specific medical programs operated by the U.S. Department of Veterans Affairs, the U.S. Department of Defense,

the U.S. Public Health Service, and the U.S. Coast Guard. Granting DOL similar authority to implement such ceiling prices would help ensure that the prices it pays for drugs are fair and reasonable.

Clarify MSHA's Authority to Issue Mine Closure Orders

The Mine Act charges the Secretary of Labor with protecting the lives and health of workers in coal and other mines. To that end, the Mine Act contains provisions authorizing the Secretary to issue mine closure orders. Specifically, Section 103(j) states that in the event of any accident occurring in a coal or other mine where rescue and recovery work is necessary, the Secretary or an authorized representative of the Secretary shall take whatever action he or she deems appropriate to protect the life of any person. Under Section 103(k), an authorized representative of the Secretary, when present, may issue such orders as he or she deems appropriate to ensure the safety of any person in the coal or other mine. The Federal Mine Safety and Health Review Commission has affirmed that the act places certain limitations on MSHA's authority. As a result, legislative action is needed to clarify MSHA's authority.

MSHA has long-standing and critically important authority to issue mine closure orders and take other actions as necessary to protect miners' health and safety. Therefore, the OIG recommends a review of the existing "rescue and recovery work" language found in Section 103(j) and the "when present" language found in Section 103(k). Reviewing the language in those sections is necessary to ensure that the Secretary's authority is broad, clear, and not vulnerable to challenge.





Appendices

Reporting Requirements Under the Following Acts

Inspector General Act of 1978

REPORTING REQUIREMENT	PAGE
Section 4(a)(2)	Recommendations on Existing and Proposed Legislation and Regulations relating to the programs and operations of DOL 66
Section 5(a)(1)	Description of Significant Problems, Abuses, and Deficiencies relating to the administration of programs and operations ALL
Section 5(a)(2)	Description of Recommendations for Corrective Action with Respect to Significant Problems, Abuses, and Deficiencies ALL
Section 5(a)(3)	Significant Recommendations from Previous Semiannual Reports on Which Corrective Action Has Not Been Completed 82
Section 5(a)(4)	Matters Referred to Prosecutive Authorities and the Prosecutions and Convictions Which Have Resulted 96
Section 5(a)(5) and Section 6(c)(2)	Summary of Each Report Made to the Head of DOL under Section 6(c)(2) (Information or assistance requested and unreasonably refused in the judgment of the Inspector General). None to report
Section 5(a)(6)	List of Audit Reports, Inspection Reports, and Evaluation Reports Subdivided According to Subject Matter 77
Section 5(a)(7)	Summary of Particularly Significant Reports ALL
Section 5(a)(8)	Statistical Tables Showing the Total Number of Audit Reports, Inspection Reports, and Evaluation Reports and the Total Dollar Value of Questioned Costs, Including Unsupported Costs, for Reports— (A);(D) for which no management decision had been made by the beginning or the end of the reporting period; (B) which were issued during the reporting period; and (C) for which a management decisions was made during the reporting period, including the dollar value of disallowed and not disallowed costs 76
Section 5(a)(9)	Statistical Tables on Management Decisions on Recommendations That Funds Be Put to Better Use (A);(D) for which no management decision had been made by the beginning or the end of the reporting period; (B) which were issued during the reporting period; and (C) for which a management decisions was made during the reporting period, including the dollar value of disallowed and not disallowed costs 75

Reporting Requirements Under the Following Acts, continued

Inspector General Act of 1978, continued

Section 5(a)(10)	Summary of Each Audit Report, Inspection Report, and Evaluation Report Issued Before the Commencement of the Reporting Period— (A) for which no management decision has been made by the end of the reporting period (including the date and title of each such report), an explanation of the reasons such management decision has not been made, and a statement concerning the desired timetable for achieving a management decision on each such report; (B) for which no establishment comment was returned within 60 days of providing the report to the establishment; and (C) for which there are any outstanding unimplemented recommendations, including the aggregate potential cost savings of those recommendations	87 – 100
Section 5(a)(11)	Description and Explanation for Any Significant Revised Management Decision	None to report
Section 5(a)(12)	Information on Any Significant Management Decisions with Which the Inspector General Disagrees	None to report
Section 5(a)(13)	Information from the Federal Financial Improvement Act Section 804(b)—instances and reasons when an agency has not met intermediate target dates in remediation plan	None to report
Section 5(a)(14)	Peer Review Reporting (A) Results of any peer review conducted by another OIG; or (B) A statement identifying the date of the last peer review conducted	98
Section 5(a)(15)	Outstanding Peer Review Recommendations	None to report
Section 5(a)(16)	Peer Reviews Conducted by DOL-OIG and Recommendations Outstanding or Not Fully Implemented	None to report
Section 5(a)(17)	Statistical Tables on Investigative Findings Showing Total Number of— (A) reports issued (B) persons referred to DOJ for prosecution (C) persons referred to State and local prosecuting authorities (D) indictments and criminal informations that resulted from any prior referral to prosecuting authorities	96
Section 5(a)(18)	Metrics Used for Developing the Data for the Statistical Tables Under Section 5(a)(17)	96
Section 5(a)(19)	Summary of Investigations of Senior Government Employees Where Allegations of Misconduct Were Substantiated—including the facts, circumstances, status, disposition of the matter, and name of the official if made public by the Office	None to report
Section 5(a)(20)	Description of Whistleblower Retaliation Cases Including Information About the Official Found to Have Engaged in Retaliation and What, if any, Consequences that Establishment Imposed to Hold that Official Accountable	67

Reporting Requirements Under the Following Acts, continued

Inspector General Act of 1978, continued

Section 5(a)(21)	Summary of Instances of Attempted Departmental Interference with the Independence of the Office, including—with budget constraints and incidents where the establishment has: resisted or objected to oversight activities; or restricted or significantly delayed access to information	None to report
Section 5(a)(22)	(A) Descriptions of Inspections, Evaluations, Audits, and Investigations That Are Closed and Were Not Disclosed to the Public; and (B) Descriptions of Investigations Conducted By the Office Involving a Senior Government Employee that is Closed and Was Not Disclosed to the Public	59

Dodd–Frank Wall Street Reform and Consumer Protection Act of 2010

Section 989C	Peer Review Reporting	98
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Appendices

Funds Recommended for Better Use

Funds Put to a Better Use Agreed to by DOL*		
	Number of Reports	Dollar Value (\$ millions)
For which no management decision had been made as of the commencement of the reporting period.	1	11.2
Issued during the reporting period	<u>1</u>	<u>5.6</u>
Subtotal	2	16.8
For which management decision was made during the reporting period:		
• Dollar value of recommendations that were agreed to by management	1	11.2
• Dollar value of recommendations that were not agreed to by management		0.0
For which no management decision had been made as of the end of the reporting period	1	5.6
Funds Put to a Better Use Implemented by DOL		
	Number of Reports	Dollar Value (\$ millions)
For which final action had not been taken as of the commencement of the reporting period.	2	20.4
For which management or appeal decisions were made during the reporting period	<u>1</u>	<u>11.2</u>
Subtotal	3	31.6
For which management decision was made during the reporting period:		
• Dollar value of recommendations that were actually completed		19
• Dollar value of recommendations that management has subsequently concluded should not or could not be implemented or completed		0.0
For which no final action had been taken by the end of the period	1	12.6

* The term “recommendation that funds be put to better use” means a recommendation by the OIG that funds could be used more efficiently or achieve greater program effectiveness if management took actions to implement and complete the recommendation. This term is defined by the Inspector General Act and includes, among other things, reductions in future outlays; deobligation of funds from programs or operations; costs not incurred in the future by implementing recommended improvements related to the operations of the establishment, a contractor, or a grantee; and any other savings specifically identified, including reverting funds to the U.S. Treasury to be used for other purposes.

Appendices

Questioned Costs

Resolution Activity: Questioned Costs* ¹		
	Number of Reports	Questioned Costs (\$ millions)
For which no management decision had been made as of the commencement of the reporting period (as adjusted)	8	4.60
Issued during the reporting period	<u>11</u>	<u>0.80</u>
Subtotal	19	5.40
For which a management decision was made during the reporting period:		
• Dollar value of disallowed costs		0.08
• Dollar value of costs not disallowed		0
For which no management decision had been made as of the end of the reporting period	18	5.30
For which no management decision had been made within six months of issuance	8	4.50

Closure Activity: Disallowed Costs		
	Number of Reports	Disallowed Costs (\$ millions)
For which final action had not been taken as of the commencement of the reporting period (as adjusted)	60	16.20
For which management or appeal decisions were made during the reporting period	<u>1</u>	<u>0.08</u>
Subtotal	61	16.28
For which final action was taken during the reporting period:		
• Dollar value of disallowed costs that were recovered		4.50
• Dollar value of disallowed costs that were written off		0
• Dollar value of disallowed costs that entered appeal status		
For which no final action had been taken by the end of the reporting period	58	11.80

* As defined by the Inspector General Act, questioned costs include alleged violations of law, regulations, contracts, grants, or agreements; costs not supported by adequate documentation; or the expenditure of funds for an intended purpose that was unnecessary or unreasonable. Disallowed costs are costs that the OIG questioned during an audit as unsupported or unallowable and that the grant/contracting officer has determined the auditee should repay. The Department is responsible for collecting the debts established. The amount collected may be less than the amount disallowed, and monies recovered usually cannot be used to fund other program operations and are returned to the U.S. Treasury.

¹ Includes questioned costs from Single Audits.

Appendices

Final Audit Reports Issued

Report Name	Number of Recommendations	Questioned Costs (\$)	Funds Put to Better Use (\$)	Other Monetary Impact (\$)
Worker Safety Programs				
Mine Safety and Health Administration				
COVID-19: MSHA Faces Multiple Challenges in Responding to the Pandemic; Report No. 19-20-006-06-001; 07/24/20	2	0	0	0
Office of Safety and Health Administration				
COVID-19: OSHA Needs to Improve Its Handling of Whistleblower Complaints During the Pandemic; Report No. 19-20-010-105; 08/14/20	3	0	0	0
Total (2 Reports)	5	0	0	0
Employment and Training Programs				
Bureau of International Labor Affairs				
ILAB Could Improve Oversight of Child Labor and Forced Labor Grants; Report No. 17-20-003-01-070; 09/25/20	2	0	0	0
Employment and Training Administration				
COVID-19: ETA Should Continue to Closely Monitor Impact on Job Corps Program; Report No. 19-20-007-03-370; 07/28/20	5	0	0	0
CARES Act: Key Areas of Concern Regarding Implementation of Dislocated Worker Grant Provisions; Report No. 19-20-005-03-391; 06/23/20	0	0	0	0
CARES Act: Initial Areas of Concern Regarding Implementation of Unemployment Insurance Provisions; Report No. 19-20-001-03-315; 04/21/20	0	0	0	0
COVID-19: More Can Be Done to Mitigate Risk to Unemployment Compensation Under the CARES Act; Report No. 19-20-008-03-315; 08/07/20	4	0	0	0
ETA Could Not Demonstrate That Credentials Improved WIOA Participants' Employment Outcomes; Report No. 03-20-002-03-391; 09/30/20	2	0	0	0
ETA Should Do More to Assist Vulnerable States Prepare for Disaster Unemployment Assistance Program Implementation; Report No. 04-20-002-03-315; 09/29/20	3	95,699	5,600,000	0
Total (7 Reports)	16	\$95,699	\$5,600,000	0
Departmental Programs				
Office of the Assistant Secretary of Administration and Management				
DOL Could Improve Areas of Physical Security to Help Effectively Safeguard Employees; Report No. 17-20-001-07-001; 05/21/20	7	0	0	0
Risk Assessment of DOL's Purchase and Travel Card Programs; Report No. 17-20-004-50-598; 09/29/20	0	0	0	0

Appendices

Final Audit Reports Issued, continued

Report Name	Number of Recommendations	Questioned Costs (\$)	Funds Put to Better Use (\$)	Other Monetary Impact (\$)
Office of the Chief Financial Officer				
DOL Needs to Do More to Secure Employees' Personally Identifiable Information In The Travel Management System; Report No. 23-20-003-13-001; 09/10/20	2	0	0	0
Reporting over the U.S. Department of Labor's FY 2019 Compliance with the Improper Payments Elimination and Recovery Act; Report No. 22-20-008-13-001; 05/15/20	0	0	0	0
Office of the Secretary				
DOL Needs to Do More to Implement the Geospatial Data Act of 2018; Report No. 23-20-004-01-001; 09/30/20	2	0	0	0
Total (5 Reports)	11	0	0	0
Worker Benefit Programs				
Office of Workers' Compensation Program				
COVID-19: OWCP Should Continue to Closely Monitor Impact on Claims Processing; Report No. 19-20-004-04-001; 07/06/20	5	0	0	0
Federal Employees' Compensation Act Program				
FECA SSAE 18 Combined Report: Service Auditors' Report on the Integrated Federal Employees' Compensation System and Service Auditors' Report on the Central Bill Processing System and Service Auditors' Report on the U.S. Department of Labor Workers' Compensation Medical Bill Processing System; Report No. 22-20-009-04-431; 09/30/20	0	0	0	0
Office of Foreign Labor Certification				
DOL Needs to Improve Debarment Processes to Ensure Foreign Labor Program Violators Are Held Accountable; Report No. 06-20-001-03-321; 09/30/20	1	0	0	0
Total (3 Reports)	6	0	0	0

Appendices

Final Audit Reports Issued, continued

Report Name	Number of Recommendations	Questioned Costs (\$)	Funds Put to Better Use (\$)	Other Monetary Impact (\$)
Workers' Rights Programs				
Wage and Hour Division				
COVID-19: WHD Needs To Closely Monitor The Pandemic On Its Operations; Report No. 19-20-009-15-001; 08/07/20	4	0	0	0
DOL Needs to Improve Debarment Processes to Ensure Foreign Labor Program Violators are Held Accountable; Report No. 06-20-001-03-321; 09/30/20	3	0	0	0
Total (2 Reports)	7	0	0	0
Final Audit Report Total (18 Reports)¹	45	\$95,699	\$5,600,000	0

Other Reports

Report Name	Number of Recommendations
Employment and Training Programs	
Alert Memorandum: ETA Needs to Improve its Plans for Providing Administrative, Financial Management, and Audit Requirements Relief to Grant Recipients Impacted by the Novel Coronavirus (COVID-19); Report No. 19-20-003-03-001; 05/19/20	1
Total (1 Report)	1
Worker Benefit Programs	
Unemployment Insurance	
Alert Memorandum: The Pandemic Unemployment Assistance Program Needs Proactive Measures to Detect and Prevent Improper Payments and Fraud; Report No. 19-20-002-03-315; 05/26/20	1
Office of Workers' Compensation Programs	
Alert Memorandum: Vulnerability in OWCP FECA Bill Pay Processing System; Report No.50-20-001-04-430; 05/07/20	1
Total (2 Reports)	2
Other Reports Total (3 Reports)	3

¹ This amount reflects the total number of Final Audit Reports issued during the semi-annual period. One report is reflected twice in the table to account for recommendations within the same report directed toward two different agencies; however, the report is not double counted.

Appendices

Single Audit Reports Processed

Program/Report Name	Number of Recommendations	Questioned Costs (\$)
Dallas Inter-Tribal Center DBA Urban Inter-Tribal Center of Texas; Report No. 24-20-526-03-355; 06/19/20	4	0
El Corredor Techno Economico De Puerto Rico Y El Caribe, Inc.; Report No. 24-20-523-03-390;06/19/20	2	0
City of Springfield, Missouri; Report No. 24-20-525-03-390; 06/19/20	1	465,000
Southwest Georgia United Empowerment Zone Inc. and Subsidiary; Report No. 24-20-527-03-391; 06/19/20	1	0
State of New York; Report No. 24-20-522-03-315; 06/19/20	1	0
Commonwealth of Massachusetts; Report No. 24-20-554-02-201; 09/28/20	1	0
State of West Virginia; Report No. 24-20-524-03-315; 06/19/20	5	12,894
Lumbree Regional Development Association Inc.; Report No. 24-20-531-03-355; 09/22/20	1	0
National Indian Youth Council, Inc.; Report No. 24-20-540-03-355; 09/28/20	2	0
Alu Like, Inc.; Report No. 24-20-561-03-355; 09/29/20	4	0
Oregon Human Development Corporation; Report No. 24-20-539-03-365; 09/28/20	1	39,240
Volunteers of America Chesapeake, Inc. and Subsidiaries, Including Volunteers of America of the Carolinas, Inc.; Report No. 24-20-528-03-390; 09/21/20	1	0
Private Industry Council of Passaic County, Inc.; Report No. 24-20-529-03-390; 09/22/20	1	1,910
Building Futures; Report No. 24-20-530-03-390; 09/22/20	2	0
Commonwealth of Kentucky; Report No. 24-20-542-03-390; 09/28/20	3	0
Goodwill Industries of Grand Rapids, Inc.; Report No. 24-20-545-03-390; 09/28/20	1	0
Metropolitan School District of Pike Township; Report No. 24-20-546-03-390; 09/28/20	2	0
Trwib Inc. and Affiliate D/B/A Partner4work; Report No. 24-20-547-03-390; 09/28/20	1	0
YouthBuild Lake County, Inc.; Report No. 24-20-549-03-390; 09/28/20	2	0
Friendly House Inc.; Report No. 24-20-550-03-390; 09/28/20	3	69,379
Jobs for the Future; Report No. 24-20-552-03-390; 09/28/20	1	0
Commonwealth of Massachusetts; Report No. 24-20-553-03-390; 09/28/20	5	0
State of Nevada; Report No. 24-20-555-03-390; 09/28/20	3	0
Center for Self Sufficiency, Inc.; Report No. 24-20-557-03-390; 09/28/20	1	0
Commonwealth of Virginia; Report No. 24-20-532-03-315; 09/22/20	1	0
State of Alaska; Report No. 24-20-533-03-31; 09/22/20	4	0
State of Louisiana; Report No. 24-20-534-03-315; 09/22/20	3	0
State of Tennessee; Report No. 24-20-535-03-315; 09/22/20	4	0
State of Florida; Report No. 24-20-536-03-315; 09/22/20	12	23,634
State of North Carolina; Report No. 24-20-537-03-315; 09/22/20	1	0
State of Hawaii Department of Accounting and General Services; Report No. 24-20-538-03-315; 09/28/20	4	0
State of Wyoming; Report No. 24-20-541-03-315; 09/28/20	1	0
State of Iowa; Report No. 24-20-543-03-315; 09/28/20	5	0
State of Minnesota; Report No. 24-20-544-03-315; 09/28/20	4	22,801
State of New Jersey; Report No. 24-20-548-03-315; 09/28/20	3	1,071
State of Maine; Report No. 24-20-551-03-315; 09/2/20	2	10,375

Appendices

Single Audit Reports Processed, continued

State of Oklahoma; Report No. 24-20-556-03-315; 09/28/20	2	37,075
State of Connecticut; Report No. 24-20-558-03-315; 09/28/20	4	0
State of Rhode Island and Providence Plantations; Report No.24-20-559-03-315; 09/28/20	1	0
Government of the United States Virgin Islands; Report No. 24-20-560-03-315; 09/29/20	5	0
Single Audit Report Total (40 Reports)	105	\$683,379

Appendices

Unresolved Audit Reports Over 6 Months Old

Agency	Report Name	Number of Recommendations	Questioned Costs (\$)
Agency Management Decision or Grant/Contracting Officer's Final Determination Did Not Resolve; OIG Negotiating with Agency			
ETA	ETA Violated the Bona Fide Needs Rule and the Antideficiency Act; Report No. 26-17-002-03-370; 09/21/17	1	0
ETA	Job Corps Should Do More to Prevent Cheating in High School Programs; Report No. 26-19-001-03-370; 09/25/19	4	0
MSHA	MSHA Needs to Provide Better Oversight of Emergency Response Plans; Report No. 05-17-002-06-001; 03/31/17	2	0
MSHA	MSHA Did Not Evaluate Whether Civil Monetary Penalties Effectively Deterred Unsafe Mine Operations; Report No 23-19-002-06-001; 08/16/19	1	0
OASAM	FISMA Fiscal Year 2015: Ongoing Security Deficiencies Exist; Report No. 23-16-002-07-725; 09/30/16	1	0
OSHA	OSHA Procedures for Issuing Guidance Were Not Adequate and Mostly Not Followed; Report No. 02-19-001-10-105; 03/28/19	1	0
OCFO	DATA Act: DOL's Reported Data Generally, Met Quality Standards But Accuracy Issue Remain; Report No 03-20-001-13-001; 11/21/19	3	0
OFCCP	OFCCP Did Not Show It Adequately Enforced EEO Requirements on Federal Construction Contracts; Report No. 04-20-001-14-001; 03/27/20	2	0
Agency Management Decision or Grant/Contracting Officer's Final Determination Not Made on the Following Recommendations by Close of Period			
ETA	Single Audit: State of Hawaii Department of Accounting and General Services; Report No. 24-19-521-03-315; 06/10/19	8	0
ETA	Single Audit: State of Texas c/o Comptroller of Public Accountants; Report No. 24-19-525-03-315; 06/25/19	1	0
ETA	Single Audit: State of Tennessee; Report No. 24-19-527-03-315; 07/11/19	3	0
ETA	Single Audit: State of Oklahoma; Report No. 24-19-541-03-315; 07/23/19	1	0
ETA	Single Audit: Commonwealth of Puerto Rico Department of Labor and Human Resources; Report No. 24-19-543-03-315; 07/23/19	8	0
ETA	Single Audit: South Carolina Department of Employment and Workforce; Report No. 24-20-503-03-315; 10/29/19	10	0
ETA	Single Audit: State of Illinois; Report No. 24-20-510-03-315; 12/05/19	15	129,251
ETA	Single Audit: Government of the United States Virgin Islands; Report No. 24-20-515-03-315; 12/10/19	3	0
ETA	Single Audit: State of Utah; Report No. 24-20-520-03-315; 03/04/20	1	0
ETA	Single Audit: Alu Like, Inc.; Report No. 24-19-529-03-355; 07/11/19	1	0
ETA	Single Audit: Southern California Indian Center, Inc.; Report No. 24-19-546-03-355; 07/30/19	1	0

Appendices

Unresolved Audit Reports Over 6 Months Old, continued

ETA	Single Audit: Flying High, Inc.; Report No. 24-19-518-03-360; 05/21/19	6	0
ETA	Single Audit: National Asian Pacific Center on Aging; Report No. 24-20-504-03-360; 10/29/19	2	54,032
ETA	Single Audit: Operation A.B.L.E. of Greater Boston, Inc.; Report No. 24-20-507-03-360; 11/21/19	1	0
ETA	Single Audit: Experience Works, Inc. and Affiliate; Report No. 24-20-509-03-360; 12/05/19	2	0
ETA	Single Audit: Inter-Tribal Council of Louisiana, Inc.; Report No. 24-20-514-03-360; 12/10/19	9	0
ETA	Single Audit: National Asian Pacific Center on Aging; Report No. 24-20-517-03-360; 01/28/20	2	75,565
ETA	Single Audit: Oregon Human Development Corporation; Report No. 24-19-522-03-360; 06/11/19	1	0
ETA	Single Audit: National Plastering Industry's Joint Apprenticeship Trust Fund; Report No. 24-18-524-03-370; 06/07/18	1	0
ETA	Single Audit: Experience Works; Report No. 24-16-552-03-390; 06/13/16	3	1,619,324
ETA	Single Audit: Experience Works, Inc. and Affiliates; Report No. 24-17-572-03-390; 08/03/17	4	1,991,900
ETA	Single Audit: State of New Mexico Workforce Solution Department; Report No. 24-19-513-03-390; 03/15/19	3	0
ETA	Single Audit: Ivy Technical Community College of Indiana; Report No. 24-19-532-03-390; 07/16/19	3	0
ETA	Single Audit: State of Ohio; Report No. 24-19-533-03-390; 07/16/19	2	0
ETA	Single Audit: Jobs for the Future, Inc.; Report No. 24-19-535-03-390; 07/18/19	2	0
ETA	Single Audit: State of Connecticut; Report No. 24-19-547-03-390; 07/30/19	5	184,870
ETA	Single Audit: Puerto Rico Department of Economic Development and Commerce; Report No. 24-20-501-03-390; 10/08/19	4	418,244
ETA	Single Audit: The Urban League of Greater Atlanta, Inc.; Report No. 24-20-502-03-390; 10/29/19	2	79,853
ETA	Single Audit: Manufacturing Renaissance; Report No. 24-20-506-03-390; 11/21/19	2	0
ETA	Single Audit: El Corredor Techno Economico De Puerto Y El Carico, Inc., for the Year Ended June 30, 2017; Report No. 24-20-508-03-390; 12/05/19	3	0
ETA	Single Audit: Guadalupe Alternative Programs; Report No. 24-20-512-03-390; 12/10/19	2	0
ETA	Single Audit: Youth Conservation Corps and Affiliates; Report No. 24-20-513-03-390; 12/10/19	4	0
ETA	Single Audit: Puerto Rico Department of Economic Development and Commerce; Report No. 24-20-521-03-390; 03/04/20	3	0

Appendices

Unresolved Audit Reports Over 6 Months Old, continued

OSHA	Single Audit: New Mexico Environment Department; Report No. 24-19-515-10-001; 05/08/19	1	0
Total Nonmonetary Recommendations and Questioned Costs		135	\$4,553,039

Agency	Report Name	Number of Recommendations	Funds Recommended for Better Use (\$)
Agency Management Decision or Grant/Contracting Officer's Final Determination Did Not Resolve; OIG Negotiating with Agency			
Total Funds Recommended for Better Use		0	\$0

Total Nonmonetary Recommendations and Questioned Costs	135	\$4,553,039
Total Funds Recommended for Better Use	0	\$0
Total Audit Exceptions and Funds Recommended for Better Use	135	\$4,553,039

Corrective Actions Taken by the Department

During this reporting period, we took final action to close recommendations within reports based on corrective action taken by the Department. The following is a summary of some of the most significant actions.

Control Over the Release of the UI Weekly Claims Report Need Improvement; Report No. 17-14-001-03-315; 01/02/2014; The Department Remains Vulnerable to Premature Release of Embargoed Economic Data; Report No. 17-16-001-01-001; 03/25/2016

Lock-ups are used to allow select news organization early access to embargoed economic data to enable them to to prepare summaries and analyses of the data before they are officially released. Because embargoed data can impact financial markets, controls over the lock up are critical in protecting the data from unauthorized use and disclosure.

Our audits found that: (1) the Employment and Training Administration (ETA) unintentionally created an unfair competitive advantage for certain news organizations and their clients by operating an optional press lock-up to provide news organizations pre release access to the embargoed Unemployment Claims Reports; (2) the Bureau of Labor Statistics (BLS) utilized press lock-ups to provide news organizations pre-release access to market-moving economic data; and (3) a news organization in the press lock-up used data-queuing software that exploited the active Internet connection and automatically transmitted data—without any human interaction—before the embargo ended. News organizations in the press lock-up use this software for faster data transmission when an embargo ends, but it provides no benefit to the general public or the Department and increases the likelihood of a premature data release.

In response to our report, BLS and ETA devoted significant resources to improving their technologies to ensure that embargoed economic data are posted and accessible on their websites immediately following the official release time. When the COVID-19 pandemic required the closure of the media lock-up, these improved technologies allowed BLS and ETA to disseminate the data immediately and widely to the public without incident and without providing early access to lock-up participants. As such, the Department permanently discontinued its media lock-ups for all economic releases. BLS and ETA will continue to make their data available to the public immediately when the embargo ends through the Web and other sources.

Corrective Actions Taken by the Department, continued

Department of Labor Needs Improvements in Managing Its Records Management Program to Capture Electronic Messages for Preserving Federal Records; Report No. 17-19-001-07-001; 09/20/2019

Federal electronic records pose a challenge to record keeping in the Federal Government. All DOL employees must be aware of their records management responsibilities. Our audit found that DOL needs to improve the controls in place to better preserve Federal records (or potential Federal records) of electronic messages other than e-mails. In response to our audit, DOL issued a new electronic messages policy that contains specific guidance for social media (e.g., Twitter, Facebook, Instagram), text messages, instant messages (Skype for Business, Microsoft Teams, etc.), and websites. In addition, DOL updated the Records Management Training for all employees to include a Records Management Rules of Behavior Acknowledgement Form. In August 2020, DLMS-1-500 Records Management was updated to include policies and procedures for the Department's Capstone Approach guidance.

Investigative Advisory Report: Recommendations for Enhancing Forms Used for H-2B Non-Agricultural Temporary Workers; Report No. 50-19-001-03-321; 01/30/2019

In FY 2019, the OIG made six recommendations for improvements to the application form the Employment Training Administration's Office of Foreign Labor Certification (OFLC) uses in the H-2B program. The OIG has routinely reported that one of the top management challenges facing DOL is ensuring that U.S. employers comply with statutory requirements intended to protect U.S. workers against adverse impacts on their job opportunities, wages, and working conditions when U.S. employers hire foreign workers. OIG investigations have shown OFLC programs are susceptible to fraud and abuse by dishonest immigration attorneys, employers, labor brokers, and organized criminal enterprises. The ambiguity of application form ETA-9142B, which is used in the H-2B program, has created obstacles in our efforts to prosecute offenders who have committed fraud against the program.

In response to our recommendations, ETA made significant changes to the application form. These changes included: a) requiring petitioners and preparers to affirm that they have read and understood the attestations they declared in the application; b) clarifying the petitioners and preparer's responsibility to accurately complete the application form; and c) acknowledging the consequences of misrepresentation on attestations and declarations made on the application.

Unimplemented Recommendations

During this reporting period, we did not encounter any instances of audits or evaluations provided to the Department for comment that were not responded to within 60 days. Furthermore, agencies have provided management decisions in response to all audits and evaluations issued before the commencement of this reporting period.

From October 1, 2011, through March 31, 2020, the OIG made 1,469 audit recommendations to the Department, of which 163 have not been fully implemented. These 163 recommendations include 93 recommendations resulting from audits issued since the end of FY 2018, and in many cases the Department has corrective action plans in place.

RECOMMENDATIONS MADE PRIOR TO APRIL 1, 2020, NOT YET IMPLEMENTED

Fiscal Year	Total Number of Recommendations Made	Unimplemented Recommendations	
		Total Number	Monetary Impact (\$)
2011	319	6	
2012	213	3	
2013	195	2	
2014	128	7	126,500,000
2015	163	8	48,404
2016	100	3	
2017	112	22	
2018	98	19	15,042,248
2019	84	45	
2020	57	48	
Total	1,469	163	\$141,590,652

Appendices

High-Priority Unimplemented Recommendations

The following table summarizes the unimplemented recommendations the OIG considers to be the highest priorities for the Department.

Report Title; Report Number; Date Issued	Unimplemented Recommendations
Worker Safety	
MSHA Can Improve How It Responds to and Tracks Hazardous Condition Complaints; Report No. 05-16-002-06-001; 09/30/16	Establish standard completion goals for post-complaint inspections.
MSHA Needs to Provide Better Oversight of Emergency Response Plans; Report No. 05-17-002-06-001; 03/31/17	Clarify mine operators' responsibilities for local coordination under the MINER Act, including coordination and communication among the operator, mine rescue teams, and local emergency response personnel, and familiarizing local rescue personnel with surface functions that may be required in the course of mine rescue work.
COVID-19: OSHA Needs to Improve Its Handling of Whistleblower Complaints During the Pandemic Report No. 19-20-010-10-105; 8/14/20	Continue to monitor and evaluate the Region II triage pilot and consider extending the triage process to all regions to expedite the screening of whistleblower complaints.
Employee Benefits	
EBSA Did Not Have the Ability to Protect the Estimated 79 Million Plan Participants in Self-Insured Health Plans from Improper Denials of Health Claims; Report No. 05-17-001-12-121; 11/18/16	Reduce or eliminate exemption thresholds for small plans.
OWCP's Efforts to Detect and Prevent FECA Improper Payments Have Not Addressed Known Weaknesses; Report No. 03-12-001-04-431; 02/15/12	Develop effective procedures, including seeking legislative authority to conduct matches with SSA retirement records, to ensure that claimants who receive SSA retirement benefits are identified timely and their FECA benefits are adjusted accordingly.
OWCP Must Continue Strengthening Management of FECA Pharmaceuticals, Including Opioids; Report No. 03-19-002-04-431; 5/14/19	Ensure that the pharmacy benefits manager (PBM) implements a drug utilization review as specified in the contract. Ensure that the PBM, when developing its formulary, considers all classes of drugs to determine if prior authorization or letters of medical necessity would be appropriate.
COVID-19: WHD Needs to Closely Monitor the Pandemic Impact on Its Operations Report No. 19-20-009-15-001; 08/07/20	Develop a plan to monitor the effectiveness of the agency's oversight of the FFCRA and the FLSA programs so that the agency can identify if or when operational adjustments are necessary to most effectively utilize resources. Maintain a backlog of delayed on-site investigations and develop a plan to manage the backlog once normal operations resume. Determine the impact of the decision issued by the United States District Court for the Southern District of New York to the agency and its mission, and take appropriate action to address its impact. Update the agency's COVID-19 operating plan addendum regarding the agency's oversight of the FFCRA to include: a. Specific performance goals; b. Agency plans to use the \$2.5 million received from the CARES Act; c. Enforcement and outreach plans for the FFCRA once COVID-19 restrictions are lifted; and d. Enforcement plans for the FFCRA after it expires on December 31, 2020.

High-Priority Unimplemented Recommendations, continued

Unemployment Insurance Benefits	
<p>DOL Did Not Comply with Improper Payments Elimination and Recovery Act for FY 2017; Report No. 03-18-002-13-001; 05/15/18</p>	<p>Maintain management’s current focus on increasing technical assistance and funding to states to improve the improper payment reduction strategies to ensure compliance with the improper payments estimate rate threshold.</p>
<p>COVID-19: More Can Be Done to Mitigate Risk to Unemployment Compensation Under the CARES Act Report No. 19-20-008-03-315; 08/07/20</p>	<p>Include CARES Act UI transactions in the BAM or develop an alternative methodology to reliably estimate improper payments for those programs, and issue guidance directing states to provide access to state UI claimant data, in order to prevent and detect fraud.</p>
<p>Alert Memorandum: The Pandemic Unemployment Assistance Program Needs Proactive Measures to Detect and Prevent Improper Payments and Fraud Report No. 19-20-002-03-315; 05/26/20</p>	<p>Consider tools already available under the CARES Act such as those cited in § 2102(a)(3)(A)(i)(I)(kk) or § 2104(f)7 and change its guidance; or request legislative action to curtail improper or fraudulent PUA payments.</p>
Departmental Management	
<p>FISMA Fiscal Year 2015: Ongoing Security Deficiencies Exist; Report No. 23-16-002-07-725; 09/30/16</p>	<p>Realign the organizational structure as it relates to the CIO to address organizational independence issues.</p>
<p>FY 2019 FISMA DOL Information Security Report: Implementation of Security Tools Hindered by Insufficient Planning; Report No. 23-20-002-07-725; 12/23/19</p>	<p>Implement improvements in DOL’s information security program for the following areas: Risk Management, Configuration Management, Identity and Access Management, Data Protection and Privacy, Information Security Continuous Monitoring, Incident Response, and Contingency Planning.</p>
<p>DATA Act: DOL’s Reported Data Generally Met Quality Standards but Accuracy Issues Remain; Report No. 03-20-001-13-001; 11/21/19</p>	<p>Identify risks specific to DATA Act reporting and take appropriate action to ensure that internal controls address the resulting areas of concern.</p>
<p>Stronger Controls Needed over Web Application Security; Report No. 23-20-001-07-725; 11/14/19</p>	<p>Implement processes to maintain an inventory for the purpose of ensuring that web applications are timely and properly secured. Review and update DOL policies to ensure that corrective actions for web applications are timely implemented. Implement Department-wide policies and procedures specific to securing web applications, web servers, and web application coding.</p>
<p>DOL Needs to Do More to Secure Employees’ Personally Identifiable Information in the Travel Management System Report No. 23-20-003-13-001; 09/10/20</p>	<p>Establish and implement procedures to ensure that E2 is managed in compliance with contractual security requirements and DOL computer security policies for contracted information systems, and establish and implement procedures to ensure that E2 account management practices enforce DOL’s security policies. These procedures must include application of the principle of least privilege when creating, monitoring, and deactivating E2 user accounts.</p>
Job Corps Safety	
<p>COVID-19: ETA Should Continue To Closely Monitor Impact on Job Corps Program Report No. 19-20-007-03-370; 07/28/20</p>	<p>Prior to reopening campuses, Job Corps should ensure that all centers have proper controls in place to adhere to federal, state, local, and other guidelines—from physical distancing to having ample disinfectant, cleaning, and PPE supplies; and Job Corps should ensure that centers provide needed resources to address the learning needs of all students, including students who require reasonable accommodations, hands-on instruction, and special equipment to learn.</p>

Appendices

Summary of Reports with Unimplemented Recommendations with Cost Savings / Funds Put to Better Use

Report Name	Number of Recommendations	Funds Put to Better Use (\$)
Employment and Training Administration		
<p>DOL Could Improve Exit Requirements and Participant Outcomes for the YouthBuild Program; Report No. 04-18-002-03-001; 03/30/18</p> <p>We recommended that the Assistant Secretary for Employment and Training clarify the definition of a “successful exit” and require its use by all grantees. At a minimum, this definition should require that the successful exiter earn a high school diploma or equivalency degree or an industry-recognized credential, have a job follow-up plan in place, and receive referrals to either an employer or school.</p>	1	12,600,000
Total	1	\$12,600,000

Appendices

Summary of Reports with Unimplemented Recommendations with Other Monetary Impact

Report Name	Number of Recommendations	Funds Put to Better Use (\$)
Employment and Training Administration		
<p>Job Corps Contractor and DOL Procurement Practices Need Improvement; Report No. 26-14-002-03-370; 09/24/14</p> <p>We recommend that the Assistant Secretary for Employment and Training require the Regional Job Corps Offices and respective ETA contracting officers to refer the 4 small business set-aside contracts we identified held by AET and APS to SBA for review and guidance on corrective action, if warranted.</p>	1	126,500,000
<p>Job Corps Could Not Demonstrate Beneficial Job Training Outcomes; Report No. 04-18-001-03-370; 03/30/18</p> <p>We recommend the Employment and Training Administration determine and assess liquidated damages to contractors that misreported data based on invalid placements.</p>	1	51,750
Total	2	\$126,551,750

Appendices

Reports with Unimplemented Recommendations for Management Improvement or Disallowed Costs Owed

The following table lists all OIG reports issued prior to this semiannual reporting period with recommendations that have not yet been fully implemented (as of September, 2020).

Report Name	Number of Unimplemented Recommendations	Disallowed Costs Owed (\$)
Office of the Chief Financial Officer		
Management Advisory Comments Identified in an Audit of the Consolidated Financial Statements for the Year Ended September 30, 2015; Report No. 22-16-004-13-001; 03/25/16	1	0
Management Advisory Comments Identified in the Consolidated Financial Statements for the Year Ended September 30, 2017; Report No. 22-18-006-13-001; 03/29/18	1	0
The Department Needs to Take Action to Improve the Quality of Its DATA Act Submissions Report; Report No. 03-18-001-13-001; 01/19/18	2	0
DOL Did Not Comply with Improper Payments Elimination and Recovery Act for FY 2017; Report No. 03-18-002-13-001; 05/15/18	1	0
Management Advisory Comments Identified in an Audit of the Consolidated Financial Statements for the Year Ended September 30, 2018; Report No. 22-19-006-13-001; 03/15/19	5	0
DATA Act: DOL's Reported Data Generally Met Quality Standards but Accuracy Issues Remain; Report No. 03-20-001-13-001; 11/21/19	3	0
Management Advisory Comments Identified in an Audit of the Consolidated Financial Statements for the Year Ended September 30, 2019; Report No. 22-20-05-13-001; 12/19/19	20	0
Employee Benefits Security Administration		
Limited-Scope Audits Provide Inadequate Protections to Retirement Plan Participants; Report No. 05-14-005-12-121; 09/30/14	1	0
EBSA Did Not Have the Ability to Protect the Estimated 79 Million Plan Participants in Self-Insured Health Plans from Improper Denials of Health Claims; Report No. 05-17-001-12-121; 11/18/16	1	0
Employment and Training Administration		
Job Corps Oversight of Center Performance Needs Improvement; Report No. 26-12-006-03-370; 09/28/12	1	0
Job Corps Contractor and DOL Procurement Practices Need Improvement; Report No. 26-14-002-03-370; 09/24/14	3	0
Job Corps Needs to Improve Enforcement and Oversight of Student Disciplinary Policies; Report No. 26-15-001-03-370; 02/27/15	1	48,404

Reports with Unimplemented Recommendations, continued

Report Name	Number of Unimplemented Recommendations	Disallowed Costs Owed (\$)
Investigative Advisory Report—Weaknesses Contributing to Fraud in the Unemployment Insurance Program; Report No. 50-15-001-03-315; 07/24/15	6	0
Program Specific Performance Measures Are Needed to Better Evaluate the Effectiveness of the Reemployment Services and Eligibility Assessment Program; Report No. 04-17-002-03-315; 09/26/17	3	0
ETA Violated the Bona Fide Needs Rule and the Antideficiency Act; Report No. 26-17-002-03-370; 09/21/17	2	0
DOL Could Improve Exit Requirements and Participant Outcomes for the YouthBuild Program; Report No. 04-18-002-03-001; 03/30/18	1	1,390,498
Trade Adjustment Assistance Community College Career Training Grants: ETA Spent \$1.5 Billion and Met Its Stated Capacity Development Goals, but Is Challenged to Determine if the Investment Improved Employment Outcomes; Report No. 02-18-201-03-330; 07/26/18	3	1,000,000
Experience Works, Inc. Misused More than \$4 Million in SCSEP Grant Funds; Report No. 26-18-002-03-360; 09/28/18	1	0
Job Corps Should Do More to Prevent Cheating in High School Programs; Report No. 26-19-001-03-370; 09/25/19	5	0
ETA Had No Reasonable Assurance That \$183 Million in H-1B TST Grant Funds Helped Participants Get H-1B Jobs; Report No. 06-19-001-03-391; 09/27/19	1	0
ETA Could Not Determine the Impact Its Face Forward Program Had on Participants Ages 17 and Under; Report No. 02-20-001-03-390	3	0
Office of Workers' Compensation Programs		
OWCP's Efforts to Detect and Prevent FECA Improper Payments Have Not Addressed Known Weaknesses; Report No. 03-12-001-04-431; 02/15/12	1	0
Audit of Federal Employees' Compensation Act, Durable Medical Equipment Payments; Report No. 03-12-002-04-431; 03/26/12	1	0
Interim Report on Audit of Pharmaceutical Management in DOL Benefit Programs—OWCP Needs Better Controls over Compounded Prescription Drugs; Report No. 03-17-001-04-431; 05/23/17	8	0
Special Report Relating to the Federal Employees' Compensation Act Special Benefit Fund—September 30, 2018; Report No. 22-19-003-04-431; 11/02/18	3	0
OWCP Must Continue Strengthening Management of FECA Pharmaceuticals, Including Opioids; Report No. 03-19-002-04-431; 05/14/19	2	0
Mine Safety and Health Administration		
MSHA Can Improve Its Section 110 Special Investigations Process; Report No. 05-13-008-06-001; 09/30/13	2	0

Appendices

Reports with Unimplemented Recommendations, continued

Report Name	Number of Unimplemented Recommendations	Disallowed Costs Owed (\$)
MSHA Can Improve How It Responds to and Tracks Hazardous Condition Complaints; Report No. 05-16-002-06-001; 09/30/16	1	0
MSHA Needs to Provide Better Oversight of Emergency Response Plans; Report No. 05-17-002-06-001; 03/31/2017	6	0
MSHA Did Not Evaluate Whether Civil Monetary Penalties Effectively Deterred Unsafe Mine Operations; Report No. 23-19-002-06-001; 08/16/19	2	0
MSHA Needs to Better Manage Its Pre-Assessment Conferencing Program; Report No. 05-19-001-06-001; 09/23/19	9	0
Office of the Assistant Secretary for Administration and Management		
The Department Could Do More to Strengthen Controls over Its Personal Identity Verification System; Report No. 04-11-001-07-001; 03/31/11	1	0
Ineffective Accounting for Sensitive Information Technology Hardware and Software Assets Places DOL at Significant Risk; Report No. 23-11-001-07-001; 03/31/11	5	0
FISMA Fiscal Year 2015: Ongoing Security Deficiencies Exist; Report No. 23-16-002-07-725; 09/30/16	1	0
FY 2017 FISMA DOL Information Security Report; Report No. 23-18-001-07-725; 12/29/17	4	0
FY18 FISMA DOL Information Security Report; Report No. 23-19-001-07-725; 03/13/19	5	0
Alert Memorandum: Security Vulnerability Relating to DOL Information Security Property; Report No. 50-19-002-07-725; 06/17/19	2	0
Department of Labor Needs Improvements in Managing Its Records Management Program to Capture Electronic Messages for Preserving Federal Records; Report No. 17-19-001-07-001; 09/20/2019	1	0
Stronger Controls Needed over Web Application Security; Report No. 23-20-001-07-725; 11/14/19	3	0
FY 2019 FISMA DOL Information Security Report: Implementation of Security Tools Hindered by Insufficient Planning; Report No. 23-20-002-07-725; 12/23/19	13	0
Office of Federal Contract Compliance Programs		
OFCCP Did Not Show It Adequately Enforced EEO Requirements on Federal Construction Contracts; Report No. 04-20-001-14-001; 03/27/20	2	0
Occupational Safety and Health Administration		
Voluntary Protection Program: Controls Are Not Sufficient to Ensure Only Worksites with Exemplary Safety and Health Systems Remain in the Program; Report No. 02-14-201-10-105; 12/16/13	2	0

Appendices

Reports with Unimplemented Recommendations, continued

Report Name	Number of Unimplemented Recommendations	Disallowed Costs Owed (\$)
OSHA Needs to Continue to Strengthen Its Whistleblower Protection Programs; Report No. 02-15-202-10-105; 09/30/15	1	0
OSHA's Voluntary Protection Programs Require Better Information to Identify Participants with Contract-Worker Fatalities and Catastrophes; Report No. 02-17-202-10-105; 09/11/17	2	0
OSHA Needs to Improve the Guidance for Its Fatality and Severe Injury Reporting Program to Better Protect Workers; Report No. 02-18-203-10-105; 09/13/18	4	0
OSHA Procedures For Issuing Guidance Were Not Adequate and Mostly Not Followed; Report No. 02-19-001-10-105; 03/28/19	4	0
Review of the Occupational Safety and Health Administration's Referral to and Reclamation of Debt from the U.S. Department of the Treasury; Report No. 22-20-006-10-001; 03/16/20	4	0
Wage and Hour Division		
Better Strategies Are Needed to Improve the Timeliness and Accuracy of Davis-Bacon Act Prevailing Wage Rates; Report No. 04-19-001-04-420; 03/29/19	6	0
Totals	160	\$2,438,902

Appendices

Investigative Statistics

	Division Totals	Total
Investigative Reports Issued / Cases Closed (includes investigative reports issued, case closing reports, and matters referred for possible civil and/or administrative action):		192
Program Fraud	152	
Labor Racketeering	40	
Cases Opened:		188
Program Fraud	178	
Labor Racketeering	10	
Cases Referred for Prosecution (each case is measured as a singular statistic and may include more than one person or business entity):		162
Program Fraud	147	
Labor Racketeering	15	
Cases Referred for Administrative/Civil Action (each case is measured as a singular statistic and may include more than one person or business entity):		69
Program Fraud	58	
Labor Racketeering	11	
Persons Referred to the Department of Justice for Criminal Prosecution (includes the number of individuals and business entities referred for prosecution):		167
Program Fraud	149	
Labor Racketeering	18	
Persons Referred to State and Local Prosecuting Authorities for Criminal Prosecution (includes the number of individuals and business entities referred for prosecution):		9
Program Fraud	7	
Labor Racketeering	2	
Indictments and Criminal Informations That Resulted from Any Prior Referral to Prosecuting Authorities (includes sealed and unsealed indictments):		170
Program Fraud	128	
Labor Racketeering	42	
Indictments (includes sealed and unsealed indictments):		170
Program Fraud	128	
Labor Racketeering	42	
Convictions:		40
Program Fraud	28	
Labor Racketeering	12	
Statutory Debarments:		7
Program Fraud	2	
Labor Racketeering	5	

Investigative Statistics, continued

Recoveries, Cost-Efficiencies, Restitutions, Fines/Penalties, Forfeitures, and Civil Monetary Actions:		\$74,810,563
Program Fraud	\$48,326,987	
Labor Racketeering	\$26,483,575	
Recoveries (the dollar amount/value of an agency's action to recover or to reprogram funds or to make other adjustments in response to OIG investigations):		
		\$34,727,506
Cost-Efficiencies (the one-time or per annum dollar amount/value of management's commitment, in response to OIG investigations, to utilize the government's resources more efficiently):		
		\$21,654,281
Restitutions/Forfeitures (the dollar amount/value of restitutions and forfeitures resulting from OIG criminal investigations):		
		\$16,370,887
Fines/Penalties (the dollar amount/value of fines, assessments, seizures, investigative/court costs, and other penalties resulting from OIG criminal investigations):		
		\$20,000
Civil Monetary Actions (the dollar amount/value of forfeitures, settlements, damages, judgments, court costs, and other penalties resulting from OIG criminal investigations):		
		\$2,037,888
Total:		\$74,810,562¹

¹The OIG assisted state workforce agencies recover more than \$565 million in unemployment insurance benefits that were not directly related to an open OIG investigation and were not included in the statistics above.

Peer Review Reporting

The following meets the requirement under Section 5(1)(14)(A)–(B) of the Inspector General Act (as amended) and Section 989C of the Dodd–Frank Wall Street Reform and Consumer Protection Act (P.L. 111–203) that the inspectors general include their peer review results as an appendix to each semiannual report. Federal audit functions can receive a rating of “pass,” “pass with deficiencies,” or “fail.”

DOL-OIG Conducted a Peer Review of TVA-OIG Inspection and Evaluation Function

DOL-OIG conducted a peer review of the system of quality control for the Tennessee Valley Authority (TVA)–OIG’s inspection and evaluation function for the period ending December 2019. The peer review report issued on May 28, 2020, resulted in an opinion that TVA-OIG suitably designed its system of quality control and provided reasonable assurance that TVA-OIG conformed to the seven professional standards reviewed in the conduct of inspections and evaluations. The peer review made no recommendations.

Appendices

OIG Hotline

The OIG Hotline provides a communication link between the OIG and persons who want to report alleged violations of laws, rules, and regulations; mismanagement; waste of funds; abuse of authority; or danger to public health and safety. During the reporting period April 1, 2020, through September 30, 2020, the OIG Hotline received a total of 1,887 contacts. Of these, 1,715 were referred for further review and/or action.

Complaints Received (by method reported):	
Telephone	222
E-mail/Internet	1,650
Mail	12
Fax	3
Walk-in	0
Total	1,887
Contacts Received (by source):	
Complaints from Individuals or Nongovernmental Organizations	1,721
Complaints/Inquiries from Congress	1
Referrals from U.S. Government Accountability Office	1
Complaints from Other DOL Agencies	20
Complaints from Other (non-DOL) Government Agencies	144
Total	1,887
Disposition of Complaints:	
Referred to OIG Components for Further Review and/or Action	1,503
Referred to DOL Program Management for Further Review and/or Action	199
Referred to Non-DOL Agencies/Organizations	13
No Referral Required/Informational Contact	181
Total	1,896*

* During this reporting period, the hotline office referred several individual complaints to multiple offices or entities for review (e.g., to multiple OIG components, or to an OIG component and DOL program management and/or a non-DOL agency).

Fiscal Year 2021 Audit Workplan

Bureau of Labor Statistics (BLS)

Discretionary Audit

BLS Survey Response Rate. 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." It is vital for BLS to incorporate new methodologies and technology into its data collection process to ensure expected response rates and reduced respondent burden. A decline in response rates could increase data collection costs and affect data quality, which may result in unreliable economic information developed by BLS. This audit will focus on how efficiently and effectively BLS is able to obtain data necessary to produce the economic information it is required to produce, and if there are other sources to obtain the necessary data.

Bureau of International Labor Affairs (ILAB)

Mandatory Audit

Memoranda of Agreement between USAID and ILAB – In Progress. 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 focuses on how taxpayer dollars were spent and if the reported program results were reliable.

Employment and Training Administration (ETA)

Discretionary Audits

Apprenticeship Program

The Industry-Recognized Apprenticeship Program (IRAP) Audit – In Progress. IRAP was established to highlight high quality apprenticeships where individuals obtain workplace-relevant training and advanced skills that result in an industry-recognized credential. ETA disclosed that Training and Employment Services funds had been expended inappropriately on activities for IRAP. This audit will determine the actions ETA took to identify, correct, and prevent inappropriate expenditures of funds in the future.

ETA Contract and Grant Programs

COVID-19: ETA's Administration of DWGs – In Progress. The CARES Act provided \$345 million for DWGs to prevent, prepare for, and respond to the COVID-19 pandemic. These grants are intended to help Americans get back to work and can also be used for contact tracing and coronavirus-related cleaning as businesses and schools continue to re-open. Flexibility is essential for DWG funds so that they can be used where they are most needed, which is determined at the state and local level. The audit focuses on the extent ETA properly administered the DWG program.

Oversight of American Apprenticeship Initiative (AAI) Grants – In Progress. In 2015, ETA awarded 46 AAI grants, totaling more than \$175 million, 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.

Job Corps

COVID-19: Job Corps Response to COVID-19. Resuming operations at more than 120 center campuses during the COVID-19 pandemic presents a number of challenges to the Job Corps program, such as implementing physical distancing for more than 30,000 students returning to classrooms, common areas, and dorms; obtaining sufficient supplies of personal protective equipment (e.g., facemasks, face shields, gloves), disinfectants, and cleaning products; and transporting students to centers. This audit will assess Job Corps' efforts to comply with various local, state, and federal guidelines to keep students and staff safe when reopening center campuses.

UI Program

COVID-19: Audit of DOL and States Implementation of the CARES Act UI Provisions – In Progress. Between March and July 2020, more than 56 million new claims for UI were filed. This was an average of 2.7 million new weekly claims, and more than 10 times the average of 218,000 new weekly claims for the weeks leading up to the onset of the COVID-19 pandemic. With the huge increase in traditional UI claims and the implementation challenges associated with the new CARES Act programs, states' resources have been stretched beyond their limits and the risk of fraud and increased improper payments have been significantly heightened. Our audit focuses on the initial period of benefits from March 27, 2020, to July 31, 2020. This will include an assessment of ETA's oversight and states' implementation of key provisions of the CARES Act to ensure UI benefit recipients initially and continually met program eligibility requirements, eligible individuals were paid timely, and improper payments were detected, recovered, and reported.

Unemployment Insurance, Work Search Requirements – In Progress. Since 2016, the highest number of UI improper payments has been 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 assesses the accuracy of reported levels of noncompliance with work search requirements, and makes recommendations for possible approaches to improve compliance and reduce improper payments.

COVID-19: Audit of DOL and States Implementation of the CARES Act UI Provisions. The COVID-19 pandemic has presented both new and familiar challenges for DOL and states as they implement the CARES Act UI provisions. This audit will provide an after-the-fact review of the CARES Act UI provisions with respect to implementation, both at the federal and state level; oversight; lessons learned; and how DOL's response to the pandemic affected normal operations.

COVID-19: Implementation and Oversight of the COVID-19 Emergency Transfers for Administration of the Unemployment Compensation Program. The Families First Coronavirus Response Act provided \$1 billion to DOL to provide emergency administration grants to state UI agencies for the administration of their unemployment compensation programs. Administrative resources are critical to delivering an effective UI program that is relied upon by millions of American taxpayers, especially now during the pandemic. Funds provided through these emergency administrative grants may only be used for the administration of the UI program and are not available for the payment of UI funds. This audit will focus on the Department's monitoring of the emergency administration grants and whether these funds were accurately tracked and reported, at both the state and federal level.

Effectiveness of UI Program Integrity Efforts. ETA's UI program works in partnership with states to provide the critical funds needed by unemployed citizens in a timely manner. Annually, ETA reports performance data and results related to fraud and the misuse of protections afforded by the UI program. Over the years, ETA has implemented various program integrity and fraud reduction initiatives; however, these initiatives have offered only a partial solution to improving the integrity of the program. This audit will focus on ETA's role in managing the integrity of the UI program, including working with states and partners to identify and share best practices and data to reduce fraud.

Mine Safety and Health Administration (MSHA)

Discretionary Audits

MSHA Violations – In Progress. From 2013 through September 2019, MSHA inspectors issued more than 736,000 citations and orders to mines for violations of health and safety laws and regulations. During the same period, MSHA modified or canceled ("vacated") more than 12,300 of those citations and orders. Incorrectly modifying or vacating citations and orders increases the risk that miners remain exposed to hazards. This ongoing audit focuses on whether MSHA appropriately wrote, terminated, modified, and vacated citations and orders.

Integrity of Dust Sampling. Miners are exposed to harmful substances in their work environments daily. MSHA monitors many of these substances, including airborne toxins such as coal dust and respirable

crystalline silica. Since 1990, at least 150 mine operators, agents, and contractors have submitted fraudulent dust samples that MSHA needed to regulate airborne toxins in mines. This audit will assess MSHA's efforts to address sample manipulation.

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, or training could 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, which included planning by both mine operators and MSHA. This audit will assess MSHA's preparedness in responding to emergencies requiring mine rescue operations.

Occupational Safety and Health Administration (OSHA)

Discretionary Audits

COVID-19: OSHA's Guidance Related to Safety of Its Inspectors – In Progress. The COVID-19 pandemic has presented new challenges for OSHA in its mission to ensure safe and healthful working conditions for its Certified Safety and Health Officials (CSHOs), whose job is to inspect workplaces. The COVID-19 pandemic has resulted in a significant reduction in inspections and an increase in complaints. During the pandemic, to prevent the spread of COVID-19, CSHOs switched from on-site inspections to mostly remote inspections via telephone, video conference, and email. The audit focuses on the extent of OSHA's enforcement guidance for protecting CSHOs' health and safety, as well as the effectiveness of completing on-site, remote, or Rapid Response Investigation (RRI) activities during a pandemic.

OSHA Protecting Workers from Exposure to Respirable Silica – In Progress. OSHA has a duty to create and enforce rules, known as "standards" or "regulations," to help protect 121 million Americans at 9 million worksites. After 13 years of research and development, OSHA published an amendment to its existing standards for Occupational Exposure to Respirable Crystalline Silica. OSHA estimates that about 2.3 million people in the United States are exposed to silica at work. This audit is assessing the extent to which OSHA has protected workers from exposure to Respirable Crystalline Silica with the publishing of the amended standard.

COVID-19: OSHA's Guidance Related to Safety of Employees. Since the beginning of the COVID-19 pandemic in March 2020, OSHA has reduced its number of inspections and increased its number of non-formal complaint investigations. In July 2020, OSHA was named in a lawsuit by meatpacking employees who said OSHA was failing to do its job properly. OSHA believed its existing regulations and updated pandemic guidelines were sufficient to keep workers safe. This audit will focus on the impact of the COVID-19 pandemic on OSHA operations, including the number and types of inspections it has been using to safeguard workers, and OSHA's future plans to ensure safe and healthy working conditions during pandemics.

OIG FY 2021 Audit Workplan

COVID-19: OSHA Inspection Collaboration Audit. While many industries suffered the impact of COVID-19 outbreaks during the pandemic, healthcare and meatpacking workers have had some of the highest rates of COVID-19 infections. OSHA has been performing on-site inspections of worker safety in these environments, while HHS and the U.S. Department of Agriculture (USDA) have been performing on-site inspections to ensure patient care and product quality. However, according to HHS and USDA OIG officials, their inspectors have not been reporting employee safety and health issues to OSHA. This audit will focus on OSHA's efforts to promote collaboration with other federal agencies that also conduct on-site inspections for potential workplace safety and health violations, especially during the pandemic.

COVID-19: Use of Complainant Interviews in 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 OSHA's use of complainant and witness testimony during a complaint inspection to ensure the complaint or referral was addressed adequately.

Enforcement of Severe OSHA Violators. There were 654 egregious workplace safety violators in 2019. OSHA's Severe Violators Enforcement Program requires that it expand its enforcement efforts and increase the number of inspections on these employers. In 2009, an OIG audit found OSHA did not identify all egregious employers, and did not perform sufficient inspections and related enforcement, for 97 percent of sampled employers. This audit will follow up on the OIG's 2009 report to assess whether OSHA made changes to improve enforcement activities related to employers who demonstrated indifference to their workplace safety responsibilities.

OSHA's Process for Initiating Lookback Reviews. OSHA uses lookback reviews to determine whether standards should be maintained, rescinded, or modified, with the goal of making standards more effective or less burdensome. Since 2001, OSHA has issued 15 standards, but has only conducted 8 lookback reviews, with the most recent occurring more than 10 years ago. This audit will include examining OSHA's ammonium nitrate standard that is almost 50 years old and the Process Safety Management Standard that is almost 30 years old. The audit will focus on OSHA's process for initiating lookback reviews to ensure that the standards are effective in reducing safety and health hazards in the workplace.

Office of the Assistant Secretary for Administration and Management (OASAM)

Mandatory Audit

Federal Information Security Management Act (FISMA) Audit – Annual. In performing its various missions, DOL collects and processes sensitive information through approximately 73 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.

OIG FY 2021 Audit Workplan

This audit will focus on the status of the DOL Information Security Program in implementing an effective framework to secure DOL information systems.

OASAM

Discretionary Audits

Effectiveness of DOL’s Information Technology Governance – In Progress. DOL spends approximately \$666 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. In addition, DOL’s information security program has been found to contain deficiencies in critical high-risk areas and security. As cited for many years in previous OIG audits, these issues can be attributed partially to the DOL CIO’s lack of authority and an uncertain reporting structure, as the CIO has not been elevated to an adequate level to carry out required duties. In 2018, Executive Order 13833 required federal CIOs to report directly to their agency heads. This audit is focusing 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.

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 \$400 million in FY 2020. This ongoing audit is determining if Working Capital Fund activities were appropriate, and if costs were supported and properly allocated to DOL agencies.

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 CIO’s management of IT modernization efforts across the Department, to include software integration, legacy systems, and shared services.

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, 2021. We will consider DOL’s internal controls over financial reporting and test DOL’s compliance with

OIG FY 2021 Audit Workplan

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 2019, the UI program and FECA reported outlays of \$26.9 billion and \$3.0 billion respectively, with an estimated improper payment rate of 10.61 percent and 2.44 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 Payment Integrity Information Act of 2019, 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 reduce 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 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 to which the Department has implemented and used the data standards established by OMB and Treasury.

Office of Federal Contract Compliance Programs

Mandatory Audit

Combatting Race and Sex Stereotyping – Annual. Executive Order 13950 prohibits the federal government from promoting race or sex stereotyping or scapegoating in the federal workforce, and states that contracting and grant funds shall not be used for these purposes. EO 13950 further states that federal agencies, contractors, and grant recipients should foster environments devoid of hostility and should be trained to create inclusive workplaces. The federal government is, and must always be, committed to the fair and equal treatment of all individuals before the law. This review will determine DOL's compliance with EO 13950 to ensure that federal agencies, including DOL, maintain an inclusive workplace free of race or sex stereotyping or scapegoating.

Office of Workers' Compensation Programs (OWCP)

Mandatory Audits

Report Relating to the Federal Employees' Compensation Act (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, 2021, 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 Fund as of September 30, 2020.

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 Fund as of September 30, 2020.

FECA Statement on Standards for Attestation Engagements 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, 2020, through June 30, 2021.

OWCP

Discretionary Audits

COVID-19: FECA Oversight – In Progress. OWCP administers FECA, which provides workers' compensation coverage to approximately 2.6 million federal and postal workers around the world for employment-related injuries and occupational diseases. This audit is focusing on implementation of OWCP's initial plan to manage COVID-19 related claims in the FECA program. Specifically, we are assessing if the COVID-19 pandemic has impacted OWCP's ability to meet established performance standards for processing and adjudicating FECA claims, and the extent to which OWCP's response to the pandemic has impacted its management of opioid claims.

Energy Employees' Home Healthcare Costs – In Progress. Home healthcare costs in the Energy Employee Occupational Illness Compensation program have risen from \$100 million in FY 2010 to \$616 million in FY 2019. The Department has expressed concern regarding the potential for providers to exploit home healthcare benefits through unauthorized or unnecessary billings. This audit is assessing: 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.

COVID-19: FECA High Risk Employment. In response to the COVID-19 pandemic, OWCP created new procedures to specifically address COVID-19 claims received from federal workers engaged in high risk employment. This audit will focus on an after-the-fact review of OWCP's administration and oversight of COVID-19 claims in the FECA program, which had received over 5,000 COVID claims as of late August 2020. Given the influx of claims resulting from the pandemic, this audit will determine if high risk employment related to COVID-19 was appropriately designated and supported, and if COVID-19 claims filed by workers in high risk employment were properly identified and adjudicated.

Energy Employees' Claims Processing. Since the Energy Employees Occupational Illness Compensation Program Act (EEOICPA) was enacted in October 2000, OWCP has paid more than

OIG FY 2021 Audit Workplan

\$17 billion in compensation and medical benefits to claimants under the act. The OIG has received numerous complaints concerning delays and inconsistencies in processing claims, and questions about OWCP's rationale for denying claims. This audit will determine if OWCP processed energy employees' claims timely and consistently.

Managing Pharmaceutical Spending in FECA. Recent OIG audit work found OWCP had not done enough to ensure it paid the best price for prescription drugs. Specifically, the audits noted OWCP lacked a pharmacy benefits manager to help contain costs and had not determined if alternative drug pricing methodologies would be more competitive. This audit is focusing on identifying the major factors influencing pharmaceutical spending in the FECA program, including any impact from the COVID-19 pandemic, and determine if OWCP effectively manages pharmaceutical spending in the FECA program.

Reliability of Data from FECA's New Bill Pay Processing System. In 2017, OWCP awarded a \$166 million contract to deliver a Workers' Compensation Medical Bill Process (WCMBP) system for the four OWCP workers' compensation programs, which pay more than \$1 billion per year in medical benefits to claimants. On April 27, 2020, OWCP launched the new WCMBP system, which allows providers to bill for medical services rendered to claimants who have been approved for the four OWCP benefit programs. An effective bill pay processing system is essential to ensure appropriate, accurate, and timely payments, and must be able to provide reliable information to 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 assess the WCMBP system's controls and determine if the new system collects, processes, maintains, and reports accurate and complete data.

Wage and Hour Division (WHD)

Discretionary Audits

COVID-19: WHD's Implementation of COVID-19 Guidance and Oversight – In Progress. We previously reported on challenges WHD faced as it implements and enforces the requirements of the Families First Coronavirus Response Act (FFCRA), such as conducting enforcement activities while maximizing telework, ensuring appropriate eligibility for FFCRA's emergency paid leave benefits, and addressing future actions related to its COVID-19 response. This audit is expanding upon our work and focusing on WHD's implementation of its FFCRA administration and enforcement activities.

COVID-19: WHD's Implementation of COVID-19 Guidance and Oversight. The COVID-19 pandemic has presented new challenges for WHD as it implemented and enforced the requirements of the FFCRA, while continuing its other enforcement activities. We will conduct an after-the-fact review of WHD's administration and oversight, lessons learned, and how WHD's response to the pandemic affected normal operations.

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

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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.

Multi-Agency

Discretionary Audits

Enterprise Risk Management. OMB Circular A-123 requires agencies to implement an Enterprise Risk Management (ERM) process. Agencies' ERM efforts are to be coordinated with the Government Performance and Results Modernization Act of 2010's strategic planning and review process, and the internal control process required by the Federal Managers' Financial Integrity Act and GAO's Green Book. We will determine whether management has implemented an effective ERM process that identifies, assesses, responds, and reports on risks.



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