

HIGHLIGHTS

April 1 - September 30, 2021 Volume 86

Message from the Acting Inspector General

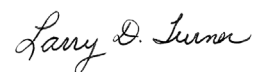
I continue to be impressed by the Office of Inspector General (OIG) staff's hard work and dedication. Their commitment to the mission and the important work of our office is evident by their sustained accomplishments during this difficult time. As the federal agency with primary oversight of the U.S. Department of Labor (DOL), the OIG remains committed to assisting DOL and Congress meet the challenges resulting from the pandemic. We remain diligently focused on protecting taxpayer funds from fraud, waste, and abuse, and ensuring that DOL programs function efficiently and effectively.

Throughout this report, we highlight several audits and investigations involving the COVID-19 pandemic. This work is consistent with our comprehensive Pandemic Response Oversight Plan that we created to address known and expected risks resulting from the pandemic. Specifically, during this reporting period, we reviewed how the pandemic affected the operations of the Wage and Hour Division, the Employment and Training Administration, and the Office of Workers' Compensation Programs. These reports highlighted inefficiencies and concerns promulgated by the OIG in previous reports, which have been exacerbated by the pandemic. A short summary of each pandemic-related report is included herein, and the full publications and additional information about how we are conducting oversight and responding to the pandemic are available via the OIG's [Pandemic Response Portal](#).

In addition to our extensive work relating to the pandemic, the OIG continues 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 our office's significant audit and investigative accomplishments during the reporting period, as well as several significant concerns.

This Highlights edition presents a summary of selected activities, accomplishments, and findings reported in the OIG's *Semiannual Report to Congress* for the 6-month period ending September 30, 2021. During this reporting period, the OIG issued 13 audit and other reports, with 42 recommendations for corrective action, along with \$33.9 billion in funds put to better use. The OIG's investigative work resulted in a total of 418 indictments, 182 convictions, and more than \$32 million in monetary accomplishments.

We will continue to work constructively with DOL leadership and Congress on our shared goals to identify improvements to DOL programs and operations and to protect the interests and benefits of the nation's workers, retirees, and taxpayers during this unprecedented time.



Larry D. Turner,
Acting Inspector General

Worker and Retiree Benefit Programs

During this reporting period, we completed several audits and investigations involving worker and retiree programs. Highlights of our work in this area include the following:

Unemployment Insurance Programs

- An audit found DOL and states struggled to implement the three key Coronavirus Aid Relief and Economic Security Act unemployment insurance (UI) programs.
- An alert memorandum found DOL's interpretation of federal regulations and ETA's subsequent guidance resulted in two primary disclosure limitations that contradict the IG Act.
- Another alert memorandum found that ETA does not require the National Association of State Workforce Agencies to share suspected UI fraud data with either ETA or the OIG.
- An audit found ETA and state strategies did not consistently reduce UI overpayments related to work search and ETA excluded certain types of overpayments from improper payment estimates.
- A Virginia man was sentenced to 120 months in prison for a \$1.2 million small business loan scam and UI fraud scheme.
- A California man was sentenced to more than 6 years in prison for his involvement in a UI fraud scheme.
- A California woman was sentenced to more than 3 years in prison for stealing COVID-19 relief funds.
- An Arizona man was sentenced to 30 months in prison for stealing pandemic unemployment funds.
- An Alabama man and others were sentenced to 30 months in prison in a scheme to defraud COVID-19 benefit programs.
- Two Georgia men were sentenced to 70 months in federal prison for unemployment and tax fraud schemes.
- A former contract employee with California's Employment Development Department (EDD) pleaded guilty to stealing hundreds of thousands of dollars in pandemic unemployment assistance benefits.
- A former contract employee for the State of Michigan Unemployment Insurance Agency pleaded guilty to a UI wire fraud scheme that defrauded the federal and state governments of \$3.8 million.
- A California woman pleaded guilty for her role in defrauding the California EDD of approximately \$477,000 in UI benefits.

Office of Workers' Compensation Programs

- One audit found that the Federal Employee Compensation Act program's timeliness of adjudicating claims declined by 15 percent during the audit period primarily due to COVID-19 claims.
- Our audit of the Office of Workers' Compensation Programs (OWCP) Division of Energy Employees Occupational Illness Compensation (DEEOIC) found that the controls DEEOIC had in place could be improved and brought into compliance with OMB requirements.
- Two Texas men were each sentenced to 87 months in prison for defrauding OWCP in a fraudulent billing scheme.
- Another Texas man pleaded guilty to paying and receiving kickbacks for his role in a scheme to defraud OWCP.

Worker Safety, Health, and Workplace Rights

Occupational Safety and Health Administration

The mission of the Occupational Safety and Health Administration (OSHA) is to ensure that employers provide every working man and woman in America safe and healthy working conditions. Our work in this area during this reporting period includes the following:

- An audit found that OSHA's diminished enforcement after its respirable crystalline silica rule became enforceable left more workers at risk for exposure to silica.
- A New Jersey company was sentenced to 24 months of probation and to a fine of \$325,000 for committing an OSHA violation that resulted in a worker's death.
- Owners of a Nebraska railcar cleaning service pleaded guilty to violating environmental and worker safety laws related to workers' deaths.

Wage and Hour Programs

The Wage and Hour Division (WHD) is responsible for enforcing labor laws related to minimum wage and overtime pay, prevailing wages, child labor, family and medical leave, and migrant workers, among others. Our work in this area includes the following:

- Our audit determined that, while WHD did implement enforcement controls, the COVID-19 pandemic showed these controls could be strengthened.

Bureau of International Labor Affairs

The Bureau of International Labor Affairs (ILAB) safeguards dignity at work—both at home and abroad—by strengthening global labor standards, enforcing labor commitments among trading partners, promoting racial and gender equity, and combating international child labor, forced labor, and human trafficking.

- A performance audit found that ILAB properly performed oversight in compliance with the U.S. Agency for International Development Memorandum of Agreement and ensured Catholic Relief Services was in compliance with the cooperative agreement requirements.

Employment and Training Programs

ETA provides employment assistance, labor market information, and job training through the administration of programs authorized by the Workforce Innovation and Opportunity Act for adults, youth, dislocated workers, and other targeted populations. ETA also administers several foreign labor certification programs that allow U.S. employers to employ foreign workers to address American worker shortages. Our work during this semiannual period included the following:

Employment and Training Administration

- In a review of appropriated funds to administer the Industry Recognized Apprenticeship Program (IRAP), no information came to our attention that indicated ETA had improperly used Program Administration funding for IRAP activities.
- An audit found that ETA did not sufficiently plan and execute the American Apprenticeship Initiative grant program.

Labor Racketeering

The OIG conducts investigations into labor racketeering activities involving labor unions, employee benefit plans, and labor-management relations. Our investigative accomplishments for this reporting period include the following:

- A New York labor union president was sentenced to 60 months in prison for selling union memberships.
- A New York man was sentenced to 30 months in prison for stealing more than \$4 million in pension funds and approximately \$305 thousand in health care funds.
- A New York man was sentenced to 18 months in prison for his role in a large-scale wire fraud conspiracy.
- Fiat Chrysler Automobiles US LLC was sentenced to payment of a \$30 million fine, a 3-year term of probation and 3 years of oversight by an independent corporate compliance monitor to ensure compliance with federal labor and tax laws.
- A California woman was sentenced to 18 months in prison and ordered to pay almost \$8 million in restitution for her role in defrauding a union health plan.

Departmental Management

The OIG conducts audits related to the Department's management of its procurement activities, information technology systems, and financial systems. Examples include the following:

- A performance audit related to DOL's compliance with the Payment Integrity Information Act of 2019 (PIIA) for fiscal year 2020 found DOL met all six requirements for compliance with PIIA; however, reported UI information did not represent total program year expenses.
- Our audit determined that DOL's IT governance structure does not appropriately align with the Chief Information Officer's authority and responsibility to support DOL's overall mission, and that the current state of DOL IT is directly impacted by personnel changes.
- The service auditor's report on the integrated Federal Employees' Compensation System transaction processing for the application and general controls as described in the report were fairly presented, suitably designed, and operated effectively.

OIG Hotline

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

Phone: 202.693.6999 or 800.347.3756

Fax: 202.693.7020

Website: www.oig.dol.gov