



# Semiannual Report to the Congress

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U.S. Department of Labor  
October 1, 1994 - March 31, 1995

OFFICE OF INSPECTOR GENERAL

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O F F I C E   O F   I N S P E C T O R   G E N E R A L



**Semiannual Report to the Congress  
October 1, 1994 - March 31, 1995**

U N I T E D   S T A T E S   D E P A R T M E N T   O F   L A B O R

## THE INSPECTOR GENERAL'S MESSAGE

This reporting period represents a time of important change for the Federal Government. We are all aware of the increased sense of urgency in the Congress and the Administration to ensure that the Government serves the public in a more efficient and cost-effective way. Consistent with the intent of the Inspector General Act, my office continues to work extensively with the Department of Labor, the Congress, and other Federal Agencies to this end.

During this reporting period, through audits, investigations, and congressional testimony, my office focused on two areas of major concern to the public: employment and training and health care. As a result, I have structured this report to focus predominately on our main concerns and accomplishments in these areas. Some of the major issues in the employment and training area include the need to:

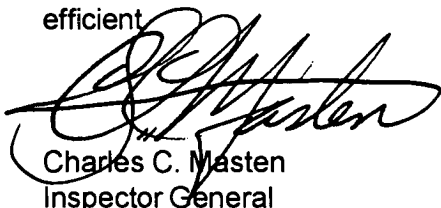
- Ensure a valid measurement of return on investment and an adequate level of accountability in the Job Training Partnership Act Program so that Federal training funds are safeguarded and effectively utilized (p. 2);
- Enhance overall performance of the Job Corps Program before expansion of the program is considered (p. 3); and
- Ensure that the Targeted Jobs Tax Credit Program, which the OIG found to be largely ineffective, is not reauthorized (p. 14).

I also have continuing concerns in the health care area including:

- The continuing losses to the Government from fraud by claimants and providers in the Federal Employees' Compensation Act Program (p. 15); and
- The vulnerability of Multiple Employer Welfare Arrangements to fraud and abuse, particularly through the emergence of bogus labor unions (p. 18).

In addition, my office continues to identify and implement streamlining initiatives to carry out our functions in the most efficient and cost-effective manner. These include: consolidating administrative functions, reducing manager-employee ratios, and cross-training employees so that, through attrition, we can further streamline our workforce.

I would like to thank my colleagues in the OIG for their efforts to make Government work better. As in the past, my staff and I remain committed to working with Secretary Reich and the DOL management team to reduce fraud, waste, and abuse of Federal funds and to ensure that DOL programs are effective and cost-efficient.



Charles C. Masten  
Inspector General

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## SELECTED STATISTICS

October 1, 1994 - March 31, 1995

### Office of Audit

Reports issued on DOL activities .....	184
Total questioned costs .....	\$ 4.5 million
Dollars resolved .....	\$ 11.1 million
Allowed .....	\$ 6.5 million
Disallowed .....	\$ 4.6 million

### Office of Investigations

#### Division of Program Fraud:

Cases opened .....	163
Cases closed .....	157
Cases referred for prosecution .....	96
Cases referred for administrative/civil action .....	80
Indictments .....	68
Convictions .....	80
Recoveries, cost efficiencies, restitutions, fines/penalties, and civil monetary actions .....	\$ 2.9 million

#### Division of Labor Racketeering:

Cases opened .....	71
Cases closed .....	64
Indictments .....	101
Convictions .....	72
Debarments .....	26
Fines .....	\$ 2.0 million
Restitutions .....	\$ 1.2 million
Forfeitures .....	\$ .1 million

**NOTE:** The Office of Investigations and the Office of Labor Racketeering conduct criminal investigations of individuals which can lead to prosecutions ("indictments") by criminal complaints, warrants, informations, indictments, or pre-trial diversion agreements. Successful prosecutions may carry sentences such as fines, restitutions, forfeitures, or other monetary penalties. The Office of Investigations' monetary results also include administrative and civil actions which are further detailed and defined in an Appendix on page 46 of this report.

## EMPLOYMENT AND TRAINING

During this reporting period, my office devoted significant audit and investigative resources to several aspects of employment and training programs administered by the Department of Labor. The OIG also provided congressional testimony on our main concerns with some of the programs and on areas that need congressional or departmental action, particularly as Congress considers restructuring the Nation's job training system.

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### THE JOB TRAINING PARTNERSHIP ACT

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The Job Training Partnership Act (JTPA) is the largest training program administered by the Department of Labor (DOL). The purpose of JTPA is to prepare youths and adults facing serious barriers to employment for participation in the labor force, by providing them with training and other services that will result in increased employment and earnings. In Fiscal Year 1995, Congress appropriated over \$5 billion for JTPA.

### PERFORMANCE MEASURES AND ACCOUNTABILITY

In congressional testimony, the OIG raised its concerns that the Department still has not instituted outcomes-based performance measures to show the return on investment for the JTPA program. A recent OIG audit determined that ETA performance measures are a mix of workload information and short-term performance measures, and do not adequately reflect program mission or effectively measure performance. (Report No. 03-95-005-03-340; issued Dec. 21, 1994)

Although the current performance measures have come a long way since the early days of JTPA, they still do not get to the fundamental issues of long-term economic self-sufficiency, increased employment and earnings, reductions in welfare dependency, and increased educational attainment and occupational skills, as required by JTPA. The OIG believes that, without such measures, the effectiveness of JTPA cannot be properly evaluated.

The OIG is also of the opinion that Congress needs to ensure the standards of accountability established by the JTPA 1992 amendments are preserved, if a block grant approach to job training is considered. JTPA was amended to improve procurement as well as program and cost accountability. The amendments were partially in response to problems and abuses identified by OIG audits.



The OIG believes services will not be maximized, nor costs minimized, without a valid measurement of return on investment and a level of accountability adequate to ensure that the investment of public monies is safeguarded and justified.

## **THE JOB CORPS PROGRAM**

One major area of audit focus has been the Job Corps Program. The Job Corps Program is authorized under Title IV of the JTPA and funded at almost \$1 billion per year. The Job Corps is a residential education and training program to assist disadvantaged youth to become more employable and productive citizens. During this reporting period my office issued several reports on different aspects of this program. We also worked extensively with the Department and the Congress on several initiatives to ensure improvements in program performance.

### **Initiatives by Job Corps and the OIG**

For example, in January, the Director of Job Corps and the Assistant Inspector General for Audit, together with their senior managers, met to discuss the need for changes to the management and oversight of the Job Corps Program. Also discussed was future OIG audit work which will assist in implementing these changes. Among the topics considered were: performance measurements, poor performing centers, contracting procedures, screening and recruitment of students, and cost analysis of center operations.

#### ***Refining Job Corps' Performance Measurement System***

One important area discussed is the need to improve Job Corps' performance measurement system. The Job Corps plans to enhance the effectiveness of its performance measurement system by: (1) developing and using student and employer satisfaction surveys in PY 95; (2) implementing follow-up with students 13 weeks after placement in PY 95, and establishing a performance standard for PY 96; (3) issuing an additional placement standard for PY 95, and revising policies to require placement assistance and support for a 6-month period after termination, rather than just up to the initial placement; and (4) seeking legislative authority to access Social Security and Unemployment Insurance data on a regular basis to assist in follow-up activities, such as assessing program outcomes.

The OIG is of the opinion that performance standards are an important management tool. In the course of Job Corps audit work, if problems or difficulties with the standards come to OIG's attention,

they are reported to the Job Corps. Such situations occurred in the recent OIG audits of the Transportation Communications International Union's Job Corps training programs and the Gainesville, Florida, Job Corps Center.

### ***Improving Poor Performing Centers***

During the next several months, the OIG will make an in-depth analysis of centers' operations to determine those common factors which contribute to poor performance. The OIG will audit and compare those centers with both historically positive and historically poor performance records. The Job Corps will participate in this effort by contributing one person to each of three audit teams.

In addition to this joint effort, the Job Corps and the OIG agreed that Job Corps should: (1) develop a technical assistance guide for using data analysis to improve center operations and performance outcomes; (2) provide special training to key management staff from poor performing centers on using data analysis to improve operations and performance outcomes; (3) provide intensive on-site technical assistance by a team of Job Corps experts to 3-4 of the poor performing centers (the operating contractor or agency must agree to the assistance plan); and (4) propose a legislative amendment requiring JTPA Title II job search assistance for Job Corps terminees.

### ***Improving Contracting Procedures***

To strengthen Job Corps' contracting procedures, we agreed that Job Corps should: (1) increase the role of past performance in making contracting decisions; (2) seek authority from appropriate ETA and departmental officials to immediately terminate poor performing contractors; (3) seek legislative authority to contract out the operation of Civilian Conservation Centers where the agency has not been able to perform adequately; and (4) for the purpose of upgrading the effectiveness of screening activities, revise the method of contracting for outreach and screening services.

### ***Improving Screening and Recruitment of Participants***

There was consensus that: (1) assessing the level of commitment on the part of youth during brief application interviews is difficult; (2) the current screening policy is oriented more toward inclusion rather than

close screening; (3) the current quality of screening is uneven; (4) the professional capability of some screeners needs to be increased; and (5) performance standards addressing quality of screening need to be implemented.

Job Corps and the OIG agreed that Job Corps should: (1) allocate additional resources to increase the applicant pool available for more selective screening; (2) require more stringent application of certain eligibility criteria; (3) require that applicants demonstrate motivation to profit from the Job Corps experience; (4) develop and pilot test procedures requiring applicants to obtain any criminal records from the appropriate jurisdiction; (5) pilot test pre-enrollment drug screening; (6) complete performance standards for outreach and screening currently under development (to include standards measuring the success of students sent to the centers); (7) increase emphasis on job placement; and (8) because of barriers to placing them in meaningful and permanent employment, stop accepting 16-year olds into the program and decrease the enrollment of 17-year olds.

### **Using Cost Analyses to Evaluate Center Operations**

The JTPA recognizes that job training is an "investment in human capital" and mandates that "criteria for measuring the return on investment be developed." Since 1987, the OIG has prepared statements of "cost-based program results" (audit reports) for Job Corps' program operations which match financial costs (input) with program results statistics (output). The reports represent OIG's effort to provide clear and reliable information for program decision-makers.

The initial positive results of participation in the Job Corps Program include: placement in employment, enrollment in other schools, learning gains, GED attainment, or enlistment in the military. The OIG reports addressed the initial results of the investment and the cost to taxpayers. The reports, however, did not assess the potential long-term benefits of participation in the program, such as reduction in public assistance or unemployment. Through a ranking procedure based on the application of their respective performance standards, the statements of "cost-based program results" also were designed to highlight a center's performance.

The OIG is currently in the process of completing a similar audit for Program Year 1992. With certain enhancements, the Job Corps has recently adopted OIG's format for summarizing program statistics.

The next OIG cost analysis reports will also include the unaudited program statistics for the period July 1992 through January 1995. Because Job Corps has made important policy and procedural changes in its statistics gathering efforts, the inclusion of the unaudited program results statistics may be of benefit to program decision-makers and to interested third parties.

### **OIG Testimony Regarding the Job Corps Program**

In addition to our audit work and technical assistance, the Inspector General provided testimony before three congressional committees, including the Senate Labor and Human Resources Committee. The OIG testimony focused on several issues, identified in OIG audit reports, that have hindered Job Corps operations for years. The Inspector General testified that the following issues (most of which were identified by our cost analysis report for Program Year 1990) should be addressed before the Administration seeks to expand the program with additional centers:

- (1) Many consistently poor performing centers showed little or no improvement;
- (2) There were no measurable learning gains for about one-fifth of the students who left the program;
- (3) The placement status was unknown for about one-fourth of the students who left the program;
- (4) Only 13 percent of the students who left the program obtained employment in the skill for which they were trained; and
- (5) About \$400 million is needed for capital improvements at the 110 centers currently in operation.

This congressional scrutiny resulted in Job Corps' adoption of a new "Code of Conduct", a policy to address violence and drug use at the centers, which became effective February 27, 1995.

### **JTPA TITLE III: RETRAINING OF DISLOCATED WORKERS**

Another major area of focus has been the JTPA Title III retraining program for dislocated workers. The purpose of this program is to return dislocated workers to productive employment. For Program Years 1991 through 1993, program expenditures totalled over \$2 billion, of which over half was spent on retraining.

JTPA Title III was amended by The Economic Dislocation and Worker Adjustment Assistance Act (EDWAA) in 1988, which was enacted in efforts to improve the quality and efficiency of employment and training services to dislocated workers. A "dislocated worker" is a worker who lost his/her employment because of changes or shifts in the economy, especially an individual who is not likely to return to employment in his/her previous occupation or industry. A key provision of the revised legislation encouraged the implementing states to take a long-term view of worker retraining, and required the expenditure of at least 50 percent of Title III grant funds on retraining activities.

### **Audit of Title III Retraining Services**

The OIG performed a nationwide audit of Title III retraining services provided to dislocated workers who terminated from the program during the year ended June 30, 1992. The primary audit objectives were to determine if the program was successful in assisting dislocated workers to return to the workforce, and to inform the Congress and the ETA about program performance in the absence of comprehensive outcome data.

This audit analyzes outcomes for individuals who received retraining. This is the first of two audits to examine the overall impact of Title III retraining efforts. The second audit will compare the outcomes of dislocated individuals who received retraining to the outcomes of similar dislocated individuals who did not participate in the program. The OIG is of the opinion that a more complete assessment of the program's success can be obtained by comparing the employment results of these two groups.

### ***Participants Obtained and Retained Employment; Earned Comparable Wages***

The purpose of Title III is to return dislocated workers to productive employment. In this context, the program was successful. Program participants were reemployed, remained in the workforce, and regained their prior earning power.

However, there is a need to improve the percentage of former participants who are working in training-related jobs (currently less than 50 percent). The OIG also found that there is a need to develop and maintain outcome information so that managers can achieve continuous improvement by identifying what training activities are most successful, and policy makers can determine whether or not results warrant the statutory emphasis and minimum expenditure level (50 percent of sub-state grantee funds) on retraining activities.

The OIG found that after leaving the program:

- 8 out of 10 participants were reemployed at various points in time. The participant reemployment rate was 79 percent at termination and 84 percent at time of the OIG contact, which averaged 32 months from termination.
- Fifty-four percent of the participants worked all the time and 77 percent worked at least 75 percent of the time.
- When contacted by the OIG, 56 percent of the participants who found jobs were earning equal or greater wages than the layoff wage and the average wage was 100 percent of the layoff wage.

These results surpassed the outcomes presented in the Bureau of Labor Statistics (BLS) study of worker displacement for the period January 1991 to December 1993.

On average, participants who obtained training-related jobs recovered over 100 percent of their former wages while the participants who found jobs unrelated to retraining did not. However, at any point in time during the follow-up period, less than half of the participants were working in training-related jobs. The remainder were either in jobs that did not relate to retraining or were unemployed. Participants believed that they could have obtained 60 percent of their jobs without the benefit of retraining.

### *High Participant Satisfaction with the Retraining*

The OIG found participant satisfaction with the overall Title III retraining program was high, except that it was the participant's opinion that the retraining was only helpful in getting 47 percent of the jobs. Of those who obtained employment, 69 percent were satisfied with their current job, and 58 percent were better off with their current jobs than their layoff jobs. Sixty-five percent of the participants rated the overall Title III program as either extremely or quite helpful.

### *Conclusions*

In addition to the primary benefit of retraining, EDWAA program participation provides incidental benefits which enhance the employability of an individual, such as self-esteem and group support. There is a need, however, to strengthen the relationship between occupational skills obtained through retraining with employment utilizing these skills. The collection and analysis of outcome information will provide managers with the opportunity to accomplish this.

Since audit results determined participants who obtained training-related jobs were "better off" than those who did not, it is desirable for individuals leaving the program to obtain employment in the same areas as the retraining. To assist in this, program managers should be able to determine labor market conditions and whether the participants are being adequately prepared for available jobs.

With outcome information, policy makers can determine if program performance warrants adjusting the statutory emphasis and minimum (50 percent) expenditure level of retraining.

### ***Recommendations***

The OIG recommended that the Assistant Secretary for ETA ensure that:

- (1) In conjunction with state and local officials, specific EDWAA retraining goals and objectives are identified and established.
- (2) States establish systems which collect and report outcome information at termination, and at least 1 year after termination.
- (3) States identify which retraining opportunities are best suited for different categories of displaced workers.
- (4) In conjunction with state and local officials, an effort is made to review applicable systems to increase the number of jobs that utilize the skills obtained through retraining.

### ***ETA Response***

ETA generally concurred with the OIG recommendations, and stated that the report was helpful in their ongoing efforts to increase customer satisfaction and improve program outcomes. (Report No. 02-95-232-03-340; issued March 31, 1995)

### **AUDIT & INVESTIGATIVE ACTIVITIES IN JTPA**

Consistent with our oversight responsibilities under the Inspector General Act, the OIG issued several audits and conducted several investigations into various other aspects of the JTPA Program, as follows.

#### **Significant Title II and Title IV Audit Work**

JTPA Title II authorizes employment and training services for eligible youth and adults and is funded through grants administered by the states. In addition to Job Corps, JTPA Title IV also authorizes

**Audit Recommends  
More Efficient Followup  
of JTPA Participants**

employment and training programs designed to meet the special needs of seasonal farmworkers.

The OIG examined the Georgia Department of Labor's (GDOL) telephone survey method for determining the employment status of former JTPA participants.

The OIG determined that data obtained through the surveys was reliable, but relatively costly to collect. The OIG concluded that the needed information could be obtained at a substantially reduced cost through inquiries of existing Unemployment Insurance (UI) wage history files, and estimated these savings at \$475,000 over a 2-year period.

In order to use UI wage information for this purpose, however, certain barriers will have to be eliminated. For example, ETA's JTPA performance measurement criteria will have to be modified to accommodate information that is readily available in the wage histories. Slight modifications will also be required of information collected by the states. The OIG is of the opinion these barriers can be successfully addressed. A beneficial by-product of using UI wage history data is the potential identification of employers who are not reporting participant wages and not paying State unemployment insurance taxes.

The OIG recommended that ETA (1) make necessary changes in the JTPA participant information which it requires be collected, (2) allow states to use UI wage history information to conduct JTPA follow-up, (3) encourage the states to record a common Employer Identification Number in JTPA and UI wage history files, and (4) provide for more extensive use of statistical sampling to gather required information. (Report No. 04-95-013-03-340; issued Feb. 28, 1995)

**Audit Questions  
JTPA Expenditures  
by School Board**

In response to allegations of improper charges to JTPA grants administered by the Central Savannah River Area Employment and Training Consortium (Consortium), the OIG audited Consortium activities for the period July 1991 through June 1994.

The Consortium contracted with the Richmond County School Board to provide remedial educational services to JTPA-eligible youths who were at risk of prematurely dropping out of school. The program served both JTPA-eligible and other school youth. JTPA regulations require that costs may be charged to the program only to the extent



that JTPA-eligible youth receive benefits from the program. The audit determined the JTPA was charged a disproportionate share of program expenditures.

The OIG questioned \$195,475 in JTPA reimbursements because these funds were used as a replacement for school board obligations, which is in violation of JTPA regulations. We also questioned \$20,973 because these charges were in excess of the JTPA fair-share of program costs. The OIG recommended ETA recover all questioned costs from the Consortium. (Report No. 04-95-003-03-340; issued Dec. 22, 1994)

### **Audit of California Corporation Questions over \$1 Million in Costs**

The California Human Development Corporation (CHDC) is a nonprofit corporation that receives JTPA funds directly from the Department to operate employment and training programs for migrant and seasonal farmworkers in California, Oregon and Washington State. At ETA's request, the OIG completed an audit of the direct costs reported by CHDC's California component for operations during the 3-year period ended June 1994. The audit resulted in questioned costs of \$1,064,390, which represents 15 percent of all program expenditures for the audit period.

The primary reasons for the questioned costs were: (1) administrative expenditures charged to the "training" cost category (which allowed CHDC to avoid reporting to DOL violation of a grant-imposed 20 percent limitation on administrative expenditures); and (2) charges to DOL for costs actually incurred under CHDC contracts with State of California and Napa Valley governmental organizations. (Report No. 18-95-008-03-365; issued Mar. 1, 1995)

#### ***ETA Disallows \$1.1 million of CHDC Expenditures***

ETA has disallowed over \$1.1 million (95 percent) of the expenditures previously questioned by the OIG in its audit on the operations of the State of Washington component of CHDC. (Report No. 18-94-018-03-365; issued Aug. 18, 1994)

### **Seasonal Farmworker Program Expenditures of \$230,000 Questioned**

The Mississippi Delta Council for Farm Workers Opportunities, Inc. (MDC) is a non-profit organization which, since 1972, has conducted employment and training programs exclusively for Mississippi's seasonal farmworkers. At ETA's request, the OIG audited MDC's JTPA grants for the 2-year period ended June 30, 1992.

**OIG Questions \$259,000  
in Costs Proposed  
by NGA**

The audit resulted in \$229,969 in questioned costs. The questioned costs resulted predominately from funds (representing the costs of unused sick leave) that were inappropriately deposited into a severance pay fund and paid to separating employees. (Report No. 18-95-013-03-365; issued March 31, 1995)

The OIG audited the indirect costs and rates proposed by the National Governors' Association (NGA) for the 2-year period ended June 30, 1993. The OIG questioned \$259,000 of the charges to the proposed cost pool of \$6.5 million, and recommended reduction of the Fiscal Years 1992 and 1993 final indirect cost rates. The OIG also performed a limited review of NGA's direct charges to DOL and other Federal grants. (Report No. 18-95-011-07-735; issued March 31, 1995)

***DOL Grant Officer Disallows Costs Previously Questioned by OIG***

A DOL Grant Officer has issued Final Determinations on three OIG audits of NGA grants for the 6-years ended September 30, 1991. The Final Determinations generally affirm the OIG audit positions and disallow over \$900,000 of the \$16 million NGA charged to its indirect cost pools over this period. These disallowed costs include \$515,000 in funding from several Federal Agencies, including DOL. (Reports No. 18-92-023-07-735, 18-93-016-07-735, 18-93-017-07-735)

**Significant JTPA Investigative Activity**

In addition to our audit work, over the years my office has devoted significant investigative resources to detect and deter JTPA program fraud. In the last 5 years, we have opened 516 JTPA cases, of which 374 have been concluded. As reported in previous semiannual reports, however, the lack of uniform program administration and the disparity in local implementation of regulations and reporting procedures have made criminal prosecution of such cases extremely difficult. Consequently, the OIG has an ongoing project to review our JTPA investigations to date, in order to evaluate our cumulative results. These results will serve as the basis for our future investigative strategy in this area.

The following cases are examples of the serious problems and criminal schemes that our investigations continue to disclose.

**Guilty Pleas for JTPA  
Funds Embezzlement**

Following a \$296,000 JTPA fraud investigation, the operators of Quality Plus, Inc. (QPI) pled guilty to Federal charges. Kathleen Bacon Miller pled guilty to theft and embezzlement charges. Barak

Miller pled guilty to embezzlement charges. As detailed in our last Semiannual Report, our investigation determined that the operators and instructors of QPI, an Atlanta secretarial school funded with JTPA monies, were fabricating test scores for JTPA participants and fraudulently collecting JTPA funds. The investigation also identified areas of program mismanagement. An audit of the contract resulted in almost \$300,000 being questioned.

The Millers' guilty pleas will have significant deterrent impact in the Atlanta metropolitan area since QPI was considered a "preferred" area contractor which dealt with three service delivery agencies. The findings in this investigation should enhance state and local monitoring efforts in benchmark based contracts. With their pleas, the Millers each face a possible sentence of 20 years imprisonment, 5 years probation, and fines totalling \$500,000. *U.S. v. Miller, et al.* (N.D. Georgia)

### **Comptroller Indicted in JTPA Embezzlement Scheme**

Susan May, the comptroller for the Metropolitan Detroit Youth Foundation (MDYF), was charged with embezzlement from a federally funded organization. The MDYF is a community-based organization that receives funding from private and public sources, including JTPA funds, to provide job services, counseling, and education opportunities to local youth. May worked as the MDYF's comptroller and was responsible for all accounting activities within the organization. The investigation disclosed that May used her personal credit card to charge over \$98,000 in personal expenses at area businesses. May then wrote and remitted MDYF checks to cover the costs of those charges. *U.S. v. May* (E.D. Michigan)

### **Computer School Owner Pleads Guilty in JTPA Fraud Case**

The OIG conducted an investigation of the Queens Computer Center (QCC) in New York, involving JTPA contracts totalling \$267,500. The investigation found that QCC's owner, Greg M. Ilag, fraudulently claimed to have trained and placed participants in training-related employment to obtain JTPA funds. Ilag pled guilty to a criminal information charging him with mail fraud, in connection with fraudulently obtaining some \$85,000 in Federal funds. He is awaiting sentencing. *U.S. v. Ilag* (E.D. New York)

### **SDA Fiscal Officer Indicted for Theft of JTPA Funds**

OIG investigative findings resulted in Donald Seaton, a Fiscal Officer for Tennessee Service Delivery Agency 12 (SDA-12), being indicted on 18 counts of theft from employment and training funds. SDA-12 handles approximately \$3.4 million per year in JTPA funds. An OIG investigation disclosed that Seaton allegedly diverted over \$11,000

in JTPA funds for his own use between April and November 1994, by causing computer generated checks to be made payable to himself for travel which did not take place. If convicted on all counts, Seaton faces a potential prison sentence of 36 years and fines exceeding \$4.5 million. *U.S. v. Seaton* (W.D. Tennessee)

## **MONITORING OF JTPA PROGRAM**

As a result of our audit and investigative findings, the OIG is of the opinion that it is vitally important for all Federal, state, and local agencies involved in the administration of the JTPA program, to exert leadership in a concerted effort to ensure that JTPA resources are not mismanaged, squandered, or defrauded.

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## **THE TARGETED JOBS TAX CREDIT PROGRAM**

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In congressional testimony, the OIG also raised its concerns with the Targeted Jobs Tax Credit (TJTC) Program. The TJTC program was created to encourage employers to hire members of hard-to-employ target groups, in exchange for Federal tax credits. The Joint Committee on Taxation estimated that TJTC resulted in expenditures and lost Federal tax revenues of nearly \$300 million in 1994 alone. In a September 1994 audit, the OIG recommended that the program be eliminated. Our recommendation stemmed from findings in a nationwide audit that 92 percent of the individuals in our sample would have been hired even without the tax credit -- which we believe subverts the intent of the program. We also found that hiring decisions were typically made before an individual's TJTC eligibility was determined.

While the program expired last December, we remain concerned because, historically, the program has been allowed to expire, but then reauthorized retroactively. We believe that the high cost and ineffectiveness of this program place it squarely on the list of programs that should be eliminated.

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## **CONCLUSION**

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The OIG will continue to work closely with the Department and the Congress to reduce fraud, waste, and abuse of Federal job training funds, and to ensure that the employment and training programs administered by the Department are effective and cost-efficient.

## HEALTH CARE

The Department of Labor administers, operates, or oversees many worker-related health care programs. These include the administration of the Federal Employees' Compensation Act (FECA) program, which provides medical benefits and disability compensation to Federal employees who are injured; the Black Lung Benefits program, which provides medical costs and monthly compensation to former coal miners disabled from pneumoconiosis (black lung); and the Longshore and Harbor Workers' Act program, which provides benefits to certain injured and disabled maritime employees. The Department also has oversight responsibility for all employee health benefit plans that are covered under the Employee Retirement Income Security Act (ERISA).

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### HEALTH CARE FRAUD

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Fraud in the health care arena, including the Medicare and Medicaid programs, continues to be a major problem in the United States and it is growing. It is estimated that between \$40 billion and \$100 billion is lost each year from the health care system due to fraudulent activity. Since its inception in 1978, the OIG has been heavily involved in combatting fraud in this area.

During this reporting period, the Inspector General testified before both the Senate and the House of Representatives to discuss the efforts of the OIG in this area. The following section will discuss the problem of fraud in the two largest DOL health care-related programs: the FECA program and employer-sponsored health and welfare benefit plans covered under ERISA.

### FEDERAL EMPLOYEES' COMPENSATION ACT

The Federal Employees' Compensation Act (FECA) program is the basic workers' compensation program that pays benefits to Federal employees and certain other covered workers who incur a disability or disease through on-the-job injuries or exposure. During FY 1994, Federal agencies spent over \$1.2 billion on compensation and \$485 million on medical benefits.

The OIG's investigative focus in the FECA program can be divided into two areas of concentration: claimant fraud and medical provider fraud. In the area of claimant fraud, the most prevalent method of defrauding the FECA program involves claimants failing to report

earned income. Since the FECA program relies on claimant self-certification of income, the potential for fraud is great.

Recently, the OIG has increased its focus on the medical service providers as well as the beneficiaries. OIG investigations have uncovered many schemes where doctors, clinics, pharmacists, physical therapists, medical technicians, and providers of medical equipment have billed the government for services that were not rendered; filed multiple bills for the same procedure; billed for non-existent illnesses or injuries; or overcharged the government for services. It is often difficult for the government to dispute claims for reimbursement that are supported by a physician's medical opinion. Due to the size of this program and its vulnerability to fraud by claimants and medical providers, the losses to the government can be significant.

Some examples of our more significant FECA related investigations during this reporting period are described below.

#### **Doctor Indicted for Billing for Services Not Provided**

An OIG investigation led to the indictment of Dr. Keith Gene Winterowd, a licensed osteopathic physician, who primarily treated patients receiving federal or state workers' compensation benefits. An undercover investigation, which included an OIG Special Agent posing as a Postal Service employee, disclosed that Dr. Winterowd had created and submitted fraudulent bills for payment of services and treatments not rendered to his patients. He charged the Department and private insurance companies for such alleged services as traction and whirlpool therapy when these treatments had not been provided. In fact, the investigation revealed that Dr. Winterowd did not have any therapy equipment. He had received over \$387,000 for his alleged medical services to federal and state claimants over a 4-year period. This investigation was conducted jointly with the U.S. Postal Inspection Service and the Texas Workers' Compensation Commission. *U.S. v. Winterowd* (N.D. Texas)

#### **Former Commerce Auditor Sentenced for FECA Fraud**

Charles Martin Edgar, a former auditor with the U.S. Department of Commerce, Office of Inspector General, was sentenced to 1 year and 1 day of imprisonment and fined \$5,000 for defrauding the FECA program. He was found guilty of three counts of making false statements and one count of mail fraud. A joint OIG and Department of Commerce OIG investigation disclosed that Edgar failed to inform the Department of his self-employment as a Certified Public Accountant, a practicing attorney, and the owner/operator of a bar

and restaurant while he fraudulently obtained over \$280,000 in FECA benefits. Edgar also obtained over \$85,000 in benefits from two automobile insurance companies by claiming to have suffered a disability in a 1987 automobile accident. The reported injuries were nearly identical to his claimed FECA injury. *U.S. v. Edgar* (D. Massachusetts)

**Former ATF Agent  
Pleads Guilty to  
Making False Statements**

Mario F. Carsello, Sr., a former Bureau of Alcohol, Tobacco, and Firearms Special Agent, pled guilty to two counts of making false statements to obtain federal workers' compensation benefits in excess of \$200,000. Carsello had suffered an on-the-job injury in a car accident in April 1986 and was awarded full disability benefits. However, during the period that Carsello was collecting FECA benefits, he operated Eastern States Home, Inc., a real estate/property management enterprise, in a tri-state area. Carsello attempted to conceal his involvement in the business by forging the signatures of his three sons to numerous contracts, resolutions, zoning records, and corporate checks. The Department has taken action to have Carsello's FECA benefits terminated. This case was worked jointly with the Bureau of Alcohol, Tobacco, and Firearms, Office of Internal Security. *U.S. v. Carsello* (E. D. Pennsylvania)

**HEALTH AND WELFARE  
BENEFIT PLANS**

The OIG's Division of Labor Racketeering (LR) has a long-standing tradition of success in health care fraud investigations. Since its inception, LR has investigated the abuse of union-related and private employer medical benefit plans falling under the protection of ERISA. LR's investigations into the influence of organized crime elements over labor unions have uncovered many instances of abuses of union benefit plans. In addition, the complexity of ERISA and the size of many benefit plan asset portfolios make this area very attractive to the unscrupulous. The following LR investigation illustrates the size of benefit plan assets vulnerable to fraud.

**Former Ironworkers  
Health Fund Employee  
Pleads Guilty in  
\$1 Million Embezzlement**

Susan Kupfer-Lovin, a former employee of the Ironworkers Local 16 Health Fund in Baltimore, Maryland, was sentenced to 27 months incarceration and ordered to pay restitution of \$44,917. Kupfer-Lovin and Sandra Edwards, another former employee of the Ironworkers Local 16 Health Fund, had pled guilty to charges that they embezzled approximately \$1.3 million from the Health Fund by diverting claims checks to themselves. The investigation revealed that they had manipulated the Plan's computer programs so that checks were made payable to themselves but charged to other Plan

participants' accounts. They also manipulated the Plan's internal accounting system so that they were not identified as having received the funds. They were able to escape the scrutiny of periodic audits where random claims files were reviewed. Additionally, they routinely destroyed hard copies of cancelled checks made payable to themselves when the checks were returned by the bank. This investigation ended a 7-year fraud scheme that threatened the solvency of Local 16's health plan. Due in part to the precarious financial position in which the health fund was placed, the Union was forced to make special contract concessions to keep the Plan solvent. Local 16's health plan no longer faces insolvency and the Union can focus on other issues. Edwards is awaiting sentencing. *U.S. v. Kupfer-Lovin and Edwards* (D. Maryland)

## **MULTIPLE EMPLOYER WELFARE ARRANGEMENTS**

Since 1989, LR investigative effort has focused on fraudulent Multiple Employer Welfare Arrangements (MEWAs), which provide medical benefits primarily to small employers who cannot afford to obtain more traditional insurance. Unscrupulous MEWA operators take advantage of the ambiguities in ERISA in order to create and run "Ponzi" schemes designed to take premium payments with no intention of covering any major medical claims. Some recent MEWA investigative efforts follow.

### **Spokane Operator of Failed Health Plans Pleads Guilty**

Thomas J. Hobbs, a former insurance agent, was sentenced to 12 months imprisonment and a court-ordered restitution of \$201,000. He had pled guilty to mail fraud and embezzlement charges relating to his operation of four health plans: Western Business Association, Western Timber Association, Western Alliance of Agriculture, and Western Plans, Inc.

Hobbs engaged in a scheme to cheat hundreds of businesses and individuals of over \$1 million in premiums paid for health care insurance which was not provided. Most of the premiums were diverted to salaries, commissions, and other administrative expenses, including more than \$400,000 which was paid directly to Hobbs or entities under his control. Hobbs lured small businesses to purchase his group health insurance plans by making false and misleading representations regarding benefits to be provided, size of the plans, length of the plans' operation, financial strength and backing, and his authority to operate outside state insurance laws and regulations. When Hobbs's health plans failed, subscribers were left with more than \$420,000 in unpaid health claims and no health insurance coverage.



This investigation ended a large scale fraud scheme that cheated hundreds of individuals and businesses of more the \$4 million. The case was cited by the Washington State Deputy Insurance Commissioner in testimony before the House Select Committee on Aging as a significant example of the need for more stringent regulations of multiple employer welfare arrangements. This investigation was conducted jointly with the Pension and Welfare Benefits Administration. The Washington State Insurance Commissioner's Office and the Washington State Attorney General's Office provided valuable assistance. *U.S. v. Hobbs* (E.D. Washington)

**Insurance Administrator  
and Associates Plea Guilty  
in Million Dollar  
Fraud Scheme**

Edward Zinner, the administrator of two health care plans, and his associates Jeffrey C. Neal, Mark Waldron, and William Moulton, pled guilty to a variety of charges including racketeering, mail and wire fraud, and making false statements, in a scheme that bilked health insurance subscribers in 26 states of more than \$1 million.

Zinner marketed and administered two Virginia Beach, Virginia, based health insurance plans, the Atlantic Plan and the American Plan, that received more than \$12 million in subscriber premiums from November 1990 to the present. When selling the plans, Zinner falsely claimed that the plans were properly insured, that they had sufficient reserves to pay claims, and that they were exempt from State regulation. The defendants embezzled funds that were to be held in trust for payment of health benefit claims. They used the funds for personal business debts, entertainment expenses, no interest/no term loans, and personal lines of credit. The government is also seeking forfeiture of more than \$1 million in cash and real and personal property acquired with proceeds of the fraud. *U.S. v. Zinner et al.* (E.D. Virginia)

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**REVIEW OF  
POSTAL SERVICE  
FECA PROGRAM**

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In addition to investigative work in the FECA program, the OIG's Special Projects Office (SPO) conducted a review of the program's effectiveness and efficiency. At the request of the U.S. Postal Service (USPS) and the Director of the Department's Office of Workers' Compensation Programs (OWCP), a joint review of the administration of the FECA program for injured Postal Service employees was conducted by the U.S. Postal Inspection Service and the SPO.

This review was the first comprehensive evaluation to jointly examine both an employing agency's and OWCP's program performance from the point of injury through re-employment. The objective of this review was to determine whether the workers' compensation program was operating effectively in both organizations in order to: (1) ensure that injury reports and compensation claims of injured Postal employees were timely and effectively processed and (2) ensure that work-capable FECA claimants were returned to the workplace as soon as possible.

The review disclosed noteworthy efforts by both the USPS and OWCP, which have substantially improved the management of the program, particularly with respect to the timely re-employment of injured workers. However, our review also identified a need for further program improvements by both organizations. This is needed to ensure that Postal Service employees (who suffer job related injuries or illnesses) are consistently afforded the benefits established under the FECA Act and that they are returned to work as soon as possible. The following paragraphs summarize the results of the OIG review:

- OWCP District offices processed both "notice of injury" and compensation claim forms received from USPS in a timely manner. However, claims for compensation benefits were often not submitted by USPS to OWCP in a timely manner, resulting in interruptions in the incomes of over half of the injured employees whose claims were reviewed. In addition, authorizations for medical expenses under FECA were not routinely made available to Postal employees as required. While USPS offices usually submitted reports of traumatic injuries and occupational illnesses to OWCP within the established time frames, we identified systemic enhancements which could further improve the adjudication process.
- Communications between the USPS Injury Compensation Unit and OWCP personnel relative to challenged or controverted FECA benefit claims were not always sufficient to ensure the effective and efficient resolution of these claims. The study found that 28 percent of the Postal Service's controversions were based upon reasons not provided in the regulations nor otherwise related to FECA eligibility criteria and other controversions did not include adequate supporting information. In addition, OWCP District offices did not provide

complete explanations to the Postal Service for 28 percent of the controverted claims which were accepted as eligible for benefits.

- Communications indicating that some Postal Service officials may have hindered, delayed or discouraged the filing of compensation claims and notices of traumatic injury or occupational disease (in violation of the FECA Act) were found. These communications were not consistently brought to the attention of OWCP managers and/or referred for investigation when appropriate.
- OWCP District offices had obtained required medical information in virtually all of the long-term disability cases we reviewed. However, follow-up actions necessary to pursue sufficient medical evidence to clearly indicate the extent of the claimants' continuing disability were not initiated in a timely manner in approximately 46 cases (which represented 37 percent of the cases reviewed). In 23 of these cases, we found that the physicians' reports on file indicated some work capacity, which OWCP did not follow-up on. More timely development of complete medical evidence was noted in cases administered under OWCP's recent management initiatives than in older periodic roll cases.
- Although the Postal Service and OWCP's initiatives have returned numerous injured employees to the workplace, 30 (24 percent) of the 125 Postal Service FECA claimants reviewed with long-term disabilities continued to receive compensation benefits for prolonged periods after medical reports confirmed their ability to perform limited duties. Of these 30 employees, the Postal Service was responsible for delays in reemploying 21. The review also disclosed that OWCP had not implemented timely actions with respect to three claimants and both agencies contributed to delays in returning the remaining six employees to work.
- OWCP systems did not ensure that transfers of health insurance enrollment documents and responses to investigative materials were always completed in a timely manner.

The Department's response to the draft report outlines OWCP's commitment to implement substantive corrective actions with regard

to each of our recommendations. In particular, OWCP's revised approach to technical assistance for employing agencies, designed to identify and resolve agency specific problems, should enhance inter-agency communications and ensure more effective performance of workers' compensation program responsibilities by employing agencies. The Deputy Postmaster General's response to the draft report also committed the USPS to implement corrective actions with respect to each of the Postal Inspection Service's recommendations. These proposed corrective actions include the reporting of all on-the-job injuries to the USPS Injury Compensation Units within 24 hours of oral notification by employees to improve the timeliness of claims submissions, revisions to various workers' compensation procedures, and increased program monitoring. In addition, USPS is providing budgetary incentives to encourage local operating managers to offer limited duty assignments to their partially disabled employees.

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## CONCLUSION

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The health care arena will continue to be a high priority for the OIG. The OIG will monitor the integrity and efficiency of the FECA program through its investigations, audits, and program reviews. In addition to these efforts in the FECA program, the OIG will emphasize investigations of service providers to employee benefit plans, which are controlled or influenced by organized crime. The OIG's goal is to remove them from participation in both ERISA-covered benefit plans and federally-funded health care programs. The OIG also seeks to recover the illicit proceeds generated by fraudulent activity and to create a deterrence to future criminal conduct.

## OFFICE OF AUDIT

During this reporting period, the Office of Audit issued 184 audits of program activities, grants, and contracts. Of these, 12 were performed by OIG auditors, 15 by CPA auditors under OIG contract, 12 by state and local government auditors for DOL grantees and subrecipients, and 145 by CPA firms hired by DOL grantees and subrecipients. A list of these audit reports is contained in the Audit Schedules Section of this report.

Audits issued in this reporting period questioned \$ 4.5 million in costs. In addition, departmental agencies issued management decisions disallowing a total of \$ 4.6 million of costs, in response to current and previous audit recommendations.

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### THE CHIEF FINANCIAL OFFICERS ACT

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The Chief Financial Officers Act (CFO Act) was enacted in 1990 to improve financial management and accountability in the Federal Government. However, 5 years later, the Department has not fully implemented the functions of a CFO in accordance with the CFO Act. Although the Department has proposed several financial management organizational structures to OMB, it has not received approval for its most recent plan, which was submitted in October 1994. The Department, however, has begun implementing certain organizational changes.

Although the proposed plan appears to be in accordance with the CFO Act (with respect to the major duties and responsibilities of the CFO), the implementation of the plan does not seem to be. This is because: (1) financial management functions of the five major departmental agencies remain decentralized and under the control of the respective Assistant Secretaries rather than the CFO, and (2) the financial management functions of the National Capital Service Center (which performs financial services for all DOL agencies) are under the direct control of the Assistant Secretary for Administration and Management rather than the CFO.

Critical to successful implementation is for the CFO to have full authority to enforce the financial policies of the Department. As the current plan is being implemented, the CFO can promulgate policy, but does not have the authority to enforce such policy. Therefore, the currently proposed CFO organizational structure does little to bring

the accounting and financial management functions of the Department under the direction of a single entity.

A result of this structure is that recommendations stemming from the annual financial statement audit have remained open for several years. The OIG is of the opinion that the CFO's effectiveness in resolving and closing these recommendations has been severely hampered by the lack of authority over financial managers.

## **FINANCIAL STATEMENTS**

While the Department's audited financial statements were due to OMB by March 1, the Fiscal Year 1994 statements have not been issued. As a result, the OIG and CFO requested an extension from OMB on the deadline to submit the statements. It is important to note that the Government Management Reform Act makes this date a statutory requirement effective with the FY 1997 statements. The deadline was established for two reasons: (1) to ensure the financial information is useful and timely, and (2) the Government-wide audited financial statements are completed by March 31. Therefore, it is important that changes in the process be made to ensure that the Department has the ability to meet this deadline.

The timely completion of the audited financial statements depends on both management (to close its books and prepare the statements) and the OIG (to audit those statements). The OIG is concerned that too much of the Department's accounting is performed after the close of the fiscal year. Although the compilation process can compensate to allow for the preparation of complete and accurate annual financial statements, it cannot compensate for the potential inaccuracy or incompleteness of interim financial reports.

While the Department issued draft financial statements January 31st, it continued to process adjustments to those statements. Even if the Department had fully met its internal deadline of January 31st for completion, the OIG would not have had sufficient time to work with the Department to finalize the statements and complete the audit and related reporting by March 1.

The Department was also late in providing a complete copy of the overview and supplemental information sections of the financial statements. This information was not presented to the OIG until February 21, 1995 (6 weeks after the Department's own internal due date and only 8 days prior to the due date for the final audited annual financial report, March 1).

A major problem with meeting the noted deadlines is the low priority given to performance measure reporting. Both agency and departmental staff assigned to coordinate the gathering of the performance information had other assigned duties, such as preparation of the budget and appropriations hearings, which were considered higher priorities. Additionally, the Department's plan for assembling performance measure data from the agencies was inadequate to meet the March 1 deadline. The plan did not require the agencies to agree to the Department's time frames, submit individual plans for meeting the Department's deadlines for submission of agency information, nor require the Department to review these plans for adequacy. The plan also lacked definitive follow up procedures to ensure timely submission of data.

The Office of the Chief Financial Officer and the OIG have agreed to jointly develop a timeline to ensure the prompt and efficient preparation of the audited financial statements in the future.

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## **CRIMINAL ENFORCEMENT ACTIVITIES AT DOL**

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In 1989, the Secretary of Labor convened an Enforcement Task Force (ETF) to (1) examine the Department of Labor's enforcement agencies' civil and criminal enforcement strategies, and (2) make recommendations to improve their effectiveness. In 1990, the ETF reported DOL enforcement efforts lacked consistency and enforcement activities common to each enforcement agency could be implemented more efficiently, and made appropriate recommendations to the Secretary.

At about the same time, the OIG completed a special review of the Department's criminal enforcement activities. The OIG reported to the Secretary that there was not a Department-wide framework within which criminal enforcement activities are planned, conducted, reported and evaluated, and that inconsistencies in enforcement activities resulted more from this deficiency than from differences in program statutes. The OIG also made recommendations to the Secretary.

Since 1990, the OIG has issued four status reports on the Department's progress in implementing recommendations made by the ETF and the OIG.

**No Action on  
Long-Standing  
Recommendations**

As of September 1994, criminal enforcement activities among the Department's five major enforcement agencies remain inconsistent and uncoordinated. The OIG has found (1) although there have been efforts made to improve planning for overall enforcement activities, the emphasis has been on civil enforcement, and (2) since 1990, the Department has not undertaken a broad evaluation or reexamination of its criminal enforcement activities.

Each of the Department's enforcement agencies has taken some action in response to the Task Force and OIG recommendations, as well as to the commitments made by the Secretary in his Federal Managers' Financial Integrity Act Reports to the President. However, the quality and quantity of agency actions have varied widely, and most actions have been inadequate to resolve the problems identified 5 years ago. An integrated approach to common criminal enforcement issues between the Department's five enforcement agencies remains an unattained goal.

The OIG is of the opinion that fully implementing previously made recommendations will lead to more efficient operations of departmental enforcement programs. (Report No. 17-95-005-50-598; issued Mar. 24, 1995)

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**AUDIT  
RESOLUTION**

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**Effective Audit Resolution is Crucial to the Success of the Auditing Process**

Most OIG audit reports contain recommendations for improved operations and, if appropriate, question Federal funds which were improperly expended. Completion of an audit, however, is only one component of the auditing process, whose umbrella objective is the more efficient or effective operation of government functions, systems or programs.

The primary components of this process are planning, conducting, and reporting the audit, and resolving and taking final action on the audit recommendations. Only when each of these components is successfully concluded, will the process itself be successful. Under the Inspector General Act, the DOL funding agency (or audited organization) must respond within 180 days to recommendations made by the OIG in the audit report. The response is referred to as a "management decision," which contains the funding agency's position on the recommendations made by the OIG.



Most frequently, the funding agency's management decision agrees with the OIG recommendations and the OIG accepts the proposed actions to correct the problem or deficiency. When this occurs, the recommendations are resolved and the agency will proceed to take final action.

While prompt resolution of audit recommendations is a key element leading to improvements in government functions, systems or programs, it is not always possible to resolve and initiate final action on audit recommendations in an expeditious manner.

Following is a summary description of significant audit resolution activities which occurred during this reporting period. Most involve significant questioned costs, which were disallowed by the management decision but were subsequently appealed by the audited entity.

### **Secretary Overrules ALJ in Support of OIG Report**

In September 1991, OIG issued an audit report questioning \$961,003 of Federal funds inappropriately retained by the Florida Department of Labor and Employment Security (Florida DLES) while administering JTPA fixed-unit-price contracts. The ETA Grant Officer issued a Final Determination disallowing the questioned "profits", and ruled that \$887,555 should be returned to DOL and \$73,448 could be reprogrammed for use in JTPA-related training services, if the funds were obligated prior to June 30, 1992.

Florida DLES disagreed with the Grant Officer's decision and requested a hearing before an Administrative Law Judge (ALJ). The ALJ ruled that no specific violation of JTPA or the accompanying regulations had occurred during the period covered by the audit report. Therefore, Florida need not return to DOL "profits" realized from the JTPA fixed-unit-price contracts.

The ETA Grant Officer appealed the ALJ's decision to the Secretary of Labor, who is the Department's final appellate official. The Secretary's December 1994 "Final Decision and Order" reversed the ALJ's ruling that no specific JTPA violations had occurred. Accordingly, the Secretary ordered the Florida DLES to pay \$961,003 to the Department of Labor from non-Federal funds. The Secretary's decision was subsequently appealed by DLES to the U.S. Court of Appeals. (Report No. 04-91-038-03-340; issued Sept. 18, 1991)

**Florida JTPA  
Computer Expenditures  
Disallowed**

The OIG performed audits of JTPA funds expended by the Florida DLES and North Central Florida SDA. In both reports, the principal issue was the compensation due the JTPA program for non-JTPA participants using educational computer equipment purchased with JTPA funds for JTPA participants.

Because of the similarity of the audit findings, the ETA Grant Officer combined the resolution of the reports. In each case, the Grant Officer disallowed the majority of the costs questioned by the OIG. In each case, State officials also subsequently appealed the decision to the Department's Office of Administrative Law Judges.

In an effort to avoid additional litigation, the parties entered into alternate resolution discussions and agreed to a settlement of disallowed costs totalling \$1.4 million. The settlement includes cash payments from the State to the Department totalling \$400,000, the offset of \$300,000 from the amount the DLES is otherwise entitled to receive in JTPA administrative costs, and the expenditure by the DLES of \$700,000 of its own funds on allowable employment and training services for JTPA participants. (Report No. 04-91-017-03-340; issued March 11 1991; Report No. 04-92-021-03-340; issued March 26, 1992)

**Kentucky and DOL  
Settle Disallowed  
JTPA Expenditures**

The OIG audited JTPA-funded contracts between the Kentucky Cabinet for Human Resources and the Kentucky Literacy Commission. The OIG found, in relationship to the percentage of JTPA funds expended by the Commission, JTPA participants served by the Commission were significantly underrepresented. Therefore, the JTPA paid more than its fair share of the Commission's costs. The OIG questioned \$207,077 of administrative expenses and overcharges for training and publication costs inappropriately charged to the JTPA.

The ETA Grant Officer initially disallowed the entire amount. In addition to providing the Grant Officer additional documentation which reduced disallowed costs, Kentucky appealed the Grant Officer's decision to disallow \$187,993 of JTPA expenditures. Subsequently, Kentucky and the Department reached a compromise settlement whereby Kentucky agreed to reimburse \$171,600 to the Department. (Report No. 04-92-045-03-340; issued Sept. 29, 1992)

The OIG also found that Kentucky JTPA administrators circumvented procurement controls to award a counseling contract to the spouse of a State Job Training Coordinating Council member. Additionally,

certain services provided by the contractor were outside the scope of the contract or violated the terms of the contract. The OIG questioned \$146,590 of JTPA funds expended by the State in support of these contracts. Kentucky and the Department reached a compromise settlement, whereby Kentucky will reimburse the Department \$120,000. (Report No. 04-92-046-03-340; issued Sept. 29, 1992)

**Mississippi Employment  
Security Commission  
Directed to Repay  
\$976,600**

This OIG audit report questioned \$1,907,374 in profits and interest income improperly earned by the Mississippi Employment Security Commission (MESC) while administering JTPA fixed-unit-price contracts. In July 1990, the ETA Grant Officer issued a Final Determination which disallowed the questioned costs, but determined the amount subject to debt collection to be \$1,370,347. The MESC appealed the Grant Officer's decision to the Department's Office of Administrative Law Judges.

Because certain provisions of the affected contracts allowed the MESC to renegotiate financial terms if losses occurred, the Administrative Law Judge (ALJ) ruled the contracts were not "true" fixed-unit-price contracts. The ALJ ruled that: (1) all profits earned on the contracts were unallowable, (2) the portion of the interest income earned on these profits was unallowable, and (3) profits and interest income in the amount of \$976,600 was inappropriately retained by the MESC. (Report No. 04-94-003-03-340; issued Jan. 26, 1990)

**NYC Department  
of Employment  
Overhauls Monitoring;  
Will Reimburse ETA  
for Misspent Funds**

The primary function of a JTPA on-the-job training (OJT) broker is to arrange the hiring and training of JTPA participants by private sector employers. The broker receives a fee for arranging for and providing certain participant services. For the period July 1987 through June 1989, the OIG audited broker contracts funded through the New York City Department of Employment (a JTPA SDA). The OIG found the SDA's monitoring procedures for its OJT contracts were seriously deficient and resulted in the expenditure of JTPA funds in violation of program regulations.

The questioned costs of \$611,896 resulted from program expenditures (1) that did not meet the criteria of the contracts, (2) for training participants who were already working for the employer, and (3) for reimbursement of participant wages that were not supported by payroll records. The New York State Department of Labor disallowed \$167,591 of the costs questioned by the OIG.

More importantly, however, the SDA agreed its monitoring of JTPA OJT program operations was deficient. As a result, it overhauled its monitoring policies and procedures to require supporting documentation for every expenditure and each broker to monitor 100 percent of its OJT worksites. Additionally, the SDA will monitor the operations of at least 30 percent of the OJT worksites it funds through its broker contractors. (Report No. 05-94-002-03-340; issued Dec. 17, 1993)

**Michigan Employment  
Security Commission  
Will Reimburse DOL  
\$350,000 for  
Improper Expenditures**

Based on OIG audit findings which determined that Trade Adjustment Assistance (TAA) funds were misspent by the Michigan Employment Security Commission (MESC), the MESC has agreed to a settlement in which it will reimburse ETA \$350,000 of disallowed costs. The settlement agreement includes full recovery of disallowed costs for the following categories of violations: one or more training criteria not met; inadequate documentation of Trade Readjustment Allowance payments to program participants; unsupported job search costs; and lack of timely applications for training. The agreement also provides for a partial recovery of expenditures disallowed because of MESC's retroactive approval of training for some program participants. The MESC also certified that it will fully comply with the provisions of TAA. (Report No. 05-91-054-03-330; issued March 29, 1991)

**Pennsylvania  
Reimburses DOL for  
Payments to Ineligible  
TAA Participants**

For the period October 1986 through September 1987, the OIG questioned Trade Readjustment Allowance payments made by the Commonwealth of Pennsylvania to ineligible TAA program participants. Based upon a statistical projection made from a random sample of payments, the OIG estimated that no less than \$1,911,839 in assistance payments were made by the Commonwealth to ineligible participants.

Pennsylvania appealed the decision of the ETA Grant Officer who disallowed the questioned costs. Changes in program eligibility criteria, which occurred subsequent to the OIG audit period, would have made a significant portion of the questioned costs to be allowable program expenditures. Based on the advice of the Department's Solicitor, ETA withdrew its final decision and deferred resolution of the audit findings until policy guidance was issued on the changes in program eligibility criteria. In December 1994, Pennsylvania agreed to reimburse the Department \$427,000 for payments made to ineligible participants during the audit period, based on application of the revised eligibility criteria. (Report No. 04-88-051-03-330; issued Sept. 12, 1988)

**Indiana and DOL  
Agree on the Transfer  
of Equity Interest  
in Real Property**

The OIG questioned a plan by the State of Indiana to compensate its Unemployment Insurance Trust Fund for the Fund's equity interest in a parcel of land originally acquired with Reed Act funds. The State erected a portion of the Indiana Government Center on the land, and planned to compensate the Fund by simply giving it an equity interest in the sprinkler system for the facility. It was OIG's position that this offer of compensation to the Trust Fund for its equity interest in the land, valued at \$1.48 million, was inadequate.

After years of negotiations, ETA and the State of Indiana have agreed to a settlement. In return for the Fund's equity interest in the land, the State will make an in-kind exchange of \$1.48 million in capital improvements made to the state employment security administrative building. Through the acquisition by the Trust Fund of additional equity in this building, the funds associated with this equity will continue to be used in support of employment security functions. (Report No. 04-89-139-03-325; issued May 3, 1989)

**REVISED MANAGEMENT  
DECISIONS**

No significant revised management decisions were reported to the OIG by the Department this reporting period.

## OFFICE OF INVESTIGATIONS

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### RESTRUCTURING OF OIG INVESTIGATIVE COMPONENTS

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In an effort towards streamlining managerial functions and reinventing government, the Office of Inspector General underwent a restructuring of its investigative components. The former Office of Investigations and Office of Labor Racketeering were combined into one investigative component. The new Office of Investigations (OI), headed by one Assistant Inspector General (an SES-level position), has dual responsibilities for both the Division of Program Fraud (formerly the Office of Investigations), and the Division of Labor Racketeering, (formerly the Office of Labor Racketeering). The Assistant Inspector General manages the entire investigative program, with two Deputies, one for the Division of Program Fraud and one for the Division of Labor Racketeering who each oversee their respective program areas. With the consolidation of both investigative components, Headquarters staffing has decreased from 23 to 13. This consolidation resulted in the elimination of one SES level position and further reassignment of Headquarters special agent positions to field locations.

Along with the Headquarters consolidation, the OI also initiated two regional pilot projects in the Chicago and San Francisco regions. Each pilot project is headed by a Regional Inspector General for Investigations and one Assistant Regional Inspector General for Investigations. The Regional Inspectors General manage both investigative programs, not only in their respective cities, but also in other resident office locations within their regions. The consolidation of both field investigative components under one manager resulted in the elimination of three GS-15 positions, one each in Chicago, San Francisco, and Kansas City.

Under this restructuring, with the exception of the two pilot projects, all remaining OI field offices now are supervised by a Special Agent-in-Charge (SAC), and responsibilities are specific to either the Program Fraud or Labor Racketeering component. A further restructuring eliminated a SAC position in Atlanta's Program Fraud Division. Now the Atlanta Program Fraud office reports directly to the SAC in Philadelphia's Program Fraud field office. In addition, the SAC in Detroit has a dual responsibility for both Labor Racketeering Field Offices in Detroit and Philadelphia. The Office of Investigations continues its efforts to streamline its investigative activities, and

comply with the initiatives of the Administration's reinvention of Government activities.

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## **DIVISION OF PROGRAM FRAUD**

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In addition to its efforts in combating fraud in the areas of job placement and training programs and health care (as detailed in the first two sections of this report) the Division of Program Fraud (PF) also is responsible for investigating matters involving allegations of criminal violations concerning other Departmental programs and Departmental employees. Specific attention is devoted to matters involving potential danger to life and safety; criminal offenses by government employees (or public officials entrusted with DOL funds or responsibilities); and fraud within major DOL programs.

The Division of Program Fraud's investigative results and accomplishments for this reporting period include 68 indictments, 80 convictions, and \$ 2.9 million in monetary accomplishments. In accordance with its investigative priorities, PF devoted nearly 27 percent of its investigative time to JTPA matters, about 27 percent on FECA fraud investigations, 13 percent of its time to unemployment insurance program matters, and 18 percent to employee integrity investigations. The efforts of PF in the area of job training programs and health care fraud have been outlined in earlier sections of this report. The investigative efforts of PF in the areas of the Unemployment Insurance program and DOL employee integrity follow.

## **UNEMPLOYMENT INSURANCE**

The Federal Unemployment Tax Act and the Social Security Act of 1935 established the framework for the Unemployment Insurance (UI) program, a Federal-State partnership providing benefits to individuals who are unemployed because of layoffs, industry changes, or other reasons out of the control of the individual employee. The granting of these benefits is implemented through individual State legislation and administered by State Employment Security Agencies (SESAs). The Department's Unemployment Insurance Service (UIS) is charged with ensuring proper and efficient administration of the overall UI program.

Fraud in this program is particularly detrimental because UI funds designed to support workers who lose their jobs through no fault of their own are not available for their intended purpose of helping legitimate claimants. UI fraud investigations accounted for 42 indictments and 53 convictions during this reporting period.

PF efforts and investigations have successfully created an increased awareness on the part of State officials as to the potential for fraud in this program. As an illustration of this progress, our efforts in the states of Missouri and Louisiana are outlined below.

### **Missouri Gets Tough on UI Fraud**

In response to a press account concerning an estimated \$7 million of fraudulent activity in Missouri's UI program, PF initiated a joint investigative effort with the Missouri Division of Employment Security (MDES) to identify and examine the most egregious of these fraudulent cases in the St. Louis area. As a result of this effort, 12 individuals have been charged in connection with the fraudulent receipt of more than \$68,000 in UI benefits, including Federal emergency UI benefits. All 12 were indicted by a St. Louis County Grand Jury charging each individual with felony stealing offenses. These charges each carry a maximum penalty of 7 years imprisonment and/or a fine of \$5,000. Those indicted are Marco Hughes, Gwendolyn Jones, Pamela Deanes, Darrell Jones, David Barnes, Betty Tate, Samuel Williams, Joseph Wells, Roger Tindle, Jr., Eula Parker, Dorothy Jones, and Kelvin Tate. *State of Missouri v. Hughes, et al.* (Missouri)

In a similar joint PF and MDES investigation, 13 Kansas City area residents were indicted for felony stealing offenses in connection with their filing fraudulent claims for UI benefits totalling more than \$60,400. Those charged were Frankie Buckley, Roosevelt Coleman, Michael Elder, Sharon Granger, Aubrey Gray, Jr., Barbara Hayes, Shelia Henderson, Gregory Hill, Ray Johnson, James Nelson, Jr., Deborah Thomas, Darroyce Thornton, and Ronnie Walker. *State of Missouri v. Buckley, et al.* (Missouri)

In a news release issued following these indictments, the Director of the Missouri Department of Labor and Industrial Relations stated that her department was enforcing stringent measures to stop fraudulent abuses in the Missouri UI program and all citizens would be held accountable for their actions and vigorously pursued for prosecution.

### **U.S. Attorney Asks for Investigation of Wide Spread UI Fraud**

In response to allegations of widespread claimant fraud in the Louisiana UI program, the U.S. Attorney's Office in Louisiana requested the PF to conduct an investigation into the matter. In February 1995, a Federal grand jury returned four indictments against individuals defrauding the Louisiana UI program of a combined total of nearly \$50,000. The indictments allege that the individuals fraudulently obtained unemployment funds by falsely



certifying that they were unemployed and, therefore, eligible for benefits. If convicted, each defendant could receive a maximum sentence of 5 years imprisonment, a fine of \$25,000, and could be ordered to make restitution for all the funds illegally obtained. This is an ongoing investigation and is being conducted jointly with the Federal Bureau of Investigation. *U.S. v. Damery, et al.* (M.D. Louisiana)

In addition to the more typical claimant fraud cases that occur within the program, PF has been placing a greater emphasis on the identification and prosecution of individuals who are entrusted with the responsibility to administer the UI program. The following investigation in Puerto Rico effectively illustrates PF's efforts in this area of UI fraud.

### **Seven Indicted in \$100,000 UI Fraud in Puerto Rico**

Following an investigation within the Puerto Rico Department of Labor (PRDOL), six former PRDOL employees, Melvin Pagan Velez, Alejandro Sanchez Lacen, Jaime Lopez Collazo, Javier Dones Perez, Brian Brumlop, and Eva Rodriguez; and one non-employee, Jose Conde Irizarry, were indicted for having conspired to fraudulently obtain approximately \$100,000 in UI benefits. The indictment charged them with manipulating data in the PRDOL wage reporting system to reactivate dormant UI claims or to create fraudulent UI claims in the names of individuals who had never filed previously. The resultant benefit checks generated were then mailed to the conspirators and cashed. All seven individuals have pled guilty and have agreed to make restitution totalling \$72,500. *U.S. v. Velez, et al.* (D. Puerto Rico)

### **EMPLOYEE INTEGRITY**

In its effort to ensure the health and safety of American workers and protect the integrity of DOL programs, PF has continued to pursue unscrupulous DOL employees and eliminate those who would benefit at the expense of others. The following case narratives represent significant investigative accomplishments in the employee integrity area.

### **Former MSHA Inspector Pleads Guilty to Conspiracy**

T. Richard Oney, a former Mine Safety and Health Administration (MSHA) inspector, pled guilty to one count of conspiracy. An OIG investigation revealed that Oney had demanded and received cash payments from several mine operators from 1986 through 1991, in

exchange for not reporting violations of the Mine Safety and Health Act. Oney admitted accepting \$2,500 in bribes from Millers Branch Enterprises. By pleading guilty, Oney is subject to a possible 5 years imprisonment and a maximum \$250,000 fine. *U.S. v. Oney* (E.D. Kentucky)

### **Former BLS Sales Agent Incarcerated for Theft of Public Funds**

Phillip G. Arnold, a former sales agent for the Superintendent of Documents for the Bureau of Labor Statistics (BLS), was sentenced to 4 months imprisonment and ordered to pay \$2,000 in restitution. Arnold had pled guilty to one count of embezzlement and theft of public funds. As a sales agent, Arnold was responsible for filling mail orders from the public for various publications. Over a 2-year period, Arnold altered and negotiated 23 customer checks which were received at BLS for payment of over \$9,000 in publication orders. *U.S. v. Arnold* (N.D. Illinois)

### **Former MSHA Employee's "Ministry" Leads to His Indictment for FECA Fraud**

James O. Johnson, a former MSHA inspector, was indicted after being charged with three counts of making a false claim to the Government and one count of mail fraud in connection with his fraudulent receipt of over \$119,000 in FECA benefits. An investigation was initiated after receiving information from the Kentucky State Drug Control Office alleging that Johnson was employed as a minister at a local church while collecting FECA benefits. If convicted, he faces a maximum of 20 years in prison and \$1 million in fines. *U.S. v. Johnson* (E.D. Kentucky)

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## **DIVISION OF LABOR RACKETEERING**

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### **INDUSTRY PROBES**

The Division of Labor Racketeering (LR) conducts criminal investigations to eliminate the influence of organized crime, labor racketeering, and corruption in employee benefit plans, labor-management relations, and unions.

In the last Semiannual Report, the Division of Labor Racketeering (LR) discussed its initiative of conducting industry probes to address serious and systemic labor racketeering problems. These probes seek to utilize both the equitable relief powers of the court and the remedies available under the Racketeer Influenced and Corrupt Organizations (RICO) law to effect a positive change within the industry being reviewed.

In coordination with the Department of Justice's Organized Crime and Racketeering Section, LR has identified a number of industries for examination. The process identified both industries traditionally

controlled or influenced by organized crime, and emerging industries which the La Cosa Nostra and nontraditional organized crime groups seek to penetrate.

In addition to the remedial action to correct specific problem situations, the ongoing examination process will create a number of LR "industry experts." These special agents will be called upon to train other investigators on how the industry operates and on how fraud schemes are typically perpetuated. The special agents will also provide expertise to regulatory officials and prosecutors on industry operations.

A poignant example of the effectiveness of this new approach to combat organized crime's control over certain industries is the recent success of an LR undercover operation in the garment industry.

**Union Officials and Others  
Charged with  
Labor Racketeering in  
Garment Industry Probe**

Criminal charges were filed on December 6, 1994, against 20 defendants in a variety of schemes. Charges included the payment of bribes to officials of the Manhattan based International Ladies Garment Workers Union (ILGWU) Local 10, embezzlements from ILGWU benefit funds, and the receipt of "no show" jobs from employers in New York City's garment industry. Ramon Cabral and Hector Moquette, organizers for ILGWU Local 10, received bribe payments from representatives of Brain Cutting, New York, New York. Brain Cutting was established for this investigation as an undercover garment contracting firm. Both Cabral and Moquette negotiated for and accepted bribe payments from undercover LR agents posing as owners of the firm. The bribes were paid to allow the undercover firm to circumvent the terms of a collective bargaining agreement which required the payments of monies to ILGWU associated benefit funds.

Also charged with making bribe payments to Local 10 officials were 12 representatives of New York based garment contracting companies, including representatives of garment manufacturing companies Anne Klein and Donna Karan. These bribe payments allowed the contracting firms to conceal millions of dollars in non-union work for which contributions to the ILGWU's benefit funds were required. In concealing the work, the ILGWU funds were defrauded of several hundred thousand dollars.

This ongoing investigation is being conducted jointly with the U.S. Postal Inspection Service and the U.S. Attorney's Office, Southern

District of New York. Assistance is being provided by the New York Police Department, the Bureau of Alcohol, Tobacco, and Firearms, and the U.S. Department of Agriculture's Office of Inspector General.  
*U.S. v. Cabral et al.* (S.D. New York)

## **NON-TRADITIONAL ORGANIZED CRIME**

In our last Semiannual Report, LR indicated it intended to proactively explore the potential labor racketeering activities by nontraditional organized criminal groups. Initial results have been positive in this area as demonstrated by the recent arrest of almost 20 members of the "Patel" organized crime group.

### **Arrests in First Phase of Magazine Industry Labor Racketeering Probe**

Thirteen New York City-based defendants were arrested by LR special agents and Postal Inspectors on charges of conspiring to possess stolen property and conspiring to purchase more than \$100,000 of new magazines for between 15 and 30 percent of the magazines' face value. The defendants, who were employed in an extensive network of convenience stores and newsstands, then sold the magazines to the public at face value or returned the unsold magazines to the distributor for full credit. The 13 from this case were part of a group of more than 21 individuals named in the government's complaint. They are members (or associates) of the emerging nontraditional organized crime group identified by the President's Commission on Organized Crime as the "Patels," who are of predominately Indian and Pakistani ethnic origins.

This portion of the investigation is the first phase of an extensive probe into labor racketeering in the magazine delivery industry and the New York City based Newspaper and Mail Deliverers Union (NMDU). The NMDU represents delivery route drivers and helpers.  
*U.S. v. Patel et al.* (S.D. New York)

## **LA COSA NOSTRA ORGANIZED CRIME**

During this reporting period, LR continued its long-standing efforts to combat the influence of traditional organized crime in union affairs.

### **Head of New England Organized Crime Family Indicted**

Francis P. Salemme, Sr., the reputed boss of the New England Patriarca La Cosa Nostra (LCN) crime family, together with his son, Francis P. Salemme, Jr., an LCN associate, and five other men, were indicted for violating the Racketeering and Corrupt Organizations Act (RICO), extortion, conspiracy, loan sharking, and interstate travel in aid of racketeering.

Also indicted on the RICO charge were James J. Bulger and Stephen P. Flemmi, leaders of the LCN-affiliated Winter Hill gang in Boston, Robert P. DeLuca and James M. Martorano, a soldier and a capo regime, respectively, in the Patriarca family, and George Kaufman, a LCN associate and major bookmaker. The RICO charge was established in part by an LR investigation into the labor racketeering activities of Francis Salemme, Jr. The resulting indictment, from the LR investigation, charged that a multi-faceted conspiracy of the LCN existed to bribe Teamster officials. William Winn, a member of International Brotherhood of Teamsters (IBT) Local 25, Charlestown, Massachusetts, was convicted on charges of conspiracy and travel in aid of racketeering. Winn conspired with Frank Salemme, Jr., Dennis Lepore, and Thomas Hillary to bribe union officials on behalf of David Rudder Productions, a fictitious undercover movie company which was part of an undercover operation code named "Dramex." The object of the conspiracy was to permit David Rudder Productions to film movies without the use of union labor. Salemme, Lepore, and Hillary were identified in the underlying indictment as members or associates of the Patriarca organized crime family. This investigation was conducted jointly with the Federal Bureau of Investigation. *U.S. v. Salemme, et al.* (D. Massachusetts)

## **EMPLOYEE BENEFIT PLANS**

LR continued pursuing its goal of aggressively addressing abuse of employee benefit plans. Of the 71 cases initiated by LR this semiannual period, 31 cases were benefit fund related. Several examples of LR's success and commitment to this area are detailed below.

### **Arizona Investigation Results in Recovery of \$93 Million for Pension Fund**

William E. Miller, a former Phoenix, Arizona, investment advisor to several union-related pension funds, and Keith Dolgaard, a former Tucson mortgage loan broker, were convicted by a Federal jury for violation of Federal conspiracy, racketeering, and kickback statutes involving their handling of over \$200 million in union pension fund investments.

The jury found that Dolgaard and Miller engaged in a pattern of racketeering by making and receiving, respectively, payments of approximately \$650,000. The payments were made to influence Miller's decisions with respect to the investment of pension fund monies in entities Dolgaard controlled or entities to which he brokered pension fund loans. The payments were disguised as loans from Dolgaard or Dolgaard controlled entities to Miller. As a

result of this activity, the pension funds lost millions of dollars through investments in fraudulent and non-credible loans.

The trustees of the pension plans filed suit against Paine Webber, parent company of the investment firm which employed Miller. With LR's criminal investigation serving as the impetus, the civil suit was settled with Chemical Bank, a subsidiary of Paine Webber, and its insurers. Chemical Bank, Paine Webber, and its insurers agreed to reimburse the funds for more than \$93 million lost as a result of the criminal activities. The Department's Pension and Welfare Benefits Administration contributed to this settlement through its enforcement efforts. The government is also seeking forfeiture of the more than \$6.7 million in fees Dolgaard received for brokering and servicing real estate investments financed by the union pension funds through Miller. This investigation was conducted jointly with the Federal Bureau of Investigation. *U.S. v. Miller and Dolgaard* (D. Arizona)

**New Jersey Company  
Official Indicted  
for Embezzling \$4 Million  
From Pension Plan**

Leonard A. Pelullo, the chairman of Royal Group, Inc., who had financial interests in a number of companies including Compton Press, Inc., Morris Plains, New Jersey, was indicted by a Federal Grand Jury on embezzlement, money laundering, and conspiracy charges. Also charged in the indictment was Raul Corona, a former employee of Compton Press. The indictment charged that Pellulo and Corona acquired Compton Press in order to gain control of the company's pension funds, and that the pair embezzled approximately \$4 million from the plans. The indictment further alleges Pelullo and Corona perpetuated the scheme by conducting multiple financial transactions through numerous companies to conceal and disguise the source and ownership of the assets of the plans. The indictment seeks forfeiture of approximately \$4 million in assets.

This investigation was conducted jointly with the Federal Bureau of Investigation and the U.S. Department of Labor's Pension and Welfare Benefits Administration. *U.S. v. Pellulo and Corona* (D. New Jersey)

**Investment Advisors  
Indicted for \$1.5 Million  
Embezzlement and Theft  
from Pension Fund**

August Mezzetta and Barbara Nolan, investment advisors for Roofers Local 12, and three related companies, were indicted on charges that they embezzled more than \$1.5 million dollars from the Roofers Local 12 pension plan.

The indictments allege Mezzetta, Nolan, and the three companies embezzled and converted in excess of \$1.5 million in pension fund

assets by investing Roofers Local 12 Pension Plan in real estate ventures in which they had a substantial interest. The indictment alleges that they withdrew large sums of money which they claimed as fees for investment advisory services. They also made false statements in documents required under the Employee Retirement Income Security Act (ERISA). This investigation was conducted jointly by the Office of Labor Racketeering in New Haven, Connecticut, and the Federal Bureau of Investigation. *U.S. v. Mezzetta, et al.* (Connecticut)

### **MUNICIPAL AND STATE PUBLIC UNIONS AND BENEFIT FUNDS**

In the course of focusing investigative efforts on corrupt service providers and their defrauding of private sector unions and employee benefit plans, LR has uncovered several instances where public employee unions and benefit funds have also been victimized by those service providers. One such investigation, conducted by LR, disclosed service providers who were paying kickbacks to officials of a Philadelphia Fraternal Order of Police lodge, for the award of union and benefit fund business.

Current labor racketeering statutes (union and employee benefit plan embezzlement and kickback statutes) do not cover state or municipal unions. This requires investigation under the mail fraud or other criminal statutes to address corrupt activity.

### **OIG Congressional Testimony**

The Inspector General recently testified at Congressional hearings and suggested that the Embezzlement of Employee Benefit Plan Assets statute, 18 U.S.C. §664, be amended to include embezzlements from public sector employee benefit plans. The Employee Benefit Plan kickback statute, 18 U.S.C. §1954, should also be amended to include public employee benefit plans. These statutes have proven to be effective tools in combatting labor racketeering in the private sector. Evidence has shown that public employee union and benefit plan entities are susceptible to the same schemes and corrupt influences affecting private sector unions and benefit plans. LR believes that little oversight or protection is currently provided to public sector unions and employee benefit plans.

### **CIVIL RICO ACTIONS**

LR's focus on conducting investigations having the potential for positive change has begun to bear fruit as evidenced by a recent civil RICO settlement against the Washington, D.C. Laborers International Union of North America (LIUNA) and New York City-

**OTHER RELATED  
ACTIVITY****Two Insurance Company Officers Indicted in Multi-million Dollar Fraud Scheme**

Two officers of the now defunct Florida-based Twentieth Century Life Insurance Company (TCL) were indicted on conspiracy, mail fraud, and money laundering charges in a scheme to defraud policy holders of more than \$9.7 million in premiums. TCL was chartered in North Carolina. The indictment alleges TCL officers Glenn H. Martin and Candace L. Cooper devised a scheme to sell single premium life insurance and annuity policies to TCL customers, knowing that TCL was in a precarious financial position, and failed to disclose its condition to its customers. Martin and Cooper then diverted approximately \$9.7 million in premiums from the sale of such policies to other accounts or corporations owned or controlled by Martin. Consequently, the state insurance guarantee funds of North Carolina and Florida were placed at risk. The operations of TCL were permanently assumed by the North Carolina Department of Insurance through an Order of Liquidation filed in North Carolina State Court.

This investigation was conducted jointly with the Internal Revenue Service. Assistance was provided by the Departments of Insurance of North Carolina and Florida. *U.S. v. Martin, et al.* (M.D. Florida)

**Joint Task Force on the Atlanta Olympic Games**

As a result of a preliminary investigation by the OIG, a joint Federal task force headed by the Immigration and Naturalization Service (INS) raided the Atlanta Olympic Village construction site and detained 37 illegal aliens working for a subcontractor on that project. These individuals, with the aid of false identification documents, were employed in high paying construction trade positions by an employer who was violating immigration and prevailing wage regulations. The 37 individuals were detained and repatriated to Mexico by INS.

These actions represent the coordinated efforts of OIG and INS in attempting to restore jobs to the American workforce, lost through unscrupulous contractors that take advantage of illegal immigrants to unjustly enrich themselves. Representatives of the Georgia Building and Construction trades have advised that government actions such as this one serve to "level the playing field" so that their contractors can compete for contracts.



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**COMPLAINT  
ANALYSIS  
OFFICE  
ACTIVITIES**


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**Breakdown of Allegation Reports by Source**

Hotline Operations - Calls, Letters, Walk-Ins from Individuals or Organizations	105
Letters from Congress	12
Letters from DOL Agencies	9
Letters from Non-DOL Agencies	2
Incident Reports from DOL Agencies	7
Reports by Special Agents and Auditors	4
Referrals from GAO	3
Total	142

**Breakdown of Allegation Reports by Referral**

Referred to Office of Audit	3
Referred to OI Regional/Field Offices	29
Referred to DOL Program Management	70
Referred to Other Agencies	33
No Further Action Required	7
Total	142

**Appendix**  
**Office of Investigations Financial Accomplishments**  
**for October 1, 1994 - March 31, 1995**

<b>CATEGORIES</b>	<b>PROGRAM FRAUD</b>	<b>LABOR RACKETEERING</b>
<b>Recoveries</b>	<b>\$ 809,712</b>	<b>Not Applicable</b>
<p>(The dollar amount/value of an agency's action to recover or reprogram funds or make other adjustments in response to OIG investigations.)</p>		
<b>Cost Efficiencies</b>	<b>1,045,494</b>	<b>Not Applicable</b>
<p>(The one-time or per annum dollar amount/value of management's commitment, in response to OIG investigations, to more efficiently utilize the Government's resources.)</p>		
<b>Restitutions</b>	<b>867,255</b>	<b>\$ 1,235,210</b>
<p>(The dollar amount/value of restitutions resulting from OIG criminal investigations.)</p>		
<b>Fines/Penalties</b>	<b>52,465</b>	<b>1,965,315</b>
<p>(The dollar amount/value of fines, assessments, seizures, court or investigative costs, or other penalties resulting from OIG criminal investigations.)</p>		
<b>Civil Monetary Actions</b>	<b>90,000</b>	<b>103,984</b>
<p>(The dollar amount/value of forfeitures, settlements, damages, court costs, judgments, or other penalties resulting from OIG civil investigations.)</p>		
<b>TOTAL</b>	<b>\$2,864,926</b>	<b>\$ 3,304,509</b>

# REPORTING REQUIREMENTS UNDER THE INSPECTOR GENERAL ACT OF 1978

## Requirement

Section 4(a)(2) - Review of Legislation and Regulation .....	2,3,41
Section 5(a)(1) - Significant Problems, Abuses, and Deficiencies.....	ALL
Section 5(a)(2) - Recommendations With Respect to Significant Problems, Abuses, and Deficiencies .....	ALL
Section 5(a)(3) - Prior Recommendations Not Yet Completed .....	61
Section 5(a)(4) - Matters Referred to Prosecutive Authorities .....	1
Section 5(a)(5) and Section 6(b)(2) - Summary of Instances Where Information Was Refused .....	None
Section 5(a)(6) - List of Audit Reports .....	64
Section 5(a)(8) - Statistical Tables on Management Decisions on Questioned Costs .....	56
Section 5(a)(9) - Statistical Tables on Management Decisions on Recommendations That Funds Be Put to Better Use .....	60
Section 5(a)(10) - Summary of Each Audit Report Over 6 Months Old for Which No Management Decision Has Been Made .....	58
Section 5(a)(11) - Description and Explanation for Any Significant Revised Management Decision .....	31
Section 5(a)(12) - Information on Any Significant Management Decisions with Which the Inspector General Disagrees .....	None

## Senate Report No. 96-829

Resolution of Audits .....	56-57
Delinquent Debts .....	50

Note: This table cross-references the reporting requirements prescribed by the Inspector General Act of 1978, as amended, to the specific pages where they are addressed. The information requested by the Congress in Senate Report No. 96-829 relative to the 1980 Supplemental Appropriations and Rescissions Bill, is also cross-referenced to the appropriate pages of the report.

## AUDIT SCHEDULES

### **Money Owed the Department of Labor ..... 50**

This schedule depicts the amount of money that is owed to the Department of Labor. In order to demonstrate the extent of change in the balances owed to the Department, data is provided on the amounts owed at both the beginning and end of the 6-month reporting period. The schedule also reports on those amounts which were appealed, collected, and written-off, as well as the amounts adjusted as a result of any appeals and revised management decisions.

### **Summary of Audit Activity of DOL Programs ..... 51**

This schedule summarizes, by DOL agency, the number of audit reports issued during the 6-month reporting period, the amount of dollars audited, and the amount of dollars questioned by auditors as having been improperly expended.

### **Summary of Audit Activity of ETA Programs ..... 52**

This schedule details, for the Employment and Training Administration (ETA), the number of audit reports issued during the 6-month reporting period, the amount of dollars audited, and the costs questioned by auditors as having been improperly expended. (This additional detail is provided since most of DOL funds are in ETA.)

### **Summary of Audits Performed Under the Single Audit Act ..... 53**

This schedule summarizes the audit reports, issued during the 6-month reporting period, which were prepared in accordance with the Single Audit Act. This schedule also details the amount of dollars audited, as well as the costs questioned by auditors as having been improperly expended.

### **Summary of Audits Performed Under the Single Audit Act: Multi-Agency Program Reports ..... 54**

This schedule depicts the number of single audit reports, issued during the 6-month reporting period, that covered more than one Department of Labor program agency. This schedule also details the amount of dollars that were audited, as well as the costs questioned by auditors as having been improperly expended.

### **Audits by Non-Federal Auditors ..... 55**

This schedule is a report to the Office of Management and Budget (OMB) on the quality and results of single audits performed by non-Federal auditors during the 6-month reporting period.

### **Summary of Audit Resolution Activity: Questioned Costs ..... 56**

This schedule shows the extent to which DOL management has taken steps, during the 6-month reporting period, to resolve the costs questioned as having been improperly expended. Audit resolution occurs when management either agrees with the auditor's finding and disallows those costs that were questioned, or management decides that the expenditure should be allowed. (This schedule is required by Section 5(a)(8) of the Inspector General Act, as amended.)

**Summary of Audit Resolution Activity: Unsupported Questioned Costs ..... 57**

This schedule shows the extent to which DOL management has taken steps, during the 6-month reporting period, to resolve the costs questioned by the auditor because they were not supported by appropriate records or documentation. Audit resolution occurs when management either agrees with the auditor's finding and disallows those unsupported costs that were questioned, or management decides that the expenditure should be allowed. (This schedule is required by Section 5(a)(8) of the Inspector General Act, as amended.)

**Unresolved Audits Over 6 Months ..... 58**

This schedule presents a summary of all audit reports that continue to remain unresolved for more than 6 months. For these reports, a management decision is still outstanding. (This schedule is required by Section 5(a)(10) of the Inspector General Act, as amended.)

**Summary of Final Action Activity: Disallowed Costs ..... 59**

This schedule presents the final action activity for costs that have been disallowed during the 6-month reporting period. This schedule is included in the OIG Semiannual Report to demonstrate the flow of information to the Secretary's Semiannual Management Report, which is issued by the Secretary as required by Section 5(b)(2) of the Inspector General Act, as amended.

**Summary of Final Action Activity: Funds Put to Better Use ..... 60**

This schedule depicts, by program agency, the final action activity during the 6-month reporting period for those funds that were recommended by the auditor to be put to better use. This schedule is included in the OIG Semiannual Report to demonstrate the flow of information to the Secretary's Semiannual Management Report, which is issued by the Secretary as required by Section 5(b)(3) of the Inspector General Act, as amended.

**Significant Recommendations Resolved for Over One Year on which Corrective Action Has Not Been Completed, as of March 31, 1995 ..... 61**

This schedule presents the significant audit recommendations which have been resolved for over one year and on which corrective action has not been completed.

**Final Audit Reports Issued ..... 64**

This schedule lists all audit reports that were issued during the 6-month reporting period, as required by Section 5(a)(6) of the Inspector General Act, as amended.

## Money Owed the Department of Labor For the Period October 1, 1994 - March 31, 1995

Program Name	Beginning Balance		Debt Established During Period	New Appeals	Collections During the Period			Write-Offs			Adjustments Due to:			Ending Balance	
	In Collection	Under Appeal			Cash	Offset	Other	Compromise	Termination	Overturned	Appeals Affirmed	Revised Management Decision	Delinquent	Current	Under Appeal
ESA	23,244,114	8,991,939	13,036,284	(190,865)	9,002,891	0	0	112,834	1,591,903	908,493	0	1,136,435	10,863,001	12,855,706	8,801,074
FECA	5,198,803	88,214,841	10,265,367	(957,876)	8,000,747	0	0	0	4,048,222	(887,162)	0	0	5,260,239	0	87,256,965
Black Lung	17,611,491	12,775,479	771,051	0	3,330,355	0	1,627,454	4,921,737	10,760	983,276	371,097	(27,291)	6,489,711	2,451,623	11,370,396
-Disability Trust Fund	12,119,037	48,186,180	3,053,205	5,151,838	1,987,498	0	191,022	21,808	0	487,834	1,276,694	3,384,416	6,906,946	3,975,173	43,222,625
ETA	241	8,424,609	115,488	0	537,901	0	4,387	0	0	1,484,839	427,000	0	241	0	9,491,870
CETA	18,059,345	22,500,000	14,045,004	0	9,798,920	0	0	0	3,982,734	0	0	0	15,846,837	3,010,227	21,965,611
JTPA	45,107,769	81,997,662	40,890,052	13,071,029	38,167,549	0	0	3,486,173	0	0	0	13,035,470	24,805,006	19,503,806	95,068,419
UI/SEA	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
MSHA	240,629	0	298,890	0	283,928	0	0	0	0	0	0	0	133,416	122,175	0
Assessments/Mine Operator Civil Penalties	7,528,846	0	1,153,817	54,000	568,015	0	0	223,801	318,209	4,000	0	285,643	1,998,456	97,002	50,000
OSHA	3,456	0	22,520	0	17,698	0	0	0	0	0	0	0	249	8,030	0
Civil Penalties	129,113,731	271,090,710	83,651,678	17,128,126	71,695,502	0	1,823,063	8,766,353	9,951,828	2,981,280	2,024,791	18,014,673	72,306,102	42,023,742	277,226,960
-From Business															
-From State Grantees															

### Explanations:

Figures provided by agencies are estimates and are unaudited.  
Differences between beginning balances on this schedule and ending balances on the prior period schedule result from adjustments made during the period.  
Almost all delinquent debt has either been referred to DOJ for collection action or is in the process of referral.  
Collections during the period includes: money which had been under appeal, subsequently had a debt established, and money collected.

### Definitions:

**Collections:** Includes cash, offsets, property, repayment agreements; any amount more than 30 days overdue is delinquent.  
**Under Appeal:** Formal process in which program recipient/auditee appeals program agency's determination; amounts are "contingent" receivables--not available for collection.  
**Write-Offs:** Result from agency administrative procedures to write off uncollectible receivables, a/k/a bad debt.  
**Adjustments due to appeals:** Adjustments of contingent receivables which result from Administrative Law Judge/Judicial process (includes agency actions overturned & compromises).  
**Adjustments due to revised management decisions:** Adjustments of contingent receivables which result from reclassification of disallowed costs based on documentation submitted after audit resolution.

**Summary of Audit Activity of DOL Programs  
October 1, 1994 - March 31, 1995**

Agency	Reports Issued	Grant/Contract Amount Audited <sup>1</sup>	Questioned Costs Unsupported	Other
OSEC	2	\$ 49,461	\$ 0	\$ 0
ETA	141	1,213,872,261	2,016,234	236,538
ESA	1	3,270,175	0	0
MSHA	3	41,053	0	0
OASAM	8	38,275,732	1,818,677	0
OSHA	4	268,247	0	0
BLS	2	42,824	0	0
PWBA	1	1,609,509	0	0
Multi-Agency	21	4,324,200,399	416,911	0
OT AGY	1	0	0	0
<b>Totals</b>	<b>184</b>	<b>\$5,581,629,661</b>	<b>\$4,251,822</b>	<b>\$236,538</b>

<sup>1</sup>Grant/Contract Amount Audited is overstated because, in some cases, expenditures were audited at more than one level as funds were passed down from Department to program agency, to program office, to grantee/contractor, to subrecipient.

**Summary of Audit Activity of ETA Programs  
October 1, 1994 - March 31, 1995**

Program	Reports Issued	Grant/Contract Amount Audited	Questioned Costs Unsupported	Other
UIS	1	\$ 0	\$ 0	\$ 0
SESA	1	250,604,213	4,101	0
JTPA	11	492,562,560	1,400	236,538
OSTP	2	1,296,878	0	0
DINAP	96	53,030,658	543,180	0
DOWP	2	28,205,876	0	0
DSFP	24	375,236,134	1,467,553	0
OJC	3	12,907,113	0	0
OSPPD	1	28,829	0	0
<b>Totals</b>	<b>141</b>	<b>\$1,213,872,261</b>	<b>\$2,016,234</b>	<b>\$236,538</b>



**Summary of Audits Performed Under the Single Audit Act  
October 1, 1994 - March 31, 1995**

Agency	Entities Audited	Reports Issued	Grant/Contract Amount Audited	Questioned Costs Unsupported	Other
OSEC	0	1	\$ 49,461	\$ 0	\$ 0
ETA	53	129	378,004,419	577,027	0
MSHA	0	1	41,053	0	0
OSHA	0	2	268,247	0	0
BLS	0	1	42,824	0	0
PWBA	0	1	1,609,509	0	0
Multi-Agency	7	21	4,324,200,399	416,911	0
OT AGY	1	1	0	0	0
<b>Totals</b>	<b>61</b>	<b>157</b>	<b>\$4,704,215,912</b>	<b>\$993,938</b>	<b>\$0</b>

**Note:** DOL has cognizant responsibility for specific entities under the Single Audit Act. More than one audit report may have been transmitted or issued for an entity during this time period. Reports are transmitted or issued based on the type of funding and the agency/program responsible for resolution. During this period, DOL issued reports on 61 entities for which DOL was cognizant; in addition, DOL issued 96 reports which included direct DOL funds for which DOL was not cognizant.

**Summary of Audits Performed Under the Single Audit Act  
Multi-Agency Program Reports  
October 1, 1994 - March 31, 1995**

Agency	Number of Recommendations	Unsupported	Questioned Costs	Other
ETA:				
UIS	2	1,441		0
SESA	3	81,263		0
JTPA	4	330,093		0
DOWP	1	4,114		0
Totals	10	\$416,911		\$0

**Note:** Multi-Agency Program Reports relate to Single Audit reports. The report may be on a statewide audit where DOL has accepted "lead" cognizance or it may be on a single entity under the direct responsibility of DOL. If multiple DOL programs were audited, the multi-agency designation was used. Individual recommendations within the report designate which agency/program is responsible for resolution. Ten recommendations are contained within the 21 multi-agency reports issued this period.

**Audits by Non-Federal Auditors  
PCIE Semiannual Reporting - Summary Results of IG Reviews  
Six Months Ended March 31, 1995**

**STATISTICAL TABLE**

1. Reports Issued Without Change or With Minor Changes
  - A. Based on Desk Review
  - B. Based on QCR

Total Without Change or With Minor Changes
2. Reports Issued With Major Changes
  - A. Based on Desk Review
  - B. Based on QCR

Total With Major Changes
3. Reports With Significant Inadequacies
  - A. Based on Desk Review
  - B. Based on QCR

Total with Significant Inadequacies
4. Number of Auditors Referred to State Boards/AICPA
5. Number of Auditors Which Other Sanctions Were Taken
6. Unsupported Costs in Reports With Direct Funded Findings
7. Sustained Unsupported Costs
8. Recovered Unsupported Costs
9. Other Costs Questioned in Reports With Direct Funded Findings
10. Sustained Other Questioned Costs
11. Recovered Other Questioned Costs

	A-128/102-P Audits			A-133/110 Audits			Grand Total
	Independent Public Accountant	State & Local Auditor	Total	Independent Public Accountant	State & Local Auditor	Total	
1. Reports Issued Without Change or With Minor Changes							
A. Based on Desk Review	100	11	111	43	0	43	154
B. Based on QCR	1	1	2	0	0	0	2
Total Without Change or With Minor Changes	101	12	113	43	0	43	156
2. Reports Issued With Major Changes							
A. Based on Desk Review	0	0	0	1	0	1	1
B. Based on QCR	0	0	0	0	0	0	0
Total With Major Changes	0	0	0	1	0	1	1
3. Reports With Significant Inadequacies							
A. Based on Desk Review	0	0	0	0	0	0	0
B. Based on QCR	0	0	0	0	0	0	0
Total with Significant Inadequacies	0	0	0	0	0	0	0
4. Number of Auditors Referred to State Boards/AICPA	0	0	0	0	0	0	0
5. Number of Auditors Which Other Sanctions Were Taken	0	0	0	0	0	0	0
6. Unsupported Costs in Reports With Direct Funded Findings	\$865,912	\$127,957	\$993,869	\$69	\$0	\$69	\$993,938
7. Sustained Unsupported Costs	\$395,652	\$567,699	\$963,351	\$41,020	\$0	\$41,020	\$1,004,371
8. Recovered Unsupported Costs	\$105,609	\$308,658	\$414,267	\$36,486	\$0	\$36,486	\$450,753
9. Other Costs Questioned in Reports With Direct Funded Findings	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10. Sustained Other Questioned Costs	\$1,883	\$11,213	\$13,096	\$0	\$0	\$0	\$13,096
11. Recovered Other Questioned Costs	\$1,883	\$11,213	\$13,096	\$0	\$0	\$0	\$13,096

**Summary of Audit Resolution Activity  
Questioned Costs  
October 1, 1994 - March 31, 1995**

Agency/ Program	October 1, 1994		Issued (Increases)		Resolved (Decreases)		March 31, 1995	
	Balance Unresolved Reports	Dollars	Reports	Dollars	Allowed	Disallowed	Balance Unresolved Reports	Dollars
OSEC	0	\$0	2	\$0	\$0	\$0	1	\$0
VETS	0	0	0	0	0	0	0	0
ETA:								
ADMIN	3	0	0	0	0	0	3	0
OFCMS	0	0	0	0	0	0	0	0
UIS	3	0	1	0	0	0	2	0
USES	1	0	0	0	0	0	1	0
FLC	0	0	0	0	0	0	0	0
SESA	2	1,333,079	1	4,101	0	731,178	2	606,002
OTAA	1	394,825	0	0	0	394,825	0	0
JTPA	12	18,892,382	11	237,938	446,914	210,494	14	18,488,439
OSTP	0	0	2	0	0	0	0	0
DINAP	23	1,144,819	96	543,180	337,745	88,688	20	1,279,591
DOWP	1	0	2	0	0	0	0	0
DSFP	4	1,198,168	24	1,467,553	79,066	1,119,102	7	1,467,553
OJC	11	1,002,227	3	0	43,299	52,605	7	906,323
BAT	0	0	0	0	0	0	0	0
OPR	0	0	1	0	0	0	0	0
ESA	1	0	1	0	0	0	0	0
MSHA	0	0	3	0	0	0	0	0
OASAM	16	2,569,444	8	1,818,677	66,125	43,320	21	4,278,676
SOL	0	0	0	0	0	0	0	0
OIG	0	0	0	0	0	0	0	0
OSHA	0	0	4	0	0	0	0	0
BLS	2	0	2	0	0	0	1	0
PWBA	0	0	1	0	0	0	0	0
Multi-Agency	30	8,340,378	21	416,911	5,487,297	1,970,510	21	1,299,482
Other Agencies	0	0	1	0	0	0	0	0
<b>TOTAL</b>	<b>110</b>	<b>\$34,875,322</b>	<b>184</b>	<b>\$4,488,360</b>	<b>\$6,460,446</b>	<b>\$4,610,722</b>	<b>100</b>	<b>\$28,326,066</b>

DOLLARS represent both unsupported (inadequately documented) costs and questioned (alleged violation of law, regulation, contract, etc.; or unnecessary or unreasonable) costs.

DISALLOWED COSTS includes \$33,552 of additional claim amounts. Additional claim amounts occur when the grant/contract officer disallows an amount in addition to the finding amount.

AUDIT RESOLUTION occurs when the program agency and the OIG agree on action to be taken on reported findings and determinations. Thus, this table does not represent any activity subsequent to management's final action such as results of the appeals process or program agency debt collections. Information such as this may be found in the Secretary's Report to Congress. See Financial Management Section for discussion on revision of prior management decisions.

DIFFERENCES between the beginning balance of this schedule and the ending balance of the previous *Semiannual Report* result from adjustments during the period.

**Summary of Audit Resolution Activity  
Unsupported Questioned Costs  
October 1, 1994 - March 31, 1995**

Agency/ Program	October 1, 1994		Issued (Increases)		Reports		Resolved (Decreases) Allowed		Disallowed	March 31, 1995	
	Balance Unresolved Reports	Dollars	Reports	Dollars	Reports	Dollars	Reports	Dollars		Balance Unresolved Reports	Dollars
OSEC	0	\$0	0	\$0	0	\$0	0	\$0	\$0	0	\$0
VETS	0	0	0	0	0	0	0	0	0	0	0
ETA:											
ADMIN	0	0	0	0	0	0	0	0	0	0	0
OFCMS	0	0	0	0	0	0	0	0	0	0	0
UIS	0	0	0	0	0	0	0	0	0	0	0
SESA	1	601,901	1	4,101	0	0	2	606,002	0	2	606,002
OTAA	1	93,572	0	0	1	0	0	93,572	0	0	0
JTPA	7	14,914,360	1	1,400	2	446,714	6	14,338,325	146,248	6	14,338,325
CETA	0	0	0	0	0	0	0	0	0	0	0
DINAP	12	1,105,540	13	543,180	10	337,745	15	1,240,312	88,688	15	1,240,312
DOWP	0	0	0	0	0	0	0	0	0	0	0
DSFP	2	1,198,168	4	1,467,553	2	79,066	4	1,467,553	1,119,102	4	1,467,553
OJC	7	937,886	0	0	2	43,299	5	841,982	52,605	5	841,982
OPR	0	0	0	0	0	0	0	0	0	0	0
ESA	0	0	0	0	0	0	0	0	0	0	0
MSHA	0	0	0	0	0	0	0	0	0	0	0
OASAM	8	2,569,444	5	1,818,677	2	66,125	11	4,278,676	43,320	11	4,278,676
OIG	0	0	0	0	0	0	0	0	0	0	0
OSHA	0	0	0	0	0	0	0	0	0	0	0
Multi-Agency	14	8,314,771	9	416,911	12	5,472,903	11	1,299,482	1,959,297	11	1,299,482
Other Agency	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>52</b>	<b>\$29,735,642</b>	<b>33</b>	<b>\$4,251,822</b>	<b>31</b>	<b>\$6,445,852</b>	<b>54</b>	<b>\$24,072,332</b>	<b>\$3,502,832</b>	<b>54</b>	<b>\$24,072,332</b>

These unsupported costs are incorporated into the "Summary of Audit Resolution Activity" schedule on the previous page. They are broken out as required by P.L. 100-504.

## Unresolved Audits Over 6 Months October 1, 1994 - March 31, 1995

Agency	Program	Date Issued	Audit Report Number	Name of Audit/Auditee	No of Rec	Questioned Costs
<b>Under Litigation:</b>						
ETA	DINAP	03-FEB-94	18-94-007-03-355	NEBRASKA INTER-TRIBAL	10	\$ 607,354
ETA	JTPA	23-SEP-93	04-93-046-03-340	GA DOL FIXED FEE QUALITY PLUS	15	296,892
ETA	JTPA	25-SEP-92	06-92-010-03-340	EAST TEXAS CNCL OF GOVT	13	5,780,925
<b>Awaiting Resolution:</b>						
ETA	ADMIN	25-AUG-92	12-92-021-03-001	UNEMPLOY TRUST FUND FY 91 <sup>1</sup>	1	0
ETA	ADMIN	25-AUG-92	12-92-022-03-001	ETA FY 91 FIN STMTS <sup>1</sup>	2	0
ETA	ADMIN	30-SEP-93	12-93-001-03-001	ETA FY 92 FIN STMTS <sup>1</sup>	6	0
ETA	UIS	29-SEP-93	03-93-034-03-315	UI PERFORMANCE MEASURES <sup>1</sup>	1	0
ETA	UIS	31-MAR-94	09-94-002-03-315	UCFC/UCX PAYMENT VERIFICATION <sup>2</sup>	2	0
ETA	SESA	24-AUG-94	12-94-017-03-325	ADES SCHEDULE OF US DOL FINANC <sup>3</sup>	5	287,543
ETA	USES	18-AUG-94	04-94-021-03-320	TARGETED JOBS TAX CREDIT PROGR <sup>2</sup>	1	0
ETA	JTPA	25-JUL-94	04-92-014-03-340	DENNIS AND ASSOCIATES <sup>2</sup>	4	2,774,604
ETA	JTPA	25-JUL-94	04-92-030-03-340	DENNIS AND ASSOCIATES <sup>2</sup>	4	120,491
ETA	JTPA	11-AUG-94	04-94-025-03-340	GEORGIA MOUNTAINS REGIONAL CEN <sup>2</sup>	2	164,506
ETA	JTPA	29-MAR-94	06-94-001-03-340	NAVAJO NATION <sup>4</sup>	3	677,574
ETA	DINAP	13-APR-93	06-93-231-03-355	SANTO DOMINGO TRIBE <sup>5</sup>	18	65,681
ETA	DINAP	28-SEP-94	09-94-201-03-355	SHOSHONE-BANNOCK TRIBE <sup>2</sup>	4	39,279
OASAM	ADMIN	28-JUN-91	12-91-009-07-001	FY 90 CONSOLIDATED FIN STMTS <sup>1</sup>	4	0
OASAM	ADMIN	28-AUG-92	12-92-002-07-001	FY 91 CONSOLIDATED FIN STMTS <sup>1</sup>	3	0
OASAM	ADMIN	30-SEP-93	12-93-008-07-001	FY 92 CONSOLIDATED FIN STMTS <sup>1</sup>	2	0
OASAM	ADMIN	30-SEP-94	12-94-011-07-001	FY 93 U.S. DOL CONSOLIDATED <sup>2</sup>	1	0
OASAM	ADMIN	26-MAR-93	12-93-016-07-001	COMBINING SCHED NET ADVANCES <sup>1</sup>	1	0
OASAM	ADMIN	02-SEP-94	12-94-012-07-001	DOL CONSOLIDATED FINANCIAL STMTS <sup>1</sup>	12	0
OASAM	ADMIN	24-AUG-94	12-94-028-07-001	O.M. FINANCIAL REPORT <sup>1</sup>	1	0
OASAM	COMP	30-SEP-93	12-93-011-07-710	FY 92 WORKING CAPITAL FUND <sup>1</sup>	3	0
BLS	ADMIN	30-SEP-93	12-93-009-11-001	BLS FY 92 FINANCIAL STATEMENTS <sup>1</sup>	4	0
OASAM	OPGM	30-SEP-91	18-91-035-07-735	OIC OF AMERICA <sup>5</sup>	13	481,785
OASAM	OPGM	19-AUG-94	18-94-019-07-735	OIC OF AMERICA <sup>5</sup>	3	554,867
MULTI	ALLDOL	27-JUL-94	05-94-116-50-598	MICHIGAN DEPARTMENT OF LABOR <sup>2</sup>	1	0
MULTI	ALLDOL	11-AUG-94	09-94-579-50-598	STATE OF ALASKA <sup>2</sup>	3	754,502
<b>Pending Indirect Cost Negotiations:</b>						
ETA	OJC	10-SEP-92	18-92-027-03-370	LEO A. DALY <sup>6</sup>	2	210,695
ETA	OJC	04-MAR-94	18-94-009-03-370	LEO A. DALY <sup>6</sup>	1	231,610
ETA	OJC	04-MAR-94	18-94-010-03-370	LEO A. DALY <sup>6</sup>	1	274,400
ETA	OJC	04-MAR-94	18-94-011-03-370	LEO A. DALY <sup>6</sup>	1	116,565
OASAM	OPGM	17-SEP-93	18-93-011-07-735	INTERNATIONAL MASONRY INST <sup>7</sup>	3	104,184
OASAM	OPGM	24-JUN-94	18-94-014-07-735	ILLINOIS MIGRANT COUNCIL <sup>7</sup>	2	41,877
OASAM	OPGM	27-AUG-94	18-94-021-07-735	WAVE INC <sup>7</sup>	3	1,206,216
<b>TOTAL AUDIT EXCEPTIONS:</b>					<b>155</b>	<b>\$14,791,550</b>

### Notes to "Unresolved Audits Over 6 Months"

<sup>1</sup>Recommendations were reviewed under their respective current FY 94 audits and remain unresolved.

<sup>2</sup>Unresolved pending a response to the final audit report.

<sup>3</sup>The ETA section of the audit report is resolved. We are awaiting information from other DOL agencies to resolve this report.

<sup>4</sup>OIG disagreed with ETA's Final Determination. OIG provided ETA with copies of workpapers related to the audit to be used to resolve the audit.

<sup>5</sup>The audit is currently under the Department's Alternative Dispute Resolution process as authorized by the Administrative Dispute Resolution Act.

<sup>6</sup>Indirect cost negotiations delayed pending legal clearance.

<sup>7</sup>Pending completion of indirect cost negotiations and closure.

**Summary of Final Action Activity  
Disallowed Costs  
October 1, 1994 - March 31, 1995**

Agency/ Program	October 1, 1994		Resolved (Increases)		Final Action (Decreases)		March 31, 1995	
	Balance No Reports	Final Action Disallowed	Reports	Disallowed	Write-Offs	Recovered	Balance No Reports	Final Action Disallowed
OSEC	3	\$ 0	1	\$ 0	\$ 0	\$ 0	2	\$ 0
VETS	3	538,190	0	0	0	0	3	538,190
ETA:								
ADMIN	4	507,696	0	0	0	0	3	507,696
OFAM	2	1,485,911	0	0	0	0	1	1,485,911
UIS	9	58,016,797	2	0	0	87,755	8	57,929,042
USES	0	0	0	0	0	0	0	0
SESA	5	3,149,265	1	731,178	731,178	1,656,494	3	1,492,771
OTAA	3	2,052,389	1	394,825	1,484,839	427,000	3	535,375
JTPA	47	38,133,372	9	210,494	7,994,692	2,091,660	34	28,257,514
CEEA	15	18,471,543	0	0	6,599,077	1,193,385	9	10,679,081
OSTP	2	494,950	2	0	17,749	0	1	477,201
DINAP	90	6,966,235	99	88,688	478,204	618,084	74	5,958,635
DOWP	8	204,486	3	0	53,279	8,153	8	143,054
DSFP	21	1,285,355	21	1,119,102	0	34,205	21	2,370,252
OJC	42	2,243,523	7	52,605	275,412	60,046	22	1,960,670
OPR	5	435,703	1	0	18,454	4,587	1	412,662
ESA	13	16,891	2	0	0	5,616	8	11,275
MSHA	1	0	3	0	0	0	3	0
OASAM	29	14,939,215	3	43,320	384,475	1,067,907	17	13,530,153
SOL	1	0	0	0	0	0	1	0
OIG	0	0	0	0	0	0	0	0
OSHA	11	90,760	4	0	90,760	0	9	0
BLS	1	0	3	0	0	0	3	0
PWBA	2	0	1	0	0	0	2	0
Multi-Agency	68	10,148,811	30	1,970,510	48,953	443,399	58	11,626,969
Other Agency	0	0	1	0	0	0	0	0
<b>TOTAL</b>	<b>385</b>	<b>\$159,181,092</b>	<b>194</b>	<b>\$4,610,722</b>	<b>\$18,177,072</b>	<b>\$7,698,291</b>	<b>294</b>	<b>\$137,916,451</b>

**AGENCY FINAL ACTIONS:** An audit report is considered closed when management completes all actions necessary with respect to the audit findings and recommendations and reports that action to the OIG. If management concludes that no action is necessary, final action occurs when a management decision is made.

Section 106(b) of the Inspector General Amendments of 1988 (P.L. 100-504) requires that the Secretary of Labor report semiannually on the status of final actions on OIG recommendations for which management decisions have been made.

Recovered costs contain authorized repayment agreements totalling \$2,997,852.

In a separate report, management will report to the Congress actions taken based on management decisions on OIG reports, on questioned costs, and recommendations that funds be put to better use. Management will also include statements on audit reports on which decisions were made but for which final actions are still incomplete after one year.

Differences between the beginning balance of this schedule and the ending balance of the previous *Semiannual Report* result from adjustments during the period.

**Summary of Final Action Activity  
Funds Put to Better Use  
October 1, 1994 - March 31, 1995**

Agency/ Program	October 1, 1994		Resolved (Increases)		Final Action (Decreases)		March 31, 1995	
	Balance No Final Action Reports	Disallowed	Reports	Disallowed	Write-Offs	Recovered	Balance No Final Action Reports	Dollars
OSEC	0	\$ 0	0	\$ 0	\$ 0	\$ 0	0	\$ 0
ETA:								
UIS	0	0	0	0	0	0	0	0
SESA	0	0	0	0	0	0	0	0
CETA	0	0	0	0	0	0	0	0
DSFP	0	0	0	0	0	0	0	0
OJC	0	0	0	0	0	0	0	0
ESA	0	0	0	0	0	0	0	0
OASAM	4	41,840,179	0	0	0	29,700	2	41,810,479
OSHA	2	5,792,677	0	0	0	80,000	1	5,712,677
Multi-Agency	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>6</b>	<b>\$47,632,856</b>	<b>0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$109,700</b>	<b>3</b>	<b>\$47,523,156</b>



**Significant Recommendations Resolved for Over One Year  
on which Corrective Action Has Not Been Completed  
as of March 31, 1995**

Section 5.(a)(3) of the Inspector General Act requires Inspectors General to identify "each significant recommendation described in previous semiannual reports on which corrective action has not been completed."

The following table can be used to identify significant recommendations discussed in previous semiannual reports which have been resolved (or the decision of appeal has been rendered) in excess of one year and for which corrective action has not been completed as of March 31, 1995. The table does not contain resolved recommendations which are on appeal.

<b>Report No. Report Name</b>	<b>Prior Semiannual Mo./Yr.&amp;Pg</b>	<b># Open Rec.</b>	<b>Resolution Mo./Yr.</b>	<b>Dollars Disallowed 000's</b>
<b>VETS</b>				
18-91-041-02-201 Urban Revitalization - USA	09/91 Pg41	6	03/92	134
<b>ESA</b>				
03-91-056-04-001 FY 1990 Financial Statements	09/91 Pg36	7	08/91	N/A
03-92-052-04-001 FY 1991 Financial Statements	09/92 Pg46	5	06/92	N/A
<b>OASAM</b>				
12-91-011-07-001 Internal Cnfrs do not Reasonably Assure Reliable General Ledger Balances	03/91 Pg37	2	03/92	N/A
12-92-030-07-710 Working Capital Fund	09/92 Pg60	3	10/92	N/A
19-92-010-07-710 Weaknesses Identified in the Recent Pay Process	09/92 Pg66	3	08/92	N/A
12-92-027-07-711 Premiums Remitted to Healthplus of Maryland	09/92 Pg67	5	08/93	N/A

**Significant Recommendations Resolved for Over One Year  
on which Corrective Action Has Not Been Completed  
as of March 31, 1995**

Report No. Report Name	Prior Semiannual Mo./Yr.&Pg	# Open Rec.	Resolution Mo./Yr.	Dollars Disallowed 000's
12-92-029-07-711 Accounts Payable, Undelivered Orders and Disbursements	09/92 Pg59	3	08/93	N/A
<b>SOL</b>				
17-92-005-08-001 Managing Effectiveness of SOL	03/92 Pg14	5	04/92	N/A
<b>OSHA</b>				
05-90-035-10-001 OSHA Annual Report Can Be Improved	03/90 Pg25	3	06/90	N/A
05-90-056-10-001 FY 1989 Financial Statement	09/90 Pg23	1	12/90	N/A
05-92-008-10-001 OSHA Egregious Cases	03/92 Pg12	4	09/92	N/A
05-88-083-10-105 OSHA 11(c) Complaint Program	03/89 Pg52	4	08/89	N/A
05-92-014-10-001 FY 91 OSHA Financial Statements	09/92 Pg51	2	10/92	N/A
05-93-006-10-001 OSHA Performance Measures	09/93 Pg24	1	02/94	N/A
<b>ETA</b>				
12-88-013-03-001 FYs 1987 and 1986 Financial Stmt's	03/89 Pg57	3	09/89	N/A
12-88-017-03-001 FY 1987 Management Advisory Comments	03/89 Pg58	2	09/89	N/A

**Significant Recommendations Resolved for Over One Year  
on which Corrective Action Has Not Been Completed  
as of March 31, 1995**

<b>Report No. Report Name</b>	<b>Prior Semiannual Mo./Yr.&amp;Pg</b>	<b># Open Rec.</b>	<b>Resolution Mo./Yr.</b>	<b>Dollars Disallowed 000's</b>
03-83-203-03-315 UI Experience Rating	09/89 Pg23	1	09/90	N/A
03-90-086-03-315 Internal Control Improvements Needed for UI Trust Fund	03/90 Pg19	5	09/90	N/A
05-93-008-03-330 TAA Program Outcomes in Nine Selected States	03/94 Pg4	4	01/94	N/A
02-89-216-03-325 Puerto Rico Department of Labor & Human Resources	09/89 Pg75	15	10/89	N/A
12-91-032-03-370 Job Corps Financial Statements	09/91 Pg23	2	10/91	N/A
04-93-033-03-310 Performance Measures FY 92	09/93 Pg24	1	03/94	N/A
12-93-002-03-315 FY 92 UI Financial Statements	09/93 Pg19	5	12/93	N/A
12-93-017-03-370 Job Corps Eligibility Requirements	09/93 Pg14	7	02/94	N/A
<b>PWBA</b>				
09-93-006-12-001 PWBA Performance Measures	09/93 Pg24	2	09/93	N/A

**FINAL AUDIT REPORTS ISSUED  
01-OCT-94 TO 31-MAR-95**

Audit Report Number	Agency	Program	Date Sent to Program Agency	Name of Audit/Auditee
02-95-231-01-010*	OSEC	ASP	16-MAR-95	BOSTON UNIVERSITY - SA
02-95-228-03-340	ETA	JTPA	13-MAR-95	MAINE TECHNICAL COLLEGE SYSTEM - SA
02-95-232-03-340	ETA	JTPA	31-MAR-95	AUDIT OF JTPA TITLE III RETRAINING SERVICES PY 1991
02-95-227-03-355*	ETA	DINAP	16-MAR-95	RHODE ISLAND INDIAN COUNCIL, INC. - SA
02-95-230-03-380	ETA	SPPD	28-MAR-95	CITY OF WATERBURY, CONNECTICUT - SA
02-95-201-04-431	ESA	FECA	31-MAR-95	FY 93 FECA SPECIAL BENEFIT FUND
02-95-225-10-101	OSHA	OSHAG	13-MAR-95	THE GENERAL HOSPITAL CORP., MASS. GENERAL HOSPITAL - SA
02-95-233-10-101	OSHA	OSHAG	28-MAR-95	THE GENERAL HOSPITAL CORP., MASS. GENERAL - SA
02-95-224-11-111	BLS	BLSG	13-MAR-95	WELLESLEY COLLEGE - SA
02-95-202-50-598	MULTI	AL/DOL	01-MAR-95	STATE OF RHODE ISLAND & PROVIDENCE PLANTATIONS - SA
02-95-215-50-598	MULTI	AL/DOL	16-MAR-95	STATE OF CONNECTICUT - SA
02-95-223-50-598*	MULTI	AL/DOL	20-MAR-95	STATE OF NEW HAMPSHIRE -SA
02-95-226-50-598	MULTI	AL/DOL	16-MAR-95	NATIONAL BUREAU OF ECONOMIC RESEARCH, INC. - SA
03-94-034-03-340	ETA	JTPA	21-DEC-94	E&T PROGRAM'S CFO REPORTING OF PERFORMANCE MEASURES
03-94-021-50-598*	MULTI	AL/DOL	01-OCT-94	STATE OF WEST VIRGINIA 6/30/92 - SA
03-95-007-50-598*	MULTI	AL/DOL	02-DEC-94	STATE OF WEST VIRGINIA 6/30/93 - SA
04-95-007-03-325	ETA	SESA	20-DEC-94	STATE OF ALABAMA - SA
04-95-003-03-340	ETA	JTPA	22-DEC-94	SELECTED CONTRACTS CSRA EMPLOYMENT & TRAINING CONSORT.
04-95-005-03-340*	ETA	JTPA	27-MAR-95	KENTUCKY DOMESTIC VIOLENCE ASSOCIATION - SA
04-95-013-03-340	ETA	JTPA	28-FEB-95	AUDIT OF GA DEPT OF LABOR JTPA FOLLOWUP SYSTEM
04-95-015-03-340*	ETA	JTPA	16-MAR-95	TENNESSEE OPPORTUNITY PROGRAMS, INC. - SA
04-95-021-03-340*	ETA	JTPA	28-MAR-95	NATIONAL CONFERENCE OF BLACK MAYORS - SA
04-95-001-03-355*	ETA	DINAP	17-MAR-95	EASTERN BAND OF CHEROKEE INDIANS - SA
04-95-002-03-355*	ETA	DINAP	10-NOV-94	SEMINOLE TRIBE OF FLORIDA, INC. - SA
04-95-009-03-355*	ETA	DINAP	23-JAN-95	UNITED SOUTH AND EASTERN TRIBES, INC. - SA
04-95-010-03-355*	ETA	DINAP	23-JAN-95	UNITED SOUTH AND EASTERN TRIBES, INC. - SA
04-95-014-03-355*	ETA	DINAP	22-FEB-95	GUILFORD NATIVE AMERICAN ASSOCIATION - SA
04-95-017-03-355*	ETA	DINAP	16-MAR-95	CATAWBA INDIAN NATION - SA
04-95-004-03-365	ETA	DFREP	21-NOV-94	KENTUCKY FARMWORKER PROGRAM - SA
04-95-012-03-365*	ETA	DFREP	16-MAR-95	WIL-LOW NONPROFIT HOUSING CORP, INC. - SA
04-95-018-03-365*	ETA	DFREP	28-MAR-95	TELAMON CORPORATION - SA
04-95-008-03-370	ETA	OJC	23-MAR-95	EXAMINATION OF JOB CORPS SIG INCIDENT REPORTING SYS
04-95-006-50-598	MULTI	AL/DOL	07-DEC-94	STATE OF FLORIDA - SA
04-95-019-98-599*	OT AGY	NO/DOL	27-MAR-95	CITY OF LOUISVILLE - SA
05-95-005-03-315	ETA	UIS	05-OCT-94	DISASTER UNEMPLOYMENT ASSISTANCE
05-95-109-03-350*	ETA	OSTP	10-MAR-95	PREP, INCORPORATED - SA
05-95-110-03-350*	ETA	OSTP	14-MAR-95	PREP, INCORPORATED - SA
05-95-101-03-355*	ETA	DINAP	04-NOV-94	MILWAUKEE AREA AMERICAN INDIAN MANPOWER COUNCIL - SA
05-95-102-03-355*	ETA	DINAP	18-NOV-94	MINNEAPOLIS AMERICAN INDIAN CENTER, INC. - SA
05-95-103-03-355*	ETA	DINAP	28-NOV-94	WISCONSIN INDIAN CONSORTIUM - SA
05-95-104-03-355*	ETA	DINAP	09-JAN-95	AMERICAN INDIAN OIC, INC. - SA
05-95-201-03-355	ETA	DINAP	25-OCT-94	LAC COURTE OREILLES BAND OF CHIPPEWA INDIANS - SA
05-95-204-03-355	ETA	DINAP	29-NOV-94	RED LAKE BAND OF CHIPPEWA INDIANS - SA
05-95-205-03-355	ETA	DINAP	30-NOV-94	LEECH LAKE RESERVATION - SA

\*DOL has cognizant responsibility for specific entities under the Single Audit Act. Reports listed and asterisked above indicate those entities for which DOL has cognizance. More than one audit report may have been issued or transmitted for an entity during this time period. Reports are issued on the type funding and the agency/program responsible for resolution.

## FINAL AUDIT REPORTS ISSUED 01-OCT-94 TO 31-MAR-95

Audit Report Number	Agency	Program	Date Sent to Program Agency	Name of Audit/Auditee
05-95-207-03-355	ETA	DINAP	15-DEC-94	LAC DU FLAMBEAU BAND OF CHIPPEWA INDIANS - SA
05-95-209-03-355	ETA	DINAP	09-JAN-95	ONEIDA TRIBE OF INDIANS OF WISCONSIN - SA
05-95-210-03-355	ETA	DINAP	08-MAR-95	WHITE EARTH RESERVATION - SA
05-95-211-03-355	ETA	DINAP	30-MAR-95	SAULT STE. MARIE TRIBE OF CHIPPEWA INDIANS - SA
05-95-105-03-365*	ETA	DFREP	23-JAN-95	MIDWEST FARMWORKER EMPLOYMENT AND TRAINING, INC. - SA
05-95-106-03-365*	ETA	DFREP	10-MAR-95	PROTEUS EMPLOYMENT OPPORTUNITIES, INC. - SA
05-95-107-03-365*	ETA	DFREP	01-MAR-95	SER CORPORATION - SA
05-95-108-03-365*	ETA	DFREP	06-MAR-95	SER CORPORATION - SA
05-95-111-03-365*	ETA	DFREP	24-MAR-95	RURAL MISSOURI, INC - SA
05-95-001-06-001	MSHA	ADMIN	18-NOV-94	MSHA FY93 PERFORMANCE MEASURES
05-95-002-06-001	MSHA	ADMIN	09-DEC-94	MSHA FY93 INTERNAL CNTRL/COMPLIANCE REPORTS
05-95-003-10-001	OSHA	ADMIN	21-DEC-94	OSHA FY93 PERFORMANCE MEASURES
05-95-004-10-001	OSHA	ADMIN	17-JAN-95	OSHA FY93 INTERNAL CONTROL COMPLIANCE REPORTS
05-95-202-50-598	MULTI	AL/DOL	01-NOV-94	DETROIT, MICHIGAN - SA
05-95-203-50-598	MULTI	AL/DOL	02-NOV-94	MILWAUKEE COUNTY, WISCONSIN - SA
05-95-206-50-598	MULTI	AL/DOL	08-DEC-94	MISSOURI, STATE OF - SA
05-95-208-50-598	MULTI	AL/DOL	19-DEC-94	OHIO STATE UNIVERSITY - SA
06-95-106-03-340*	ETA	JTPA	14-DEC-94	ARC OF THE U.S. - SA
06-94-102-03-355*	ETA	DINAP	28-OCT-94	INTER-TRIBAL COUNCIL OF LOUISIANA, INC. - SA
06-95-102-03-355*	ETA	DINAP	09-NOV-94	AMERICAN INDIAN CENTER OF ARKANSAS, INC. - SA
06-95-103-03-355*	ETA	DINAP	09-NOV-94	OKLAHOMA TRIBAL ASSISTANCE PROGRAM, INC. - SA
06-95-113-03-355*	ETA	DINAP	29-MAR-95	INTER-TRIBAL COUNCIL OF LOUISIANA, INC. - SA
06-95-200-03-355	ETA	DINAP	13-OCT-94	CHOCTAW NATION - SA
06-95-201-03-355	ETA	DINAP	13-OCT-94	MUSCOGEE (CREEK) NATION - SA
06-95-202-03-355	ETA	DINAP	13-OCT-94	CITIZEN BAND OF POTAWATOMI INDIANS OF OK - SA
06-95-203-03-355	ETA	DINAP	13-OCT-94	LOWER BRULE SIOUX TRIBE - SA
06-95-205-03-355	ETA	DINAP	19-OCT-94	PONCA TRIBE OF OKLAHOMA - SA
06-95-206-03-355	ETA	DINAP	07-NOV-94	ASSINIBOINE & SIOUX TRIBES - SA
06-95-207-03-355	ETA	DINAP	07-NOV-94	CHICKASAW NATION - SA
06-95-208-03-355	ETA	DINAP	07-NOV-94	CHEYENNE RIVER SIOUX TRIBE - SA
06-95-209-03-355	ETA	DINAP	07-NOV-94	OSAGE NATION - SA
06-95-210-03-355	ETA	DINAP	07-NOV-94	DEVILS LAKE SIOUX TRIBE - SA
06-95-211-03-355	ETA	DINAP	14-NOV-94	ALABAMA-COUSHATTA INDIAN RESERVATION - SA
06-95-213-03-355	ETA	DINAP	22-NOV-94	OTOE-MISSOURI TRIBE OF INDIANS - SA
06-95-214-03-355	ETA	DINAP	09-DEC-94	TONKAWA TRIBE OF OKLAHOMA - SA
06-95-215-03-355	ETA	DINAP	15-DEC-94	CONFEDERATED SALISH & KOOTENAI TRIBES - SA
06-95-216-03-355	ETA	DINAP	15-DEC-94	UNITED SIOUX TRIBES DEVELOPMENT CORP - SA
06-95-217-03-355	ETA	DINAP	20-DEC-94	CHIPPEWA CREE TRIBE - SA
06-95-218-03-355	ETA	DINAP	21-DEC-94	THREE AFFILIATED TRIBES - SA
06-95-219-03-355	ETA	DINAP	28-DEC-94	OSAGE NATION - SA
06-95-220-03-355	ETA	DINAP	03-JAN-95	MESCALERO APACHE TRIBE - SA
06-95-221-03-355	ETA	DINAP	05-JAN-95	INTER-TRIBAL COUNCIL, INC. - SA
06-95-222-03-355	ETA	DINAP	06-JAN-95	NORTHERN CHEYENNE TRIBE - SA
06-95-223-03-355	ETA	DINAP	10-JAN-95	OGLALA SIOUX TRIBE - SA
06-95-224-03-355	ETA	DINAP	17-JAN-95	UTE MOUNTAIN UTE TRIBE - SA
06-95-225-03-355	ETA	DINAP	17-JAN-95	RAMAH NAVAJO SCHOOL BOARD, INC. - SA
06-95-228-03-355	ETA	DINAP	31-JAN-95	STONE CHILD COLLEGE - SA
06-95-230-03-355	ETA	DINAP	14-FEB-95	ROSEBUD SIOUX TRIBE - SA
06-95-231-03-355	ETA	DINAP	14-FEB-95	ROSEBUD SIOUX TRIBE - SA
06-95-232-03-355	ETA	DINAP	03-MAR-95	DEVILS LAKE SIOUX TRIBE - SA
06-95-233-03-355	ETA	DINAP	03-MAR-95	YSLETA DEL SUR PUEBLO - SA
06-95-234-03-355	ETA	DINAP	07-MAR-95	PUEBLO OF LAGUNA - SA
06-95-235-03-355	ETA	DINAP	10-MAR-95	BLACKFEET TRIBE - SA
06-95-237-03-355	ETA	DINAP	17-MAR-95	SISSETON-WAHPETON SIOUX TRIBE - SA
06-95-238-03-355	ETA	DINAP	20-MAR-95	COMANCHE INDIAN TRIBE - SA
06-95-239-03-355	ETA	DINAP	23-MAR-95	STANDING ROCK SIOUX TRIBE - SA
06-95-240-03-355	ETA	DINAP	27-MAR-95	FORT BELKNAP INDIAN COMMUNITY - SA
06-95-241-03-355	ETA	DINAP	27-MAR-95	UTE INDIAN TRIBE - SA
06-95-242-03-355	ETA	DINAP	28-MAR-95	TURTLE MOUNTAIN BAND OF CHIPPEWA INDIANS - SA

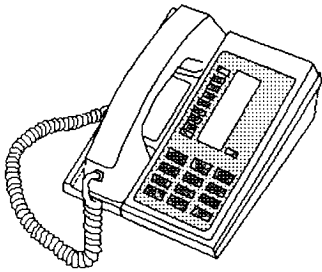
## FINAL AUDIT REPORTS ISSUED 01-OCT-94 TO 31-MAR-95

Audit Report Number	Agency	Program	Date Sent to Program Agency	Name of Audit/Auditee
06-95-100-03-365*	ETA	DFREP	20-OCT-94	TIERRA DEL SOL HOUSING CORPORATION - SA
06-95-101-03-365*	ETA	DFREP	07-NOV-94	RURAL EMPLOYMENT OPPORTUNITIES, INC. - SA
06-95-104-03-365*	ETA	DFREP	14-NOV-94	NW COMMUNITY ACTION PROGRAMS OF WY, INC. - SA
06-95-105-03-365*	ETA	DFREP	12-DEC-94	HOME EDUCATION LIVELIHOOD PROGRAM, INC. - SA
06-95-111-03-365*	ETA	DFREP	01-FEB-95	ORO DEVELOPMENT CORP - SA
06-95-112-03-365*	ETA	DFREP	03-FEB-95	ARKANSAS HUMAN DEVELOPMENT CORP - SA
06-95-204-06-601	MSHA	GRTEES	13-OCT-94	NM INSTITUTE OF MINING & TECHNOLOGY - SA
06-95-107-50-598*	MULTI	AL/DOL	04-JAN-95	NEW MEXICO DEPARTMENT OF LABOR - SA
06-95-108-50-598*	MULTI	AL/DOL	10-JAN-95	ARKANSAS DEPARTMENT OF LABOR - SA
06-95-109-50-598*	MULTI	AL/DOL	19-JAN-95	WYOMING DEPARTMENT OF EMPLOYMENT - SA
06-95-110-50-598*	MULTI	AL/DOL	02-FEB-95	ARKANSAS EMPLOYMENT SECURITY DEPARTMENT - SA
06-95-212-50-598	MULTI	AL/DOL	23-NOV-94	STATE OF TEXAS - SA
06-95-226-50-598	MULTI	AL/DOL	31-JAN-95	STATE OF SOUTH DAKOTA - SA
06-95-227-50-598	MULTI	AL/DOL	30-JAN-95	STATE OF COLORADO - SA
06-95-229-50-598	MULTI	AL/DOL	31-JAN-95	STATE OF OKLAHOMA - SA
06-95-236-50-598	MULTI	AL/DOL	17-MAR-95	STATE OF MONTANA - SA
09-95-500-03-340*	ETA	JTPA	21-OCT-94	CITY OF LOS ANGELES - SA
09-95-546-03-340*	ETA	JTPA	28-MAR-95	CENTER FOR INDEPENDENT LIVING - SA
09-94-595-03-355*	ETA	DINAP	03-OCT-94	AFFILIATION OF ARIZONA INDIAN CENTERS - SA
09-95-501-03-355	ETA	DINAP	26-OCT-94	THE HOPI TRIBE - SA
09-95-502-03-355	ETA	DINAP	26-OCT-94	THE HOPI TRIBE - SA
09-95-503-03-355	ETA	DINAP	26-OCT-94	CONFEDERATED TRIBES-COLVILLE RES. - SA
09-95-504-03-355	ETA	DINAP	26-OCT-94	CONFEDERATED TRIBES-UMATILLA IND. RES. - SA
09-95-505-03-355	ETA	DINAP	26-OCT-94	KOOTENAI TRIBE OF IDAHO - SA
09-95-506-03-355	ETA	DINAP	26-OCT-94	SHOSHONE-BANNOCK TRIBES, INC. - SA
09-95-507-03-355	ETA	DINAP	26-OCT-94	SHOSHONE-BANNOCK TRIBES, INC. - SA
09-95-508-03-355	ETA	DINAP	26-OCT-94	SHOSHONE-BANNOCK TRIBES, INC. - SA
09-95-509-03-355	ETA	DINAP	26-OCT-94	SHOSHONE-BANNOCK TRIBES, INC. - SA
09-95-511-03-355	ETA	DINAP	08-NOV-94	SALT RIVER PIMA-MARICOPA INDIAN COMMUNITY - SA
09-95-514-03-355	ETA	DINAP	13-JAN-95	CENTRAL COUNCIL OF THE TLINGIT & HAIDA - SA
09-95-515-03-355	ETA	DINAP	13-JAN-95	SEATTLE INDIAN CENTER - SA
09-95-516-03-355*	ETA	DINAP	03-FEB-95	PHOENIX INDIAN CENTER - SA
09-95-520-03-355	ETA	DINAP	08-MAR-95	PUYALLUP TRIBE OF INDIANS (4368) - SA
09-95-521-03-355*	ETA	DINAP	06-FEB-95	CALIFORNIA INDIAN MANPOWER CONSORTIUM - SA
09-95-522-03-355*	ETA	DINAP	06-FEB-95	AMERICAN INDIAN COMMUNITY CENTER - SA
09-95-523-03-355*	ETA	DINAP	06-FEB-95	ORGANIZATION OF THE FORGOTTEN AMERICAN - SA
09-95-524-03-355*	ETA	DINAP	06-FEB-95	SOUTHERN CALIFORNIA INDIAN CENTER - SA
09-95-525-03-355*	ETA	DINAP	15-FEB-95	INDIAN DEVELOPMENT DISTRICT OF ARIZONA - SA
09-95-526-03-355*	ETA	DINAP	15-FEB-95	INDIAN DEVELOPMENT DISTRICT OF ARIZONA - SA
09-95-527-03-355*	ETA	DINAP	15-FEB-95	INDIAN DEVELOPMENT DISTRICT OF ARIZONA - SA
09-95-528-03-355*	ETA	DINAP	15-FEB-95	INDIAN DEVELOPMENT DISTRICT OF ARIZONA - SA
09-95-529-03-355*	ETA	DINAP	06-FEB-95	INDIAN HUMAN RESOURCE CENTER - SA
09-95-531-03-355	ETA	DINAP	06-FEB-95	TANANA CHIEFS CONFERENCE - SA
09-95-533-03-355	ETA	DINAP	06-FEB-95	KODIAK AREA NATIVE ASSOCIATION - SA
09-95-534-03-355*	ETA	DINAP	06-FEB-95	AMERICAN INDIAN CENTER OF SANTA CLARA VALLEY - SA
09-95-535-03-355*	ETA	DINAP	15-FEB-95	CALIFORNIA INDIAN MANPOWER CONSORTIUM - SA
09-95-536-03-355	ETA	DINAP	15-FEB-95	ASSOCIATION OF VILLAGE COUNCIL PRESIDENTS - SA
09-95-537-03-355*	ETA	DINAP	22-FEB-95	CALIFORNIA INDIAN MANPOWER CONSORTIUM - SA
09-95-538-03-355	ETA	DINAP	22-FEB-95	KAWERAK, INC. - SA
09-95-539-03-355	ETA	DINAP	07-MAR-95	CONF. TRIBES OF THE SILETZ INDIANS OF OREGON - SA
09-95-540-03-355	ETA	DINAP	07-MAR-95	CONF. TRIBES OF THE SILETZ INDIANS OF OREGON - SA
09-95-541-03-355	ETA	DINAP	07-MAR-95	SHOSHONE-PAIUTE TRIBES OF THE DUCK VALLEY RES - SA
09-95-542-03-355	ETA	DINAP	07-MAR-95	CONF. TRIBES OF THE WARM SPRINGS RES. OF OR. - SA
09-95-543-03-355	ETA	DINAP	08-MAR-95	PUYALLUP TRIBE OF INDIANS (4569) - SA
09-95-545-03-355	ETA	DINAP	28-MAR-95	WHITE MOUNTAIN APACHE TRIBE - SA
09-95-547-03-360*	ETA	DOWP	29-MAR-95	ASOCIACION NACIONAL POR PERSONAS MAYORES - SA
09-95-510-03-365*	ETA	DFREP	26-OCT-94	OFFICE OF RURAL AND FARMWORKER HOUSING - SA
09-95-517-03-365*	ETA	DFREP	13-JAN-95	SELF-HELP ENTERPRISES - SA
09-95-519-03-365*	ETA	DFREP	06-FEB-95	CENTER FOR EMPLOYMENT TRAINING - SA
09-95-530-03-365	ETA	DFREP	06-FEB-95	CHISPA - SA
09-95-532-03-365	ETA	DFREP	06-FEB-95	MAUI ECONOMIC OPPORTUNITY, INC. - SA

**FINAL AUDIT REPORTS ISSUED  
01-OCT-94 TO 31-MAR-95**

<b>Audit Report Number</b>	<b>Agency</b>	<b>Program</b>	<b>Date Sent to Program Agency</b>	<b>Name of Audit/Auditee</b>
09-95-544-03-365	ETA	DFREP	21-MAR-95	CHISPA - SA
09-95-518-03-370*	ETA	OJC	13-JAN-95	YWCA OF GREATER LOS ANGELES - SA
09-95-513-12-001	PWBA	ADMIN	13-JAN-95	THE RAND CORPORATION - SA
09-95-512-50-598	MULTI	AL/DOL	16-DEC-94	STATE OF NEVADA (4551) - SA
17-95-005-01-001	OSEC	ADMIN	24-MAR-95	IMPROVE DEPARTMENTAL CRIMINAL ENFORCEMENT PROGRAMS
17-95-001-07-001	OASAM	ADMIN	15-DEC-94	DOL NEEDS TO INITIATE AND FACILITATE CHANGES IN MANAGEMENT
17-95-002-07-730	OASAM	DAPP	10-MAR-95	COMPLIANCE WITH SECTION 160 OF THE 1992 ENERGY POLICY ACT
17-95-003-11-001	BLS	ADMIN	08-DEC-94	CNTRLS OVER UNAUTHORIZED SFTWARE & COMPUTER VIRUSES IN BLS
18-95-010-03-360	ETA	DOWP	07-MAR-95	NATIONAL URBAN LEAGUE
18-95-004-03-365	ETA	DFREP	22-NOV-94	AMERICAS CORPORATION
18-95-007-03-365	ETA	DFREP	08-FEB-95	ASSOCIATION OF FARMWORKERS OPPORTUNITY PROGRAMS
18-95-008-03-365	ETA	DFREP	01-MAR-95	CALIFORNIA HUMAN DEVELOPMENT CORPORATION
18-95-013-03-365	ETA	DFREP	31-MAR-95	MISSISSIPPI DELTA COUNCIL
18-95-005-03-370	ETA	OJC	07-DEC-94	TRANSPORTATION COMMUN. INTERNATIONAL UNION - PERF.
18-95-001-07-735	OASAM	OPGM	04-NOV-94	HOME BUILDERS INSTITUTE - FY 1989
18-95-002-07-735	OASAM	OPGM	04-NOV-94	HOME BUILDERS INSTITUTE - FYS 90-91
18-95-003-07-735	OASAM	OPGM	11-NOV-94	HOME BUILDERS - CRAFT SKILLS/MATH
18-95-009-07-735	OASAM	OPGM	03-MAR-95	CALIFORNIA HUMAN DEVELOPMENT CORPORATION-IK
18-95-011-07-735	OASAM	OPGM	31-MAR-95	NGA - FYS 1992-93
18-95-012-07-735	OASAM	OPGM	31-MAR-95	MOTIVATION EDUCATION AND TRAINING, INC.

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