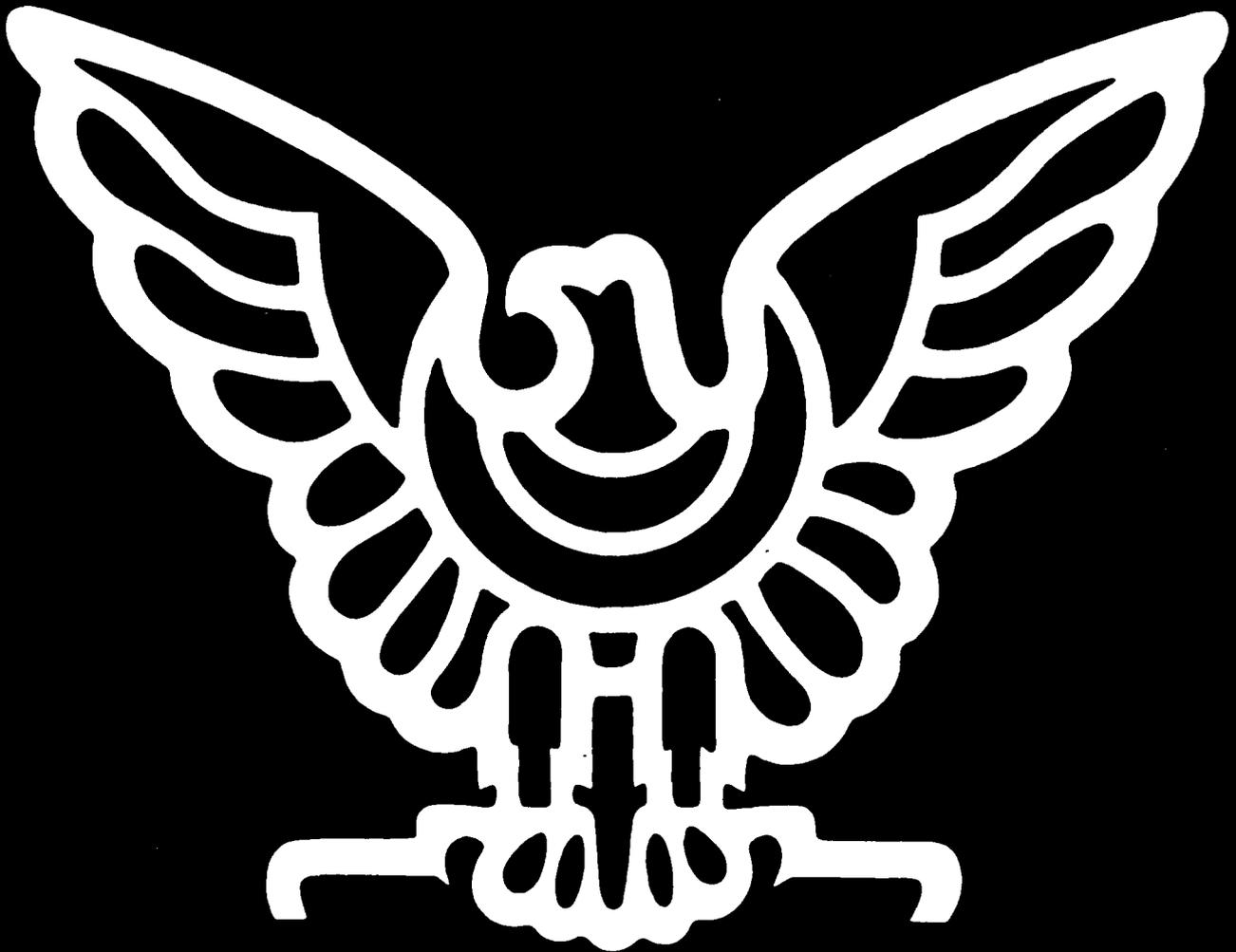


Semiannual Report of the Inspector General



U.S. Department of Labor
Office of Inspector General

October 1, 1984 - March 31, 1985



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Office of Inspector General,
Room S-5506
200 Constitution Avenue N.W.,
Washington, D.C. 20210.

Semiannual Report of the Inspector General



U.S. Department of Labor
Office of Inspector General
J. Brian Hyland
Inspector General

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INSPECTOR GENERAL'S MESSAGE

This is the thirteenth semiannual report of the Department of Labor's Office of Inspector General. While there remain a number of problem areas that have occupied our attention in the past and will continue to be a focus of our efforts in the near future, it is clear that some very real progress is being made by the program agencies in carrying out their missions more efficiently and effectively.

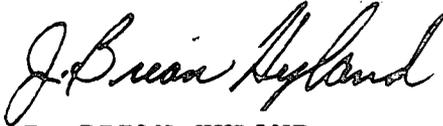
Overall, the Department's managers have become more aware of and committed to the need to conserve limited program resources, more willing to focus a portion of agency resources on internal controls and prevention initiatives, and more responsive in implementing corrective actions or recommendations that have been made as a result of our audit and investigative work. Clearly the interests of the management of the Department are parallel with those of the OIG--to see that the programs are administered efficiently and in accord with the purposes of the various statutes and regulations that govern them.

I believe that there has been a growing recognition within the Department that this office can provide a valuable service to management and that positive results can occur when OIG auditors and investigators work closely together to identify and resolve vulnerabilities and problems and prevent fraud, waste, and abuse. I am gratified that increasingly we are being called upon for advice and assistance in prevention efforts.

In the two years I have headed the Office of Inspector General, I have found top management to be very supportive of this Office and its work. Over the next several months, I look forward to working closely with Secretary William Brock and his new executive team to identify areas warranting attention and to develop appropriate corrective actions.

This six-month reporting period also marks the time when the Inspectors General themselves, under the auspices of the President's Council on Integrity and Efficiency, have begun their own efforts to assess their productivity and performance. We, as well as the organizations and programs we review, need to strive to function as efficiently and effectively as possible.

The staff of the Office of Inspector General, as usual, has earned my thanks for its dedication and fine contributions during the last six months. That continued dedication has made possible the many millions of dollars in savings, recoveries, efficiencies, and other accomplishments that are described in this report.

A handwritten signature in cursive script that reads "J. Brian Hyland". The signature is written in dark ink and is positioned above the typed name.

J. BRIAN HYLAND
Inspector General

OVERVIEW

The core element of OIG's audit and investigative work is and will continue to be the prevention and detection of problems and deficiencies. This is demonstrated by our statistical accomplishments on page 105, detailing results obtained. During this semiannual reporting period, as in the recent past, we have continued to focus resources on efforts designed to improve program management and operations within the Department of Labor. We believe that this approach can have a major impact on the prevention of future losses by directing attention to the identification and correction of vulnerabilities and system weaknesses.

EMPLOYMENT AND TRAINING ADMINISTRATION

The bulk of our audit coverage in the Employment and Training Administration was focused on the Unemployment Insurance (UI), Job Corps, and Special Targeted programs.

Within the UI area, we reviewed the UI financing mechanism known as experience rating in order to determine the degree to which this mechanism is used. Experience rating, which assigns tax rates to employers in proportion to their experience with layoffs, has the objectives to promote employment stability and equitably allocate benefit costs to employers. We found that financing UI benefits has shifted from a system based on individual employers' responsibility to manage their workforce to a system where all employers share in the costs regardless of their individual unemployment experience. (See page 3.)

A review of the Federal share of the UI program, which is still ongoing and will ultimately include 45 states, has been completed and reports issued in six states. The reports indicate that the six states overclaimed the Federal share of unemployment benefits by about \$8.8 million, with increased interest costs to the Federal Government as a result of those overpayments of another \$1.5 million. (See page 7.)

Validation by the states of a crossmatch of employees of eight participating Federal agencies against unemployment insurance benefit payments in 14 states disclosed \$535,011 in overpayments to claimants. Of this total, \$401,884 involving 528 cases was determined to involve fraud. (See page 9.)

A task force is developing and field testing a statistical model for identifying and predicting various patterns of

fraud and abuse in the UI program. We are hopeful that this statistical model will assist states in avoiding continuing large dollar losses. (See page 11.) In another type of UI claimant fraud, our efforts to cluster as many as 20 similar cases together for investigation and prosecution has increased the dollar value and the interest of the U.S. Attorneys in pursuing these cases. We believe the publicity associated with these clustered cases can be a deterrent to others. (See page 66.)

In following up on our prior study of the Job Corps screening and placement activities, we selected and conducted an eligibilty test on a limited sample of 50 active corpsmembers. This review disclosed that 22 percent of the corpsmembers in the sample were ineligible for the program. In order to correct deficiencies in the Job Corps service delivery system, we are continuing to recommend that ETA consider integrating the Job Corps outreach, screening, and placement functions into the existing JTPA service delivery system. (See page 12.)

Over the years, audits of the Indian and Native American programs and the Migrant and Seasonal Farmworker program have disclosed serious financial management weaknesses. To prevent these problems in the future, we conducted financial management training for the grantees to be followed by technical assistance visits to grantees requesting additional assistance. (See page 41.)

EMPLOYMENT STANDARDS ADMINISTRATION

Our audit activities have continued to focus on several Employment Standards Administration (ESA) areas including the Federal Employees' Compensation Act (FECA) chargeback system and the development and implementation of the new Level II ADP system, as well as the payment of back wages due employees for violations of the Fair Labor Standards Act and continued monitoring of efforts to publish regulations and enact legislation.

As a result of the audit of the FECA chargeback system used to charge Federal employing agencies for the \$1 billion a year in benefits paid to injured employees, an adverse audit opinion was given because the chargeback listings did not fairly present FECA disbursements and recoveries. The major problems included the failure to record transactions properly, include all payment records, and utilize error reports. (See page 18.)

A number of the continuing problems with the FECA program could be addressed with the integrated FECS Level II ADP system currently under development. We recently issued a second System Development Review Report identifying potential problems with the availability and source of funds to complete the system and the schedule for implementation of vital subsystems. We are continuing to carefully monitor this system's development and to help ensure that it meets program requirements and supports the management and administration of FECA. (See page 20.)

We continue to be concerned about the slow progress being made to initiate and implement needed regulatory and legislative reform of the FECA program. We have stressed the need for medical fee payment schedules since our September 1981 semiannual report to Congress and the need for revised procedural regulations since our September 1983 report. We also continue to support enactment of a comprehensive FECA legislative proposal to significantly enhance management of the FECA program. (See pages 27 and 73.)

Our Office of Investigations has continued to place emphasis and commit investigative resources to claimant fraud within ESA's compensation benefit programs. This fraud is often committed by concealing earned income that would either lead to a termination or reduction of benefits. In addition to actively pursuing criminal investigations of fraudulent claims, we have also been requesting that the U.S. Attorneys initiate civil actions under the False Claims Act to recover any fraudulent payments. (See the section beginning on page 56.)

In cooperation with ESA's Wage and Hour Division, we have been conducting investigations of violations of a number of labor-related statutes that have involved kickbacks of part of employees salaries to their companies. This may have allowed some unscrupulous companies to underbid other contractors who were proposing to pay the required wage and benefit scales. (See the section beginning on page 53.)

In the Wage and Hour programs, ESA has agreed to develop and implement a policy that would require certain employers to submit unpayable back wages into the U.S. Treasury. (See page 25.)

DEPARTMENTAL MANAGEMENT

Reviews during this reporting period continued to assess the Department's effectiveness in implementing Reform '88 and

the Federal Managers' Financial Integrity Act. Specific Reform '88 review areas included debt collection, procurement, and ADP management.

In the debt collection area, we focused on the Employment Standards and the Occupational Safety and Health Administrations where we found that interest, penalties, and administrative costs were not being assessed as required. We recommended that both Agencies develop procedures to ensure the assessment of charges and notify all debtors of the assessments. (See page 31.)

In the procurement area, we continued to evaluate the Department's efforts in achieving efficient procurement reforms. During this period, we performed expanded scope reviews of the management of indirect costs, cost allocation plans and indirect cost rates, equipment leasing policies and procedures, and procurement budgeting. We concluded that during Fiscal Years 1979 through 1983, the Department overspent at least \$40 million in premature, improper, unnecessary, or unsupported indirect cost payments. (See page 33.)

A survey of leasing versus purchasing practices in four Agencies of the Department disclosed that 47 percent of the \$2.7 million spent from a sample of leased items had lease costs that exceeded the purchase costs. Nearly \$900,000 of the lifetime lease costs might have been saved had the equipment been purchased rather than leased. We assisted the Department in developing regulations which should improve the process and result in significant cost savings. (See page 34.)

We performed an evaluation of the Department's use of the Annual Advance Procurement Plans (AAPPs) in the budgeting process for its more than \$400 million awarded in contracts during Fiscal Year 1984. As a result of this review, management has issued draft policies addressing the use of AAPPs and convened a study group to examine current procedures and feasible operations. (See page 35.)

As part of our research in the Office of the Solicitor, we noted that legal sufficiency reviews of contracts by the Solicitor's Office were discretionary and were not normally being conducted. This system weakness creates a vulnerability in the procurement process. The Department has drafted a policy requiring legal reviews and hired an attorney experienced in procurement law. (See page 35.)

In the ADP management area, the Department has taken steps to implement recommendations previously made regarding

organization, information, and policy. We have developed an advisory working relationship with the Department's newly organized Directorate of Information Resources Management to provide technical support to its evaluation team. This liaison effort will aid us in assisting departmental management to identify and correct many potential problems before they occur. (See page 37.)

ADDITIONAL ACTIVITIES

A followup review of a 1981 report on the Mine Safety and Health Administration's (MSHA) Approval and Certification Center disclosed that MSHA has still not implemented two significant recommendations made in our earlier report. By not raising the 20-year-old equipment testing fees to fully recover the costs of testing, MSHA has caused the Government to lose about \$10 million in revenues since our report, with a continuing loss of over \$3 million a year. MSHA has now agreed to update its fee schedules, but this will take another 18 months (until September 1986) to get all the new fees in place. MSHA agrees that updating the testing fees will provide substantial additional revenues, but pointed out that certain costs of operating the testing center are for health and safety activities not related to product testing.

Additionally, MSHA's failure to take effective action to substantially increase the rate of its quality control testing of mine safety equipment may allow equipment with critical or major deficiencies to remain in use in the mines. (See page 26.)

In the Office of the Solicitor, we identified two areas having significant management or staffing problems requiring immediate action. In the Office of Administrative Appeals, long-standing case backlogs needed to be eliminated, and severe backlogs and the inability to provide necessary legal support to client agencies in the Division of Employee Benefits placed the Department at considerable risk. (See page 29.)

We have continued to work closely with management throughout the audit process to obtain corrective action on audit identified problems. This corrective action has included preventive activities, activities during field work, and audit resolution and followup. Major activities include technical assistance and training in the Indian and Migrant programs and a task force for major UI issues. (See page .)

Our Office of Labor Racketeering (OLR), established to investigate instances of labor racketeering, particularly by organized crime, has recently targeted its investigative effort along industry lines, focusing on certain industries that are particularly sensitive to methods employed by organized crime. Labor racketeering convictions and congressional hearings have demonstrated the high levels of corruption and the resulting compromises of the goals and objectives of the legitimate labor movement. The majority of our indictments during this reporting period have involved the construction industry and employee benefit plans.

During this 6-month period, of the 39 convictions obtained as a result of OLR investigations, 11 related to employers and union officials in the construction industry, and 9 involved benefit fund officials.

The Office of Resource Management and Legislative Assessment (ORMLA) has responsibility for a number of OIG-wide activities, as well as some of our prevention efforts. One, an outreach effort, has involved employee integrity awareness training for all DOL supervisors and managers. A second prevention effort, our legislative and regulatory review activity, has identified several important issues of interest to the OIG. In the coming months, we are particularly hopeful that final action will be taken by Congress on the "Federal Employees' Compensation Improvements Act of 1985" as well as on granting full law enforcement authority to our special agents assigned to the Office of Labor Racketeering. (See pages 73 and 75 .)

OFFICE OF AUDIT

During this reporting period, 402 audits of program activities, grants, and contracts were issued. Of these:

- 31 were performed by OIG auditors;
- 146 by contract auditors under OIG's direct supervision;
- 45 by state and local government auditors;
- 173 by CPA firms hired by grantees; and
- 7 by other Federal audit agencies.

The 402 audit reports issued during this period consisted of 87 program audits, 154 financial and compliance audits, 3 preaward audits, 5 postaward audits, 13 indirect cost audits, and 140 audits conducted under the provisions of OMB Circular A-102, Attachment P. The Department of Labor was the cognizant agency for 64 of these audits.

The Office of Audit section of this semiannual report is divided into three chapters. Chapter 1 contains information on audit activities in the program areas within the Department. Chapter 2 is a discussion of significant corrective actions, an audit focus that shows results. Audit resolution during the period is covered in Chapter 3. Money owed to the Department is separately reported later in this report followed by the appendix which contains tables on audit activity including audit reports issued and resolved.

Chapter 1 -- Activities by Program

EMPLOYMENT AND TRAINING ADMINISTRATION

The Employment and Training Administration (ETA) administers programs to enhance employment opportunities and provide temporary benefits to the unemployed. This mission is accomplished primarily through employment and training programs authorized by the Job Training Partnership Act (JTPA), the Unemployment Insurance (UI) program authorized by the Social Security Act, and the Employment Service authorized by the Wagner-Peyser Act. For Fiscal Year 1985, ETA's budget authority is \$25.2 billion. Of that amount,

\$21.2 billion is for the Unemployment Insurance Trust Fund, and \$3.5 billion is for JTPA programs.

During this reporting period, OIG had significant audit activities in Unemployment Insurance, Job Corps, Special Targeted Programs, JTPA, and the former Comprehensive Employment and Training Act (CETA). These activities are highlighted in this chapter. In addition, our emphasis on significant corrective actions is highlighted in Chapter 2 beginning on page 41.

Unemployment Insurance Program

The Unemployment Insurance (UI) program is a unique Federal-state partnership that was established in 1935 under the Social Security Act (42 USC 501). Under this Federal-state system, each state has developed programs that are adapted to conditions prevailing within its jurisdiction. As a result, no two state laws are alike. The UI program is administered in the 50 states and three other entities (the District of Columbia, Puerto Rico, and the Virgin Islands) by State Employment Security Agencies. Throughout this report, the term "state agency" refers to the 50 states and the three entities.

In Fiscal Year 1985, total unemployment benefits to be paid are estimated at \$15.1 billion, and unemployment insurance tax revenues to be collected by states are estimated at \$19.4 billion.

Activities in the UI program during this period include:

- a review of the degree to which states use experience rating of employers to finance the UI program;
- a review of the Federal share of the UI program;
- continuing work on our crossmatch of Federal employees and unemployment insurance payments;
- a review of unemployment insurance operations in selected state agencies;
- a continuing effort to profile employers and claimants to identify irregularities in the UI program; and
- a task force established to address major UI issues. (See page 45.)

Experience Rating

During this reporting period, we reviewed the UI financing mechanism known as experience rating. Our objectives were to determine the degree of experience rating in the states and the effects on the UI environment. To accomplish this objective, we reviewed the experience rating provisions in 12 of the 53 state agencies and analyzed statistical and other data for all state agencies. Unemployment benefits in the 12 states represented about 35 percent of total benefits paid in the United States in 1983. UI programs in the selected states represent a broad range of such factors as experience rating methodology, tax structure, unemployment rate, and geographical distribution.

Background -- The Federal Unemployment Tax Act (FUTA) promotes experience rating. Experience rating is based on the concept that higher risks should be reflected in higher premiums. Under this concept, states should assign higher or lower tax rates to employers in direct proportion to each employer's experience with layoffs (experience rating). According to the Social Security Board and the Employment and Training Administration, the objectives of experience rating are to promote employment stability and to equitably allocate benefit costs to employers.

Employers in states certified by the Secretary of Labor are entitled to a credit against Federal taxes. Further, employers in states that have experience rating systems qualify for an additional credit if the state laws are certified by the Secretary. In the past, all states have been certified regardless of the degree to which their UI program is experience rated.

Types of Experience Rating Formulas -- While there are different methods, all states use formulas to compute experience rates which establish the relative experience of individual employers with unemployment or other factors bearing a direct relation to unemployment risk. To this end, states have factors for measuring each employer's unemployment experience and compare and relate this experience to payrolls to establish the tax rate within certain minimum and maximum rates.

Two major methods, reserve ratio and benefit ratio, are used by 44 of the 53 state agencies to compute an employer's tax rate based on the employer's experience with unemployment. Thirty-two states use the reserve ratio method of experience rating including nine of the states audited. This method accounts for all benefit payments chargeable to an

employer's account which are deducted from the contributions paid by the employer and credited to the employer's account.

A reserve ratio is computed using the reserve balance (positive or negative) in the employer's account divided by the employer's cumulative or average taxable payroll. The reserve ratio is then compared to the state's tax rate tables for assignment of a tax rate.

Twelve states use the benefit ratio method of experience rating. This method was used by three of the states audited. The ratio is computed using benefit payments made to former employees which are chargeable to the employer's account for a specific period of time, usually 3 years, divided by taxable payroll for the same period.

The Finding -- Although Federal law promotes experience rating, evidence collected during our audit shows that the application of experience rating has declined. Financing UI benefits has shifted from a system based on individual employers' responsibility to manage their workforce to a system where costs are largely socialized, i. e., all employers share in the costs regardless of their individual unemployment experience.

To illustrate the problem, data reported to ETA on ES Form 204 from the nine reserve ratio states audited suggest that the amount of effective benefit charges have generally decreased for the 14-year period since 1970. Effective charges represent the portion of total benefits charged to employers whose contributions exceed their benefits charged (positive balance employers). The proportion fell from 51 percent in 1970 to 36 percent in 1983. The remaining benefit payments were either charged to negative balance employers (benefits charged greater than tax contributions), inactive employers, or not charged to any employer.

In our opinion, data from the ES-204 report does not portray the best measure of experience rating. We, therefore, constructed a more conservative Experience Rating Index (ERI) for 1981 to 1983 using data available in the states' computerized master files. Our revised calculation gave all employers credit for tax contributions. Thus, negative balance employers benefited from our calculation.

Our analysis using the ERI also shows a decline in the percent of benefit payments effectively charged to employers. The ERI dropped from 54 percent in 1981 to 51 percent in 1983, corresponding to an increase in the degree of benefit payment costs which were socialized. In 1983 alone, our calculations show that \$3.1 billion or 49 percent of the

\$6.3 billion in total benefit payment costs were socialized costs in the 12 audited states. It is significant to note that the degree of experience rating in the states ranged from a low of 35 percent to a high of 75 percent averaging about 50 percent.

Consequences of the Decline in Experience Rating -- Experience rating is an important factor in determining and controlling UI costs within the UI tax system. The historic decline in the degree of experience rating has had several adverse consequences:

- Employers with low unemployment inequitably subsidized employers with high unemployment by \$1.6 billion in the 12 audited states in 1983. Relatively stable industries such as finance, retailing, and services subsidized construction and manufacturing, which were responsible for about \$3.40 in unemployment benefits paid for each \$1.00 of tax contributions.
- Low levels of experience rating reduce employer incentives to stabilize employment and increase overall levels of unemployment. Recent research literature corroborates the link between experience rating and unemployment.
- Employers who pay the maximum possible tax rate file fewer appeals than employers whose tax rates can be increased. This indicates that experience rating provides an incentive for employers to monitor UI benefit claims and contest improper or fraudulent claims. As such, experience rating promotes the integrity of the UI system.
- Although Congress intended to strengthen experience rating in the Tax Equity and Fiscal Responsibility Act of 1982, we estimate the degree of experience rating will be increased only slightly by this change.

Factors Contributing to the Decline -- A major factor contributing to the decline in experience rating was the failure to clearly define experience rating in terms of how it would be measured, what would be measured, and what would constitute an acceptable level. Also contributing to the decline were the states' limited knowledge of experience rating, insufficient data collected by ETA, and inaccurate data reported by the states.

As a consequence of not having a better definition of experience rating, states have enacted legislative provisions which contradict the original intent of experience rating. For example, tax rates, the primary method used to determine and control experience rating, are not based entirely on an employer's experience with unemployment. The degree of experience rating is limited by a number of factors:

- low maximum tax rates, which account for about 39 percent of socialized costs;
- not charging individual employers' accounts for certain benefit payments, which account for about 17 percent of socialized costs;
- writing-off past benefit charges from the benefit payment history used to set an employer's tax rate;
- using alternate tax schedules (schedules put in place when state UI funds are low), which typically levy the greatest increases in taxes on employers with favorable unemployment experience; and
- using fixed taxable wage bases which did not increase when benefits increased.

As an indication of the states' limited knowledge of the extent to which the system has become socialized, most of the states reviewed did not account nor reconcile their experience rating systems to their UI trust fund balance. From an accounting standpoint, socialized costs appear in both the employers' accounts and in a socialized account, described as the General Account. The sum of the balances in the states' accounts plus any loans from the national UI Trust Fund equals the balance in the states' UI fund. Moreover, most states did not have specific provisions to fund the socialized costs in the employers' accounts and the General Account.

Another factor contributing to the decline was that ETA was not collecting data necessary to properly measure experience rating. Reports required by ETA do not include all information necessary to accurately determine the amount of socialized costs. Additionally, information received by ETA from the states was frequently inaccurate and often not reported in accordance with ETA guidelines.

Conclusion -- Because experience rating can promote, control, and monitor the integrity of the UI system, we believe that policy makers should consider actions to reverse its decline. The effectiveness of experience rating can be enhanced by constant and routine accounting for socialized costs, and states can strengthen their experience rating systems by evaluating the amounts, the causes, and the funding of socialized costs.

A draft report of the results of our review has been issued to ETA. ETA accepted the report as a positive contribution and is actively reviewing it. This study will be reviewed by the joint ETA/OIG task force which was established to address UI audit resolution matters.

Federal Share of the Unemployment Compensation Program

We are currently reviewing the Federal share of the UI program. This share is comprised of benefits paid to ex-Federal and ex-military personnel, the Federal portion of the state extended benefits program, and benefits originating from the federally funded Federal Supplemental Compensation and CETA Public Service Employment programs.

Our objectives are to determine the validity, timeliness, and accuracy of the charges reported to the Department of Labor. We will also determine the accuracy of the chargebacks from DOL to the Federal agency whose former employees collected the benefits. Ultimately, we plan to assess the adequacy of the Department's system of controls to ensure that Federal agencies provide timely, accurate, and complete claimant information to states for use in determining benefit entitlement.

We will review 45 state agencies including 17 specifically requested for audit by ETA. This audit is being conducted in phases, with six to nine states in each phase.

To date we have issued six (two final and four draft) reports. These reports disclosed that six states overclaimed the Federal share of unemployment benefits by approximately \$8.8 million. The overpayments further resulted in interest costs, through June 30, 1984, to the Federal Government of \$1.5 million. The following paragraphs describe these overclaimed Federal charges.

State and Local Extended Benefit Charges -- Three states erroneously obtained \$2.8 million in Federal funds for 50 percent of extended benefits paid to ex-employees of state and local governments. Extended benefits paid to former

employees of state and local governments are not subject to the Federal share. Interest costs through June 30, 1984, to the Federal Government for overfunding these extended benefit charges was \$632,424.

First Week Extended Benefit Payments -- Federal law provides that, if the state law allows for a compensable waiting week for regular benefits, no Federal share should be paid for the first week on individual extended benefit claims. One state overcharged the Federal Government \$3.8 million for 50 percent of first week extended benefit payments because the state law did not take this Federal law into consideration. Interest costs through June 30, 1984, to the Federal Government for overfunding these charges was \$610,252.

Combined Wage Claims -- Three states overcharged the Federal share of extended benefits on combined wage claims by \$1.5 million. Combined wage claims are claims paid by one state based on an individual's wages earned in two or more states. The state paying the benefits bills the other state(s) for their share of the claim and is reimbursed 100 percent of the other states' share of the benefits, including extended benefit charges. These three states claimed the 50 percent Federal share of extended benefits at the time the extended benefit payments were paid, but they did not credit the Federal accounts when the other states reimbursed them. Interest costs through June 30, 1984, to the Federal Government for overfunding extended benefits on combined wage claims was \$109,288.

Public Service Employee Benefits -- One state overclaimed the Federal public service employment employee benefits by \$594,115 because regular state unemployment benefits were classified as public service employee benefits. Interest costs through June 30, 1984, to the Federal Government for overfunding these charges was \$175,385.

Federal Supplemental Compensation (FSC) Benefits -- We found approximately \$2.8 million in FSC overpayments. During our audit period, an individual's FSC benefit entitlement was determined by the state's insured unemployment rate (IUR). If the state IUR increased, the claimant's FSC entitlement also increased; if the IUR decreased, the claimant's FSC entitlement decreased. These overpayments were caused by the state's failure to timely implement new FSC entitlement levels when the IUR changed.

Unemployment Compensation for Federal Employees (UCFE) Benefits -- Since January 1, 1981, Federal employing agencies are required to reimburse a Federal employee compensation account in the UI Trust Fund for all UCFE

benefit charges based on Federal wages earned after December 31, 1980. The state agencies are responsible for identifying UCFE charges by Federal agency and reporting these charges quarterly to ETA. ETA, in turn, bills the Federal employing agencies, which then reimburse the Federal employee compensation account in the U.S. Treasury. We found that six states failed to charge the Federal employing agencies with \$1.7 million of UCFE charges. Since the account operates as a revolving fund, failure to charge benefits to the Federal employing agencies results in additional funds being appropriated to ensure that the account has sufficient funds to cover UCFE benefit disbursements.

We recommended that states reconcile total UCFE disbursements quarterly to the amount of UCFE charged to the Federal agencies. Any UCFE benefits not charged should be thoroughly documented.

Corrective Action -- Resolution and corrective action is proceeding rapidly on the reports issued. The six states have already agreed to refund 87 percent of unallowable costs identified to date. Of the \$8.8 million in unallowable Federal charges, \$1.5 million has been adjusted by one state, and two states have agreed to refund an additional \$6.1 million.

Federal Employees UI Crossmatch

As discussed in our prior semiannual report, we matched payroll information for eight participating Federal agencies against unemployment benefit payments in 14 states for the period October 4, 1980, through October 2, 1982. Participating Federal agencies were the Departments of Agriculture, Commerce, Health and Human Services, Interior, Labor, and Treasury (including IRS); the Tennessee Valley Authority; and the Veterans Administration. Treasury (including IRS) elected to review their employees independently; therefore, the results are not included in our report.

The report was supplied to the participating state agencies to validate the potential overpayments and make declarations of overpayment where appropriate. All 14 states have completed validation of the overpayment cases we submitted to them. The states declared overpayments to a total of 954 claimants, representing \$535,011 in unemployment benefits. Of this total, 528 cases, with benefits totaling \$401,884, were determined fraudulent. In the Department of Labor, 123 claimants representing \$59,267 were declared overpaid, and 41 of the cases representing \$31,580 were fraudulent.

We have provided state responses to the Federal agencies to assist the Inspectors General in taking appropriate administrative or prosecutive action at the Federal level. Appropriate actions to recover the benefit overpayments, assess penalties, and seek state prosecutions are also being pursued at the state level in coordination with DOL.

ETA and OASAM have responded to our report and have taken corrective actions to strengthen requirements for timely and accurate completion of the states' Request for Wage and Separation Information (ES Form 931). In addition, ETA issued a letter to each Federal agency's Assistant Secretary for Administration highlighting our recommendations, asking for appropriate implementation and a report back on actions taken.

Review of Unemployment Insurance Operations in Selected State Agencies

We reviewed Unemployment Insurance operations in the state agencies of Alabama, Georgia, and South Carolina. Our reviews included UI tax operations and benefit payment controls and limited reviews of employment services and administrative funds.

We identified problems in all three states relating to cash management, field audits, and benefit payment controls. We found that cash management could be improved by (1) more efficient mail processing operations; (2) more coordination and negotiation with banks; and (3) withdrawing only those funds necessary to meet anticipated bank clearings. We estimated that the implementation of these improvements could result in \$2.3 million in reduced Federal interest costs annually.

We also found that the state field audit programs could be improved by providing more audit coverage to larger employers and standardizing documentation for audit workpapers. Benefit payment controls could be improved by refining detection techniques and using more aggressive collection efforts on overpayments identified.

In addition, we identified significant problems unique to each state:

- In Alabama, agency personnel were paid from Federal funds while performing functions in the state's governor and personnel offices. This practice resulted in \$42,910 in Federal funds being spent to support general state functions.

- In Georgia, two state agency employees continued to draw federally funded salaries after being convicted of crimes involving the misuse of agency resources. Salaries and fringe benefits of \$19,910 were paid to these employees after their convictions.
- In South Carolina, extensive manual verification of reimbursable employer bills delayed billings and resulted in potential interest losses to the Federal Government of \$80,182.

Unemployment Insurance Statistical Model

A task force consisting of a statistician, a computer specialist, auditors, and investigators continued to develop a model for identifying and predicting various patterns of fraud and abuse in the UI program. Field testing of the model is underway in Louisiana.

The task force's preliminary strategy was to reduce the number of records requiring computer analysis. This was accomplished by eliminating those employers and claimants whose characteristics clearly established their legitimacy. Upon completion of the initial analysis, the task force had identified some 43,000 out of 136,000 employers and 125,000 out of 433,000 associated claimant records requiring additional analysis.

Specific data elements were then compared against each other. Reasonableness tests, range checking, and cross matching were performed, and a rating was assigned to each UI employer account. Based upon the ratings, 38 suspicious accounts were identified. The task force is analyzing the 38 accounts using traditional audit/investigative techniques.

Four potential areas of audit concern or fraud schemes have been classified:

- fictitious employers;
- family members participating in UI;
- seasonal schemes involving payment of UI benefits claimed against active but non-productive businesses; and
- schemes involving corporate officers/partners participating in UI.

We are continuing to revise these programs to improve reliability and narrow the range of suspicious employer accounts. These actions are essential to maximize the productivity of our audit and investigative resources.

Job Corps

Title IV of the Job Training Partnership Act (JTPA) of 1982 authorizes the federally administered Job Corps program. The Job Corps provides programs of education, vocational training, work experience, and counseling to disadvantaged youth aged 16-21. The program is designed to assist young individuals who need and can benefit from an unusually intensive program, operated in a group setting, to become more responsible, employable, and productive citizens. Budget authority for Fiscal Year 1985 was approximately \$616 million.

In the previous semiannual report, we reported the corrective actions taken by Job Corps management in response to recommendations made in earlier nationwide audits. We stated our concurrence with these corrective actions to the extent they addressed specific issues raised in the audits, but we also stressed the need for substantive changes in the basic structure of the program in order to address the complex problems facing the program. Specifically, we recommended research into the potential economies to be gained through establishing linkages between Job Corps and JTPA service providers for the delivery of Job Corps services. During this period we followed up on our prior review of screening and placement and reviewed procurement practices.

Screening and Placement

Our 1983 review of Job Corps screening and placement indicated that 49.3 percent of corpsmember files were not adequately documented to enable an accurate determination of corpsmember program eligibility. Our initial review did not extend beyond file documentation. We, therefore, structured this review to go beyond the data sheets by verifying information with independent sources. Our objective was to determine if the 49.3 percent error rate was indicative of true participant ineligibility rather than strictly a documentation problem.

A judgmental sample of 50 active corpsmembers was selected for eligibility testing: 25 from the McKinney Job Corps

Center and 25 from the Sacramento Job Corps Center. The corpsmembers had been screened by 8 of the 10 screening agencies used by these two centers for enrollments.

Because the survey was limited in scope, the results cannot be projected to the entire Job Corps eligibility determination process. However, the survey disclosed a continuing documentation problem by the Job Corps regional offices and screening contractors as well as a participant ineligibility problem. Where our earlier report reflected inadequate documentation to determine eligibility for 49.3 percent of corpsmembers, this review reflected a 68 percent file inadequacy rate. Further, our independent verification disclosed that 22 percent of the sampled corpsmembers were ineligible including 8 percent who were in violation of the Military Selective Service Act at the time of enrollment.

In the Special Review of Screening and Placement, issued by this office on September 26, 1984, we made several specific recommendations for development and implementation of policies, procedures, and practices to ensure that Job Corps participant eligibility is properly determined.

As an additional option for the correction of the noted deficiencies in the current service delivery system, we continue to recommend that ETA consider integrating the Job Corps outreach, screening, and placement functions into the existing JTPA service delivery system. Based on a review of the JTPA and Job Corps legislation and regulations, we have found sufficient programmatic overlap to warrant program integration. Integration appears consistent with legislation and has the potential for greater operational economies and efficiencies in outreach, screening, and placement functions as well.

Job Corps Procurement

Based on an agreement between Job Corps and OIG, we reviewed the procurement process for Job Corps Center contractors. Job Corps had revised its center contractor procurement process as a result of OIG recommendations made in earlier audits. The objective of the review was to determine whether selected Job Corps procurement transactions were in accordance with the Federal Procurement Regulations and revised procedures.

During this reporting period, we issued a draft audit report to ETA. Since ETA has not had time to fully respond to this

draft report, we are not presenting our findings at this time. However, one significant matter should be noted. The regional Job Corps procurement procedures do not separate contracting authority from program responsibility. OMB Circular A-123, Standards of Internal Control, emphasizes the need for this separation. In addition, Executive Order 12352 on Federal procurement reforms stipulates that "in order to establish clear lines of contracting authority and accountability, contracting authority should flow through a clearly defined path or paths in each agency separate from the program missions of the agency."

We are, therefore, recommending immediate consolidation of the Job Corps Center contract procurement into the ETA National Office with procurement negotiations conducted by independent contracting officers.

Special Targeted Programs

Indian and Native American programs are federally administered programs authorized by the Job Training Partnership Act. The purpose of the Indian and Native American program is to provide job training to economically disadvantaged and unemployed Indian and Native Americans. Migrant and Seasonal Farmworker programs provide the same opportunities to migrant and seasonal farmworkers who are unemployed or underemployed in the agriculture industry. In the past, the services offered in these programs have been provided by grantees funded under the CETA program. Most of these same grantees continue to provide many of the services under JTPA. Fiscal Year 1985 budget authority for the Indian and Native American programs is \$62 million and for the Migrant and Seasonal Farmworker programs is \$60 million.

We have traditionally performed financial and compliance audits for these grantees. However, with the enactment of the Single Audit Act, we will be emphasizing reviews of program results and economy and efficiency. During this reporting period we issued 36 audit reports totaling \$40.2 million audited with \$809,872 in audit exceptions.

Our ongoing technical assistance and training effort for these grantees is fully discussed in Chapter 2 on page 41.

Job Training Partnership Act - Grants to States

The purpose of the Job Training Partnership Act (JTPA) is to provide job training to economically disadvantaged individuals, individuals with special barriers to employment, and dislocated workers to assist them in obtaining productive employment. Under Titles II and III of JTPA, the Secretary grants JTPA funds to 57 states and entities who distribute funds to service delivery areas, thus giving the states greater responsibility and flexibility than existed under previous programs. The increased state role for JTPA has led OMB to consider JTPA as a "block grant."

We have concentrated our JTPA review efforts on the evaluation of major components of the JTPA program. As explained in previous reports, our reviews go beyond the normal, routine financial and compliance audits which are the responsibility of the states. Our reviews are structured to evaluate the economy, efficiency, and effectiveness of operations from a nationwide perspective.

Grants to states under Titles II and III of JTPA are used for (1) adult and youth programs; (2) summer youth programs; and (3) dislocated worker assistance. Fiscal Year 1985 budget authority for these programs is \$2.9 billion.

During this reporting period, we have been following up on our Fiscal Year 1984 review of cash management in the JTPA program by studying the feasibility of new and innovative approaches to cash management. (See page 45.)

Current and Future JTPA Audit Projects

We are currently reviewing participant eligibility in the JTPA program. The review, in a statistical sample of 80 service delivery areas, will determine whether the program is serving those individuals whom the Act intended, i.e., those persons economically disadvantaged, with serious barriers to employment, or who have been dislocated from their jobs.

Concurrent with the eligibility review, at the same locations, we are surveying three other components of JTPA operations to determine whether audits of these areas would be appropriate. First, we are surveying service delivery area compliance with statutory funding restrictions. For example, the Act establishes a maximum of 15 percent of funds for administrative costs. Second, we are surveying

service delivery area training contracts to service providers to gather information regarding the cost effectiveness of such contracts. Third, we are reviewing service delivery area operations to determine whether there is an adequate separation of duties to minimize fraud and abuse in financial operations.

Comprehensive Employment and Training Act

We are continuing our major project of advising ETA in closing down the CETA program. We fully discussed our nationally coordinated phasedown reviews in the last semi-annual report. Updated figures are now available. In addition, we have continued to provide other assistance to ETA in closeout.

Nationally Coordinated Phasedown Reviews

We ultimately conducted 114 reviews of "high risk" prime sponsors to identify and verify asset, liability, and fund account balances. Updated figures from these reviews reveal \$225.4 million of Federal assets and liabilities which require specific action to ensure proper program closeout.

Based on our test results, we recommended immediate recovery of \$65.7 million in residual cash balances or improper program charges. The remaining \$159.7 million of the total \$225.4 million was reported to ETA for their use in ensuring that prime sponsors were properly considering all assets and liabilities in the closeout process. We expect additional refunds to DOL from the disposition of these issue areas.

ETA is currently working to resolve the findings identified, and as of December 1984, had established debts totaling \$18.8 million against 84 of the prime sponsors reviewed.

Other Closeout Activity

Providing technical advice to ETA grant officers in audit resolution also continues to be a priority for OIG. We are committed to assisting ETA in the resolution of all audit recommendations and ensuring the propriety of those resolutions. During this reporting period with OIG's assistance, ETA resolved 249 CETA prime sponsor audits containing \$52 million in audit exceptions and disallowed \$32.6 million.

EMPLOYMENT STANDARDS ADMINISTRATION

The Employment Standards Administration (ESA) is composed of three program offices: the Office of Workers' Compensation Programs (OWCP), the Wage and Hour Division, and the Office of Federal Contract Compliance Programs (OFCCP).

- OWCP administers three laws providing compensation and medical benefits, primarily for on-the-job injuries and occupational diseases, to civilian employees of the Federal Government, coal miners, and longshore and harbor workers.
- Wage and Hour enforces minimum wage and overtime standards, establishes wage and other standards for Federal contracts, and enforces aspects of other employment standards laws.
- OFCCP administers an Executive Order and portions of two statutes which prohibit Federal contractors from engaging in employment discrimination and require affirmative action to ensure equal employment opportunity.

During this reporting period, we completed an audit of OWCP's Federal Employees' Compensation Act (FECA) chargeback system and continued to monitor the development and implementation of a new ADP system and to support regulatory reform and proposed legislation. In OWCP's Black Lung program, we completed our survey of employee integrity. We also completed a financial and compliance audit of the Longshore and District of Columbia Workmen's Compensation Special Funds.

In the Wage and Hour program, we followed up on our recommendation to require employers to deposit undistributed wages in the U.S. Treasury as miscellaneous receipts.

Federal Employees' Compensation Program

The Federal Employees' Compensation Act (FECA) is the sole form of workers' compensation available for Federal employees who suffer on-the-job injury or occupational disease. The Department of Labor is responsible for administering the Act, but all Federal employing agencies including the Office of Personnel Management and the Office of Management and Budget influence how effectively it is implemented.

To administer the program for Fiscal Year 1985, FECA has a nationwide staffing level of 928 and a budget of almost

\$52.3 million. The appropriation for Federal employees' compensation benefits totals \$1.08 billion, of which \$879 million represents reimbursements from other Federal agencies' appropriations or revenues. Approximately 45,800 claimants are expected to receive long-term benefits, and about 1.4 million payments are expected to be made in Fiscal Year 1985.

During the reporting period, we (1) issued a draft report on our audit of the FECA chargeback system; (2) continued to monitor the development of the Federal Employees' Compensation System (FECS) Level II and issued a second report; and (3) continued to support much needed regulatory and legislative reforms to address long-standing problems but must again report that limited progress has been made.

FECA Chargeback System

Although OWCP administers the FECA program Governmentwide, the Department of Labor does not generally pay for FECA claims for individuals from other Federal agencies. Payments made to or on behalf of FECA claimants come from the Employees' Compensation Fund which is administered by the Department of Labor. The Department annually bills or "charges back" benefit payments to the Federal employing agencies for the FECA benefits expended by the fund on their behalf during the year.

FECA costs have been of great concern to both the employing agencies and OIG. FECA benefits paid during Fiscal Year 1984 amounted to over \$1 billion of which \$876 million was charged back to the employing agencies. The Fiscal Year 1984 FECA costs were over \$86 million more than in Fiscal Year 1983 and are expected to increase by almost \$75 million in Fiscal Year 1985. Because of the high costs, employing agencies need to take an active role in managing their FECA claims. Through chargeback billings, employing agencies can determine the validity of the charges and use the billing information as indicators of changes in claim status.

Our audit of the current FECA chargeback system found that the employing agencies could not be assured of accurate billings. Although action is being taken by OWCP management to improve operations, particularly in the development of a new computer system, OIG monitoring of the system development has identified potential problems in this project as well.

Audit of the FECA Chargeback System -- During this reporting period, we completed an audit of the FECA chargeback system.

To determine if the chargeback listing was accurate, we reconciled OWCP and U.S. Treasury records for the year ending June 30, 1983, and analyzed discrepancies between the two sets of records. The chargeback listing consists of payments for chargeable and non-chargeable benefits. Chargeable benefits are those paid during the year for which the employing agencies are billed. Non-chargeable benefits are payments which are not charged back to the employing agencies.

An adverse audit opinion was given on the chargeback listings because they were not found to fairly present FECA disbursements and recoveries. The GAO Standards for Audit of Governmental Organizations, Programs, Activities, and Functions defines auditor's opinion as "an expression in the auditor's report as to whether the information in the financial statement of the entity is presented fairly in accordance with generally accepted accounting principles"

In three district offices reviewed, \$6.4 million in discrepancies out of \$124 million in transactions were identified between OWCP and U.S. Treasury records. However, not all these discrepancies affected the chargeback bills. At least \$3 million resulted from use of inappropriate accounting entries to correct errors identified by OWCP prior to the audit.

A number of problems were identified when individual discrepancies were analyzed. These included failure to (1) record all transactions properly, including adjustments and end-of-year transactions; (2) include all payment records on the chargeback listings; and (3) utilize error reports.

We identified three major causes for the discrepancies:

- A single data base was not used for payments, recoveries, and recordkeeping.
- The chargeback system did not have an adequate adjustment capability, resulting in inappropriate entries being made to ensure that the bottom line was correct. Also, transactions were not clearly presented, making it difficult to trace a given transaction.
- Controls were inadequate. Of particular concern was the lack of reconciliation of OWCP and U.S. Treasury records, which is critical when payment and recordkeeping functions are separate.

Our recommendations to OWCP for improved financial management, and, thus, improved claims management by the employing agencies, include:

- Establishing a single data base and one method for executing and recording transactions, including a fully integrated computer system.
- Establishing adequate controls to ensure a minimum error level, including monthly reconciliation to U.S. Treasury records.
- Establishing a recordkeeping process that allows transactions to be recorded clearly, accurately, and completely, including an adequate adjustment function and a trained, qualified staff to ensure proper maintenance of the system.
- Performing an annual audit to provide assurance to OWCP and the employing agencies that FECA expenses are properly accounted for.

During and subsequent to our field work, OWCP made several changes to their current computer system and procedures to correct deficiencies brought to their attention. OWCP expects to begin monthly reconciliation in July 1985, the beginning of the next program year. OWCP also is planning additional training for its fiscal staff in June 1985 and is exploring the feasibility of recruiting a permanent staff person with financial management expertise, which we strongly endorse.

In responding to the report, OWCP management generally concurred with the specific deficiencies cited in the audit. They noted that the current Level I computer system was not designed as an accounting system. However, because a new computer system, Level II, is under development, OWCP management intends to delay correction of many deficiencies until the system is implemented.

FECS Level II -- The Level II system is intended to be an integrated system, which OWCP management believes will resolve virtually all the concerns raised in our chargeback system audit. However, our monitoring of the Level II development has identified potential problems in this project, including the fact that the financial management subsystem will be among the last subsystems to be fully developed.

In January 1984, the Department awarded an 8-year contract for up to \$101 million to provide computer hardware and

software support for the development and implementation of the FECS Level II automated system. ESA's Fiscal Year 1986 budget submission estimates that this system will be operational nationwide by the end of Fiscal Year 1986 and will cost \$73 million through 1990.

During this reporting period, we issued a second System Development Review Report identifying problems in system design and project management. We advised ESA of potential problems with (1) the availability and source of funds to complete FECS Level II and (2) the planned timing for data conversion of case information.

In spite of intensive oversight efforts by both the OWCP project managers and the departmental ADP contracting officer, the contractor has not timely performed required work or provided deliverable products, as identified in the contract. We advised ESA that slippages on deliverable due dates and a revised tight schedule for deliverable products may result in weakened internal controls, reduced system testing, and the eventual acceptance of a system which fails to meet required specifications.

The complexity of the original specifications coupled with continued contractor management staff turnover during the first year of the project has resulted in only minimal progress being achieved. Consequently, the system design cannot be adequately analyzed. The financial management subsystem, which forms the backbone of the system, will be among the last general functional design specifications delivered.

We recommended that OWCP:

- continue intensive monitoring and oversight of the contractor's efforts;
- concentrate resources on implementing and testing the financial management subsystem immediately;
- suspend any further revisions to the present system specifications except where identified that such specifications are incorrect; and
- withhold progress payments for implementation design activities until sustained progress is maintained by the contractor.

In their response, OWCP management stated that they are continuing intensive monitoring of the contractor's efforts.

They are aware that the risks to the Government have increased and are sensitive to that factor in their oversight activities. With respect to the financial management subsystem development and testing process, OWCP stated that the contractor's most recent project plan brought the subsystem into phase with the other six subsystems.

OWCP has since informed us that progress payments were suspended effective April 10, 1985.

Regulatory and Legislative Reform

Regulations are still pending on medical fee schedules and administrative procedures, and the Department's proposed legislative package has never been introduced in Congress. These delays have not only impacted on the Department's ability to manage the program but also on the employing agencies' abilities to manage their FECA responsibilities. Commenting on a draft report issued by the Veterans Administration's OIG on the VA's administration of its FECA program, the Director of the VA Office of Personnel and Labor Relations in November 1984 stated, in part:

While recognizing that improvements in VA program administration are possible, it also needs to be recognized that many systematic problems with the law and OWCP regulations have adversely affected program costs Although the OWCP has drafted legislation several times to effect some necessary changes, the legislation has never been introduced in Congress. At an interagency task force meeting, OWCP officials discussed their plans to make approximately 50 regulatory changes that would improve the program, but, as of now, these revisions have not been made. Unless the fundamental and necessary statutory and regulatory changes are effected, VA actions will in our view have only moderate impact.

Medical Fee Schedules -- Since the OIG conducted loss vulnerability studies in 1980 and 1981, we have recommended that OWCP institute medical fee payment schedules, which would result in substantial savings and more consistent payments to different medical providers. We have reiterated our recommendations in semiannual reports since September 30, 1981, and testified to Congress in 1981 and 1982 on this matter. Despite assurances to implement such schedules, OWCP has yet to adopt and use medical fee schedules. In June 1984, ESA published proposed regulations which would prohibit payments above established limits for specific

services and would prohibit the provider from attempting to obtain from the claimant the difference between the amount billed and the amount paid by OWCP. The 60-day public comment period was extended to accommodate all interested parties. On January 31, 1985, the comment period on the proposed regulations was reopened until March 4. ESA has informed us that the fee schedules and accompanying regulations should be published in final form by June 1985.

Procedural Regulations -- OWCP recognizes the need to revise the FECA procedural regulations and has proposed specific changes. However, progress has also been slow in publishing these revisions. The regulations would bring about a wide range of needed changes and specifically clarify (1) the responsibilities of the employing agencies; (2) the claims filing process; (3) responsibilities for returning injured employees to work; and (4) claimants' reporting requirements.

During this reporting period, the procedural regulations package was revised to reflect OIG comments, advice of the Solicitor's Office, and recent program changes. However, as of March 31, the package had yet to be approved by the Deputy Under Secretary for Employment Standards. Following that approval, the package must still receive departmental approval and OMB clearance before being published in the Federal Register for public comment. We have continued since our September 1983 semiannual report to urge publication of these regulations.

DOL FECA Legislative Proposal -- Since we reported on the Administration's draft bill, Federal Employees' Reemployment Compensation Amendments of 1981, in our September 1981 semiannual report, we have supported and stressed the need for a comprehensive FECA legislative proposal developed by the Department. The proposal, which has since been revised, was designed to apply benefits under the Act more equitably and significantly enhance management of the FECA program. The proposal was submitted but not introduced to Congress in 1983.

The Department has asked the OMB to include a similar legislative proposal in the Administration's 1985 legislative program. A discussion of this proposed legislation can be found in the Office of Resource Management and Legislative Assessment section on page 73.

Black Lung Program

The Department of Labor administers Part C of the Black Lung Benefits Act. The Act provides monthly compensation and medical treatment benefits to coal miners totally disabled from pneumoconiosis arising from their employment in or around coal mines. The Act also provides for monthly payments to eligible surviving dependents. Benefit costs are paid by coal mine operators or by the Black Lung Disability Trust Fund if no coal mine operator is liable for payment.

To administer the program for Fiscal Year 1985, Black Lung has a staffing level of 401 and a budget of over \$23 million. The appropriation for the Black Lung Disability Trust Fund for disabled coal miners' benefits totaled almost \$638 million. Approximately 91,000 claimants are expected to receive monthly compensation benefits and an additional 105,800 miners are eligible to receive medical benefits.

In past semiannual reports, we reported that the Office of Investigations, with the assistance of the Division of Coal Mine Workers' Compensation (DCMWC), identified several fraudulent Black Lung claims processed by former claims examiners from the Charleston District Office. As a follow-up to that work, we performed a survey of claims processing procedures and internal controls at two other district offices to determine whether similar fraudulent claims were processed. We did not detect any specific instances of fraud; however, because of numerous internal control weaknesses, it is possible that fraud could be committed without detection.

Management responded that many of our concerns will be addressed during implementation of a new computer system which is scheduled to occur in October 1985. We will continue to follow the progress of our recommendations.

We also reviewed 146 cases for which benefits had been paid from the Black Lung Disability Trust Fund on an interim basis until responsible mine operators commenced paying benefits. In 83 of the cases, DCMWC had failed to include an assessment for interest totaling an estimated \$175,000 on billings to responsible mine operators for these interim payments.

Management agreed to immediately implement our recommendations for corrective action. For further information on the failure to assess interest, see the discussion on Debt Collection reported under Departmental Management, page 31.

Longshore and Harbor Workers' Compensation Program

The Longshore and Harbor Workers' Compensation program administers and enforces the processing of claims and payment of benefits to injured workers covered by the Longshore and Harbor Workers' Compensation Act. The Act provides compensation to workers for wages lost through disability, medical treatment and rehabilitation services, and death benefits to surviving dependents of workers.

To administer the program for Fiscal Year 1985, Longshore has a staffing level of 157 positions and a budget of over \$7.7 million. Approximately 38,000 cases involving lost time injuries are expected to be opened and 14,000 cases are expected to be compensated during this fiscal year.

During this period a financial and compliance audit was performed of the Longshore and District of Columbia Special Funds for Fiscal Years 1982 and 1983. Disbursements for this period totaled \$54.7 million for the Longshore Fund and \$11.5 million for the D.C. Fund.

The audit disclosed that the financial management reports generally accurately stated the balances of the special funds on a cash basis at September 30, 1983. However, the evaluation of internal accounting and administrative controls disclosed several areas where improvements are needed including a need to maintain and report funds on an accrual rather than a cash basis of accounting.

ESA has either taken or plans to take actions in all but one of the reported conditions. ESA stated that accrual accounting is not possible under the Department's integrated accounting system, which can only accept year-end entries of total accounts receivable and accounts payable.

Although it is true that the Department's system cannot handle those accounts on an accrual basis, this is not the issue. We believe ESA should be maintaining funds in their own system on an accrual basis and reporting the year-end balances to the Department's system.

Wage and Hour Division

The Wage and Hour Division is responsible for administering a wide range of labor standard laws, including the Fair Labor Standards Act--the country's principal minimum wage and overtime standards law. To administer the program for Fiscal Year 1985, Wage and Hour has a staffing level of 1,506 and a budget of \$73.7 million.

In April 1980, we issued a report on selected operations of the Wage and Hour Division. We found that, in administratively settled cases without stipulation agreements, employers were allowed to retain undistributed back wages that were owed to employees for violations of the Fair Labor Standards Act. We recommended that ESA revise its policy to require that the Wage and Hour Division assist employers in locating their former employees and, if unsuccessful, that the undistributed back wages be deposited in the U.S. Treasury as miscellaneous receipts.

In 1984 we followed up and found that ESA had not implemented our recommendations. We estimated that employers were allowed to retain about \$4 million in undistributed back wages in Fiscal Year 1982. Since our original report was issued 5 years ago, the cumulative potential loss of back wages to the employees or the U.S. Treasury is now about \$20 million. Moreover, we believe that the policy of allowing employers to retain unpayable back wages acts as an economic incentive for employers not to adhere to the Fair Labor Standards Act, particularly since they face no penalties for violating the Act with respect to the unlocated employees.

The Deputy Under Secretary for Employment Standards has now agreed to develop and implement a policy to eliminate the economic incentive for noncompliance by establishing criteria that would require certain employers to submit unpayable back wages into the U.S. Treasury. The criteria will be based on a number of factors, including number of employees and total back wages involved and the compliance officer's opinion regarding the employer's good faith efforts.

We will follow up on the corrective actions agreed to and include the results in our next semiannual report.

MINE SAFETY AND HEALTH ADMINISTRATION

The Mine Safety and Health Administration (MSHA) is responsible for administering the provisions of the Mine Safety and Health Act of 1977. The program is designed to reduce the number of mine related accidents and fatalities and to achieve a safe and healthful environment for the nation's miners. For Fiscal Year 1985, MSHA has a budget of \$150 million and a staffing level of 3,094.

Status of Corrective Action

As reported in the last semiannual report, we conducted a followup audit of MSHA's Approval and Certification Center located at Triadelphia, West Virginia. The center tests and evaluates products used in the mines to ensure that the products meet the safety specifications prescribed by the Secretary of Labor.

We found that two significant recommendations in our 1981 audit report had not been implemented: (1) the need to raise the 20-year-old testing fees to fully recover the costs of testing and (2) the need to substantially increase the number of approved product evaluations.

As a result of increased costs over the years with few, if any, corresponding fee increases, MSHA is now recovering less than 10 cents on every dollar of testing center operating costs. We estimate that MSHA's inaction has caused the Government to lose about \$10 million in testing fee revenues since the issuance of our October 1981 report. Moreover, further delay in updating the fee schedules will result in a continuing loss of over \$3 million a year.

Management agreed that updating the testing fees will provide substantial additional revenues. However, they pointed out that the total operating costs of the center also includes health and safety activities not related to testing and that the testing fees are not intended to recover these additional costs.

As a result of our followup, MSHA has expedited the revision of its fee schedules; however, implementation is not expected to be completed until the end of Fiscal Year 1986. Considering that over 3 years have passed since we first recommended an increase in the fees and the continuing significant dollar losses to the Government, we had expected more expeditious action.

The second significant finding involved the implementation of a viable quality assurance monitoring program for approved mine safety equipment. From Fiscal Years 1981 through 1984, MSHA had post-evaluated only 345, or less than 2 percent of the universe of about 25,000 pieces of MSHA-approved mine equipment.

MSHA has advised us that the number of approved product evaluations will increase from 100 units in Fiscal Year 1984 to 300 units during Fiscal Year 1985. However, considering

that MSHA has approved about 25,000 pieces of mine equipment, quality control testing of 300 pieces a year is still only 1 percent of the universe per year. Moreover, considering that one out of every eight pieces of equipment tested in Fiscal Years 1983 and 1984 was found to have critical or major deficiencies, we believe that MSHA's increased level of testing activity will not sufficiently correct the problem. MSHA still needs to significantly increase the number of approved product evaluations.

We are now following up to determine whether MSHA has acted in a responsible and timely manner to ensure that the mining industry takes appropriate corrective action on equipment that has been found to have critical or major deficiencies.

Another recommendation in our 1981 report was for MSHA to adopt an alternate product approval program which would allow manufacturers to use third party independent laboratories to evaluate and test certain products in accordance with MSHA specifications. This recommendation was made in large measure due to the backlog of unprocessed product applications. MSHA has recently advised us that rather than contract for non-Government functions in accordance with OMB Circular A-76, they will study the feasibility of changing the approval and certification process to have manufacturers provide certified test results with their approval requests.

MSHA Grantees

Under the Act, the Federal Government awards money to the states to provide training for personnel employed in the mining industry within that state. During this reporting period, we issued six financial and compliance reports on the 10 states currently being audited. Audited costs totaled \$5.9 million in Federal funds and \$2.5 million in state funds. We also issued two financial and compliance reports that were performed under OMB Circular A-102, Attachment P.

With the exception of West Virginia's Department of Mines, there were no unresolved monetary deficiencies. In that audit report, we identified questioned or disallowed costs of \$893,727 of the \$1.8 million Federal funds and \$450,188 of the \$790,207 state funds expended. The most significant deficiencies were caused by inaccurate accounting records and lack of a basis for subcontractor selection and cost.

Pricing Reviews

In addition to the financial and compliance audits, we also resolved two pricing reviews which resulted in cost savings. These savings are discussed on page 50 of Chapter 3, Audit Resolution.

OFFICE OF THE SOLICITOR

The Solicitor's Office is responsible for all legal activities of the Department and serves as legal advisor to the Secretary of Labor. In conjunction with the Justice Department, it litigates cases under various enforcement programs in administrative proceedings and the U.S. court system. The staff defends departmental officials and Government interests in legal proceedings and various workers' compensation and damage claims. Legal responsibilities include independent reviews of legal decisions ensuring legal sufficiency of departmental orders, regulations, written interpretations, and opinions. For Fiscal Year 1985, the Solicitor's Office has a budget of \$43 million and a staffing level of 794.

Audit Research

We performed research in the Solicitor's Office to gain an overall understanding of the office's operations, management control, and organizational structure and to identify potential issues to be considered for continued audit work.

Three areas were identified as having significant management or staffing problems requiring immediate attention: (1) the need to eliminate a long-standing case backlog in the Office of Administrative Appeals; (2) insufficient legal staff to handle the workload in the Division of Employee Benefits; and (3) a need for legal sufficiency reviews of proposed procurements.

In the first area, we noted that the Office of Administrative Appeals had little management control over case backlogs and attorney accountability, facilities and equipment problems, and low employee morale. Our review disclosed a 200 case backlog as of June 1984 with some of these appeals awaiting final review and decision at the Secretarial level since 1978.

This situation was brought to the attention of the Solicitor and the new Director of the Office of Administrative Appeals. They took action to eliminate the case backlog and

to ensure that future cases appealed to the Secretary of Labor will be reviewed in a timely manner. As of April 1985, the backlog had been reduced to under 50 cases.

The second area relates to the adequacy of legal staff assigned to the Division of Employee Benefits. This division provides the Department legal representation on Black Lung disability claims, Longshore and Harbor Workers' compensation claims, Federal tort claims including asbestosis, and Federal Employees' Compensation claims.

We found that the Solicitor has been unable to assign sufficient legal staff to the division to enable it to carry out congressionally mandated responsibilities. As a result, severe case backlogs exist and insufficient legal representation is being provided to client agencies. Our research in this area has led us to the initial conclusion that the Department is at considerable risk as a result of the division being unable to properly carry out its claims adjudication and legal support responsibilities.

On April 8, 1985, we issued a special report to the Solicitor on the vulnerability in the division and the need to report it as a significant management weakness in the year-end internal control report prepared by the Secretary. We will be following up to determine how the vulnerability will be eliminated.

In the third area, we noted the absence of a departmental regulatory requirement for legal review of certain proposed Agency procurements. Our work in this area is discussed in detail under Procurement in the section on Departmental Management, page 35.

DEPARTMENTAL MANAGEMENT

Departmental management refers to those activities and functions of the Department involving the formulation and implementation of policies, procedures, systems, and standards to ensure the efficient and effective operation of administrative and managerial programs. The Assistant Secretary for Administration and Management is charged with providing this oversight responsibility.

During this reporting period, we continued to review the Department's effectiveness in implementing Reform '88 initiatives and the Federal Managers' Financial Integrity Act. We performed reviews in three Reform '88 initiative areas: debt collection, procurement, and ADP management.

Debt Collection

The aggressive and rapid collection of all outstanding debts due to the Federal Government continues to be a major Reform '88 initiative of the Administration. The Department recently issued its own regulations implementing three major provisions of the Debt Collection Act of 1982: (1) credit reporting; (2) administrative off-sets; and (3) the assessment of interest, penalties, and administrative costs.

Our current debt collection audit activities focus on the operations of the Employment Standards Administration (ESA) and the Occupational Safety and Health Administration (OSHA). As of March 31, 1985, ESA had total outstanding receivables of approximately \$195.1 million or 30 percent of the departmental total, and OSHA had total outstanding receivables of approximately \$7.0 million or 1 percent of the departmental total. Of these amounts, \$61.3 million in ESA and \$4.1 million in OSHA were classified as either delinquent or in the appeals process.

During this reporting period, we issued two letter reports to ESA and one to OSHA. We found that interest, penalties, and administrative costs were not being assessed as mandated by the Debt Collection Act of 1982 and the GAO/Department of Justice Standards. As a result, we recommended that ESA and OSHA develop specific Agency procedures for the assessment of these charges and immediately notify all debtors that interest and penalties will be assessed on delinquent debts.

In ESA, we found that three Black Lung district offices failed to include \$175,000 in interest charges on bills totaling \$1.5 million that were sent to responsible mine operators following final legal adjudications in Fiscal Years 1983 and 1984. We recommended that ESA:

- require all Black Lung district offices to examine all cases in which responsible mine operators were liable in Fiscal Years 1983, 1984, and 1985 to ensure that interest has been billed and collected;
- develop specific internal controls to ensure that interest is consistently assessed and collected;
and
- direct that district office accountability reviews verify that interest charges are included as part of the billings to responsible mine operators following adjudicated claims.

As a result of our initial letter report, ESA responded by issuing specific guidance to all its program administrators on assessing interest, penalties, and administrative costs. Additionally, ESA agreed to implement our recommendations on ensuring that interest is assessed on debts owed by responsible mine operators. The actions taken by ESA should significantly enhance their overall debt collection capabilities and effectiveness.

In contrast to ESA's reply, OSHA's reply to our recommendations did not provide specific target dates for notifying delinquent debtors concerning the assessment of interest, penalties, and administrative costs. OSHA stated that penalty records were being validated in each area office and that a Penalty Accountability System was being developed that will maintain accurate data on debts. However, full development and implementation of the new automated tracking system is expected to take 3 years. (See also page 43.)

In a followup meeting, we discussed the need for timely and aggressive debt collection action. OSHA agreed and advised us that penalty records would be validated by April 15 and demand letters issued to all delinquent debtors by June 1.

The Departmentwide debt collection audit is continuing, and we expect to complete and report on that work in the next semiannual report.

Procurement

OIG continued to work with the Department in evaluating its efforts to achieve efficient procurement reforms. During this period, the Procurement Executive certified, for the first time, the adequacy of the Department's procurement system as required by the new Executive Order 12352. Our work in this area contributed to this first annual certification.

We performed the following expanded scope reviews:

- Management of Indirect Costs
- Cost Allocation Plans and Indirect Costs Rates
- Equipment Leasing Policies and Procedures
- Procurement Budgeting

In addition, while performing research in the Office of the Solicitor, we noted a need for requiring legal sufficiency

reviews of certain proposed procurements. We also completed financial and compliance and preaward audits of OASAM contractors.

Management of Indirect Costs

We have completed a nationwide review of the Department's management of indirect costs. The review was performed to determine whether the Department was effectively and efficiently managing its stewardship of over 700 annual indirect costs plans. We concluded that the Department overspent at least \$40 million during Fiscal Years 1979 through 1983 in premature, improper, unnecessary, and unsupported payments.

The Department needs to significantly improve its overall management of indirect costs. We believe, however, that implementation of the Single Audit Act of 1984 will assist the Department's management of indirect costs for some grantees and contractors by eliminating different audit cycles and dual audit cognizancy for direct and indirect costs.

The Assistant Secretary for Administration and Management agreed to convene a task force to consider the status of the Department's administration of indirect costs and develop possible alternative management approaches to overcome the deficiencies identified by our audit. Details on the results of the task force's work will be provided in the next semiannual report.

Cost Allocation Plans and Indirect Costs Rates

Since our previous semiannual report, we have completed 11 reviews of indirect cost proposals and cost allocation plans and submitted them to the Department's Office of Cost Determination.

We estimated a potential indirect cost savings to the Federal Government of \$1.1 million for the 11 indirect cost audits completed during the past 6 months. One audit alone identified potential cost savings of \$644,000 attributed primarily to (1) unallowable expenses contained in the indirect cost pools; (2) inappropriate allocation bases; and (3) duplicate charges to Federal programs. In another audit, completed in the prior semiannual period and resolved just after the close of the current reporting period, \$614,000 was resolved in the Department's favor.

Specifically, Federal savings could result by:

- increasing audit coverage of indirect cost and cost allocation plans;
- improving the evaluation, negotiation, and application of central services;
- strengthening controls over payments to grantees; and
- monitoring and coordinating efforts among the various program agencies.

Equipment Leasing Policies and Procedures

A survey of the economy of leasing and purchasing practices revealed that considerable dollar savings could be realized by improving departmental policies and procedures. Our review was performed in the Employment Standards Administration, the former Labor-Management Services Administration, the Mine Safety and Health Administration, and the Office of the Assistant Secretary for Administration and Management.

We determined that 47 percent of the \$2.7 million spent for sampled items of leased equipment had lease costs that exceeded the purchase costs. Approximately \$886,000 (or 26 percent) of the lifetime lease costs might have been saved had the equipment been purchased instead of leased.

We found that 80 percent of the leasing actions reviewed were not supported by lease versus purchase determinations as required by Federal procurement guidelines because:

- departmental policies and procedures were not specific on requiring such cost comparisons;
- neither DOL's Procurement Executive nor the Office of Procurement and Grant Policy was monitoring Agency lease versus purchase activity; and
- Agencies did not have access to a departmental equipment revolving fund as a revenue source to purchase equipment after normal Agency sources had been exhausted.

Specific recommendations in which the Assistant Secretary for Administration and Management agreed to act upon are:
(1) developing and implementing a departmental policy

instructing Agencies to perform analyses prior to making a final determination on whether to lease or buy; (2) performing oversight and monitoring for the Department on lease/purchase decisions; and (3) reviewing the possibility of creating an alternative funding source for purchasing equipment.

The Department is currently clearing draft policies and procedures for Agencies to follow when making lease/purchase decisions. We assisted in developing these regulations which should, if properly implemented, result in significant cost savings.

Procurement Budgeting

We completed an evaluation of the effectiveness of the Department's use of the Annual Advance Procurement Plans (AAPP) in the budgeting process. The need for an efficient and effective departmental system is apparent since the Department had over 30 procurement offices which awarded 1,582 contracts totaling about \$438 million during Fiscal Year 1984.

The Agencies' use AAPPs for procurement planning, expenditure control, and/or procurement budgeting. Based upon our review, we believe that incorporating the AAPP into the operating budget process on a Departmentwide basis is the most efficient and useful approach. The Bureau of Labor Statistics is currently using this approach and has found it effective in planning, budgeting, and controlling procurements.

We recommended that the Department develop and implement a uniform AAPP process for all Agencies which will result in the AAPP becoming an integral part of the budget process. Management has issued draft policies addressing the use of AAPPs and convened a study group to examine the current AAPP process and procedures and to address the feasibility of establishing a uniform application.

Legal Sufficiency Reviews of Proposed Procurements

As part of our research in the Solicitor's Office, we noted the absence of a regulatory requirement for legal review of proposed Agency procurements. Current regulations make legal sufficiency reviews discretionary; as a result, most procurement contracts are not reviewed by the Solicitor's Office prior to execution. This vulnerability in the

procurement process constitutes a serious administrative internal control weakness which could impact on the Department's programs and financial resources.

We recommended that the Assistant Secretary for Administration and Management, in conjunction with the Solicitor, develop a policy requiring legal sufficiency reviews of selected proposed procurements, such as procurements over a specified dollar threshold, in traditional problem areas, and where complex legal clauses are contemplated.

In response, the Department is clearing draft policy guidance requiring such legal sufficiency reviews, and the Solicitor's Office has hired an attorney experienced in procurement law. These actions should assist in preventing problems in this area.

OASAM Contract Administration

During this reporting period, we completed: (1) three audits of court reporting and litigation services used extensively for administrative law judge hearings; (2) a survey of all OASAM contracts awarded in Fiscal Years 1982, 1983, and 1984; and (3) 31 audits of Certified Public Accountants (CPA) used primarily for financial and compliance auditing of departmental programs, grants, and contracts.

Court Reporting Audits -- We completed three financial and compliance audits of four contracts awarded by OASAM for court reporting and litigation services. Collectively, we took exception to \$810,307 as summarized below:

- \$516,214 made in excess of dollar limits in the contracts;
- \$207,516 because the contractors failed to comply with delivery schedules;
- \$48,105 due to improper billings; and
- \$38,472 because of discrepancies between invoices and other available records or information.

Management has not yet resolved these reports. However, because of our findings, the Assistant Secretary for Administration and Management agreed to assess current policies for the procurement of court reporting services.

Survey of Contracts Awarded by OASAM -- In performing the audits of the court reporting service contracts, we observed

similarities in problems related to product delivery and contractor billing procedures. As a result, we performed a survey of OASAM contracts to identify the universe of contracts awarded during the past three fiscal years and grouped those contracts into clusters of similar services or products. We identified 17 clusters of similar services based on type of services and vulnerabilities for contracting abuses. The results of this survey will be used for future audits of OASAM contracts.

Contracts Awarded for CPA Audit Services -- One of the 17 clusters identified in the universe of OASAM contracts included 31 contracts to CPAs for audit services. OIG initiated audits of all these service contracts.

Of the 31 contracts audited, 15 final reports have been issued totaling \$6.6 million audited with \$103,642 recommended for disallowance and \$111,489 questioned. The majority of the audit exceptions were for staff billed at higher rates than authorized and inadequate documentation to support billings for travel costs.

Preaward Audits

During this reporting period, OIG staff completed three audits of contractor data for proposed contracts greater than \$500,000. Two of the three proposed contracts for management of Job Corps centers have not been resolved, and the contracting officer required the installation of an adequate accounting system before awarding a contract for the third proposal.

Four preaward audits issued during the last semiannual reporting period and one issued during this period resulted in cost savings of \$1 million during this period. One preaward audit alone on an architectural and engineering contract by a Job Corps contractor accounted for \$696,962 of unallowed proposed costs. (See page 50.)

ADP Management

Information Resources Management

During this reporting period, OASAM has taken positive steps to implement recommendations made by the Office of Inspector General and other external oversight reviewers.

First, the Department has established a Directorate of Information Resources Management by merging the old Directorate of Information Technology and Directorate of Management Policy Systems. Additionally, the Department has recognized the importance of having clear, comprehensive policies and procedures for information resources management and has demonstrated this commitment by establishing an Office of Policy and Evaluation. This office is also responsible for maintaining, updating, and ensuring the accuracy of the departmental ADP directories (inventories).

Second, in January 1985, OASAM issued new policy on ADP which redefines information technology responsibilities within the Department and recognizes that information technology represents the merger of automated data processing, office automation, and telecommunications. The policy clearly sets forth departmental Agencies' responsibilities for maintaining their ADP inventories.

Finally, the Department of Labor directories, which were initially constructed in response to our report on ADP inventories, have been compiled and returned to the Agencies with use and updating instructions.

Although the steps taken to date do not resolve all concerns raised in previous audits and evaluations of ADP management in the Department, they do form a framework for addressing the problems. Additionally, we are currently providing up-front consulting advice and technical assistance to management on ADP planning. This is discussed in Chapter 2 on page 42.

ADP Inventories

As indicated in the last semiannual report, we completed a review of the Department's ADP inventories of hardware, software, and information systems and found them to be inadequate. The report contained seven recommendations which would improve the accuracy of the inventories. OASAM has implemented four of the recommendations which include revising the policy on inventories and issuing updating instructions for the various inventories. The remaining three recommendations will be implemented by late 1985.

They are:

- issuance of systems and maintenance manuals;
- review of reasonableness of Agency data on inventories; and
- physical verification of inventory data.

We will follow up with the Department to ensure that our recommendations are fully implemented. In addition to monitoring the results of the ADP inventory review, we are currently reviewing ADP procurements in the Department.

Chapter 2 -- Significant Corrective Actions-- An Audit Focus with Results

Working with management to improve program operations by implementing corrective action on audit-identified problems is an integral part of the audit process. In a very real sense we believe the Inspectors General have a major role as agents for management change--to improve the economy, efficiency, and effectiveness of program operations. We view corrective action by management as a dynamic process, which can occur at any stage of the audit process, not merely as followup after a specific review is completed. In fact, corrective action may take place outside the normal traditional audit process. Corrective action can occur up front in the form of prevention, during audit field work, or during resolution and followup.

PREVENTION

Taking action to avoid problems before they occur has been an OIG emphasis for at least 2 years, most notably in our activities in the closeout of CETA and the startup of JTPA. Our advisory and audit role in the closeout of the massive CETA program helped ensure that assets were adequately protected. Our audit of the states' development of critical internal control systems in the JTPA program was designed to prevent fiscal integrity problems that plagued the CETA program. We have now turned our attention to prevention activities in two federally administered employment and training programs and in the areas of ADP system development, information resources management, and debt collection.

Technical Assistance and Training in Financial Management

Audits of the Indian and Native American programs as well as the Migrant and Seasonal Farmworker (MSFW) programs have historically disclosed serious weaknesses in financial management systems. To prevent such problems in the future, we agreed with ETA to conduct technical assistance and training in financial management for the grantees.

In the first phase of the effort, a series of seminars were developed and presented to the grantees. Four seminars were given for the Indian and Native American grantees attended by 385 participants representing 95 percent of the grantees. Three seminars were conducted for MSFW grantees attended by 182 participants representing 100 percent of the MSFW grantees.

The second phase will consist of onsite visits to grantees that have requested additional financial management assistance. We are currently preparing for this phase by reviewing requests from grantees and determining the best method to deliver the onsite assistance.

As with most efforts to prevent problems before they occur, there is no quantitative measurement to support whether our resources have been well expended. However, future audit reports of Indian and Native American and MSFW grantees should contain fewer findings in the financial management area.

ADP System Development

Based on past audit experience with major ADP projects, we have found that they often fail to:

- satisfy functional design specifications;
- meet management/administrative requirements;
- be properly tested and implemented;
- contain adequate audit trails; and
- be installed using creditable data.

The costs of these projects have frequently exceeded original estimates by significant amounts, often costing two and three times the original budgeted amount.

For this reason, we have committed our technical ADP resources to early involvement in new ADP system development projects, including major modifications to existing computer systems. Our monitoring and oversight of the development of the \$100 million Federal Employees' Compensation System (FECS) Level II, currently in the development stage and scheduled to be operational by the end of Fiscal Year 1986, has provided ESA senior management with an analysis of potential problems and project management issues. We have paid particular attention to the design of internal control mechanisms, system auditability, data conversion, and testing plans. Our monitoring of this effort is to achieve a system that meets program requirements and supports management and administration of FECA. (See also page 20.)

Information Resources Management

In the Office of the Assistant Secretary for Administration and Management (OASAM), we have developed an advisory working relationship with the newly organized Directorate of Information Resources Management. The directorate was formed to bring together ADP operations, information management and productivity, and policy and evaluation from two separate OASAM components. To date, we have provided technical support to an evaluation team with administrative review responsibilities over Agency planning activities. Our open lines of communication with senior management will provide an early warning of planned (and unplanned) information resources management changes in the Department. Without excessive commitment of audit resources and lengthy reviews, we are working with departmental management to correct and avoid potential problem areas before they occur. (See also page 37.)

Debt Collection in OSHA

While performing our audit of debt collection activities in the Department, we noted that OSHA was not assessing interest, penalties, or administrative costs on debts or notifying debtors of these charges. In response, OSHA has developed a 3-year corrective action plan centered around an automated Penalty Accountability System. Because this system is critical to OSHA's collection of debts, we are providing up front assistance to OSHA in developing and implementing the system. (See page 31.)

CORRECTIVE ACTION DURING AUDIT FIELD WORK

During the actual performance of audit field work, we routinely brief management on deficiencies as they are identified. This permits management to take immediate action on problems rather than waiting for a formal audit report and going through a formalized and often time-consuming audit resolution process. Such an approach has the additional benefit of conserving scarce audit resources. Once management corrects identified problems, audit work can stop with respect to those areas, and resources can be targeted elsewhere. Frequently, these positive accomplishments, achieved through audit efforts, are never reflected in audit reports nor in statistics developed to measure OIG accomplishments.

We have been successful in having management take corrective action during the performance of audits. For example:

- During our review of the phasedown of the CETA program, \$1.7 million was returned while the auditors were on-site. In addition, our joint ETA/OIG efforts expedited the voluntary return of approximately \$70 million in excess cash held by CETA prime sponsors. (See page 16.)
- During our audit of the Federal share of unemployment benefits, states repaid or agreed to repay \$7.7 million or 87 percent of the \$8.8 million in audit exceptions. (See page 7.)
- Recent reviews of the state UI programs resulted in the voluntary return of audit exceptions while the auditors were on-site: \$1.5 million in one state and about \$1.0 million in another. (See page 10.)
- Interim letter reports issued to ESA during our current audit of debt collection resulted in immediate corrective action to implement our recommendations by issuing guidance on assessing penalties, administrative costs, and interest on debts. In addition, Black Lung district offices will be collecting about \$175,000 in interest charges which they previously failed to assess. (See page 31.)
- During research in the Office of the Solicitor, action was taken to correct deficiencies we noted in the lack of requirements for legal sufficiency reviews of selected proposed procurements, and the Office of Administrative Appeals implemented a system of accountability for appealed cases and eliminated a long-standing backlog. (See pages 35 and 29.)

AUDIT FOLLOWUP

We continue to work closely with departmental management after the issuance of an audit report to ensure that our reports are effective tools for implementing needed changes. We do not limit ourselves to one particular approach to achieve this goal. Actions required by management and our role as an advisor to management in this process must be tailored on a case-by-case basis. In some instances, we have found that, although our reviews have identified substantial problems, the structuring of appropriate solutions to the problems may be more complex than the problems themselves. To devise solutions, we have encouraged management to set up a joint task force with OIG,

and, in some cases, we have decided to spin off special studies or reviews to follow up on the original review. These special studies have emphasized innovative approaches to the problem.

Corrective Action Task Forces

The use of joint ETA and OIG management task forces to address specific problems or challenges has a historical basis within the Department of Labor. Such a joint effort, the Benefit Payment Control Oversight Committee, led to the establishment of a comprehensive quality control program in Unemployment Insurance. Also, the highly successful close-out of the CETA program, discussed in this and the prior semiannual report, was a joint ETA/OIG undertaking. Similarly, the review of JTPA state systems performed prior to implementation of the JTPA program was a joint effort which is now reaping benefits in the form of improved fiscal management and integrity in the states' JTPA programs.

We are now using joint task forces or committees to address complex problems in the UI program. As mentioned in the prior semiannual report, we have established a committee to address the following issues identified in recent audits of the UI program: cash management, reimbursable employer system, status determination, field audit programs, and solvency. The committee has decided to address the issues in a series beginning with the critical area of cash management. Special cash management studies mentioned below may provide valuable contributions to this project.

As discussed on page 7, the review of the Federal share of unemployment compensation has disclosed substantial problems. As a result of this ongoing review, we have agreed to participate with ETA on a joint committee to address these problems as state audit reports are being issued.

Followup and Other Special Reviews

In following up on prior audits of DOL programs, we are starting two special feasibility studies and are conducting a number of other traditional followup reviews.

Cash Management

Our recent reviews of cash management in JTPA and other programs have shown substantial interest loss in spite of

increased Federal emphasis on cash management in recent years. We have concluded there is a need to consider new approaches to cash management. When the studies are completed, we will present the results to the Treasury Department.

We are studying the feasibility of two new approaches to cash management: the discount method and the automated clearing house approach. The discount method is simply a method whereby granted funds are provided up front to the grantee discounted by an appropriate interest factor. This method would have the effect of getting the Federal Government out of the cash management business and would save both interest and administrative (processing, monitoring, and auditing) costs. This method would provide grantees with the incentive to effectively manage cash since failure to do so would penalize the grantee--not the Federal Government. We are testing this method in the New Jersey JTPA program.

The automated clearing house approach would link JTPA service delivery areas directly to the U.S. Treasury thereby saving processing time among the service delivery area, the state, DOL, and the U.S. Treasury. The process would use a national communication service, automated clearing house debits, and concentration banks. The process has been used successfully in the private sector for collections and, therefore, may have potential for the UI tax collection process as well as the JTPA program.

If the results of our studies are positive, the approaches will have enormous potential for interest savings for all Federal programs, not simply DOL programs. The Federal Government incurs \$150 billion annually as interest on the Federal debt, about 15 percent of the total Federal budget. A portion of this interest is caused by financing grants to state and local governments which amounted to \$100 billion in Fiscal Year 1984.

Chapter 3 -- Audit Resolution

Audit Resolution Activity
(\$ millions)

<u>Period Ending</u>	<u>Audit Reports Resolved</u>	<u>Amount</u>		<u>Total Resolved</u>
		<u>Disallowed</u>	<u>Allowed</u>	
9/30/83	387	\$ 23.8	\$67.2	\$ 91.0
3/31/84	412	\$ 58.2	\$67.0	\$125.2
9/30/84	610	\$100.3	\$62.6	\$162.9
3/31/85	456	\$ 44.2	\$26.5	\$ 70.7

Detailed information on audit resolution activity for the period may be found in the appendix to this report.

SIGNIFICANT RESOLUTION ACTIONS

Management Commitments to Recover Funds

Following are examples of significant resolution actions taken by program officials, which resulted in the disallowance of costs claimed by the Department's contractors and grantees:

Essex County, Department of Employment and Training (Audit Report No. 02-3-402-03-345) -- The Employment and Training Administration disallowed the total \$2.9 million in cost exceptions which related primarily to the following:

- \$1.5 million associated with unsubstantiated expenditures;
- \$1 million resulting from grantee failure to submit timely indirect cost rate proposals;
- \$126,650 for unresolved subgrantee audit reports;
- \$101,019 for building renovation costs which were reimbursed by lease holder; and
- \$80,097 for outstanding subgrantee advances.

Arizona Department of Economic Security (Audit Report No. 09-4-061-03-391) -- The Employment and Training Administration disallowed \$4.9 million in this audit report performed under the provisions of OMB Circular A-102, Attachment P, which related to the following:

- \$4.7 million for overexpenditure of obligational authority under the SESA Unemployment Trust and Administrative Funds and the WIN program;
- \$112,053 for unresolved subgrantee costs in the CETA program; and
- \$69,732 in indirect costs improperly allocated between Unemployment Insurance Service and Job Service grants.

The grantee has appealed approximately \$2 million of disallowed costs.

Indian Centers, Inc. (Audit Report No. 11-3-014-03-355) -- The Employment and Training Administration disallowed \$1.3 million in audit exceptions related to the following:

- \$871,706 of administrative costs for lack of an approved indirect cost allocation plan;
- \$270,914 for unauthorized service and training costs; and
- \$158,001 for unsubstantiated expenditures.

Blackfeet Tribal Business Council (Audit Report No. 11-3-469-03-355) -- The Employment and Training Administration disallowed \$1.7 million of cost exceptions including the following significant amounts:

- approximately \$1.1 million of wages and fringe benefits paid to ineligible participants;
- \$273,643 for violations of Federal procurement and travel regulations; and
- \$264,031 for insufficient supporting documentation.

Oneonta Job Corps Center (Audit Report No. 11-3-147-03-370) -- The Employment and Training Administration disallowed \$662,715 of the \$705,233 in exceptions in the audit of the Oneonta Job Corps Center primarily related to the following:

- \$512,985 for failure to obtain an approved general and administrative cost rate from the Department;
- \$84,580 for insufficient documentation; and
- \$58,560 for improper indirect cost charges.

Colorado Balance of State, CETA Department of Labor and Employment (Audit Report No. 06-4-565-03-345) -- The Employment and Training Administration disallowed \$563,173 of the \$628,007 in exceptions which included the following:

- \$234,861 because cost category budgets were exceeded by more than 15 percent;
- \$265,048 for unsupported adjustments to Financial Status Reports; and
- \$57,269 for unsubstantiated or unauthorized subrecipient costs.

Need to Assess Interest on Debts Owed the Department by Responsible Mine Operators (Audit Report No. 02-5-056-04-001) -- We found that three Black Lung district offices failed to include \$175,000 in interest charges on bills totaling \$1.5 million that were sent to responsible mine operators. As a result of our letter report, interest charges will be billed totaling about \$175,000. (See page 31.)

Management Commitments to Use Funds More Efficiently

During this reporting period, program officials and grantees agreed to implement auditor's recommendations to improve agency systems and operations and thereby avoid unnecessary expenditures of program and administrative funds. These management efficiencies will result in a one-time savings of approximately \$2.5 million and annual savings of approximately \$4.8 million. Following are examples of management efficiencies which have been implemented.

Audit of JTPA Cash Management Practices (Audit Report No. 06-4-802-03-340) -- In response to our audit of cash management practices, ETA initiated aggressive monitoring of both state and service delivery area (SDA) level JTPA programs, including onsite reviews and technical assistance to improve systems.

ETA's review of 39 states and two territories disclosed that the average daily cash balance was 1.3 days which represents

a significant improvement over 4 days reported. Of 25 SDAs analyzed to date, 11 maintained negative cash balances while the remainder averaged 9.3 days in excess cash, also a significant decrease from OIG's projection of 32 days. ETA estimates that implementation of improved cash management practices has resulted in interest cost savings of \$488,700 annually at the state level and \$4.3 million annually at the SDA level. (The JTPA cash management audit is discussed in the October 1, 1983, through March 31, 1984, semiannual report.)

Equipment Leasing Policies and Procedures (Audit Report No. 02-3-405-07-001) -- Our review of four Agencies with about one-third of the Department's equipment leasing costs showed that approximately \$886,000 could have been saved if the Department had implemented lease/purchase policies, monitored leasing decisions, and developed alternative funding assistance. The Department has taken corrective action. (See page 34.)

Preaward Audit of Proposal from Leo A. Daly (Audit Report No. 11-4-380-03-370) -- An audit of this proposal for a Job Corps contract resulted in our recommending \$696,962 in downward adjustments during contract negotiations. Significant amounts included \$177,653 because the contractor proposed a higher level of effort than staffing would allow and \$131,996 in adjustments to the overhead rate. In addition, the proposed fixed fee was excessive resulting in a recommended adjustment of \$321,398.

Preaward Audit of Proposal from Pennsylvania State University (Audit Report No. 03-4-077-06-601) -- An audit of Pennsylvania's proposal for \$1.1 million resulted in audit adjustments of \$300,000 because of duplicate and excessive direct labor rates, fringe benefits, and other costs. As a result of subsequent negotiations, the contract was awarded for \$840,420, a savings of \$338,000.

Preaward Audit of Proposal from Westinghouse Electric Corporation (Audit Report No. 03-5-002-06-601) -- Cost savings of \$30,513 resulted from this preaward audit of an MSHA contractor. Westinghouse reduced the proposal price by \$7,513 associated with purchased parts and other general administrative costs questioned by the auditors. The contractor also reduced technical and other fees resulting in an additional savings of \$23,000.

OFFICE OF INVESTIGATIONS

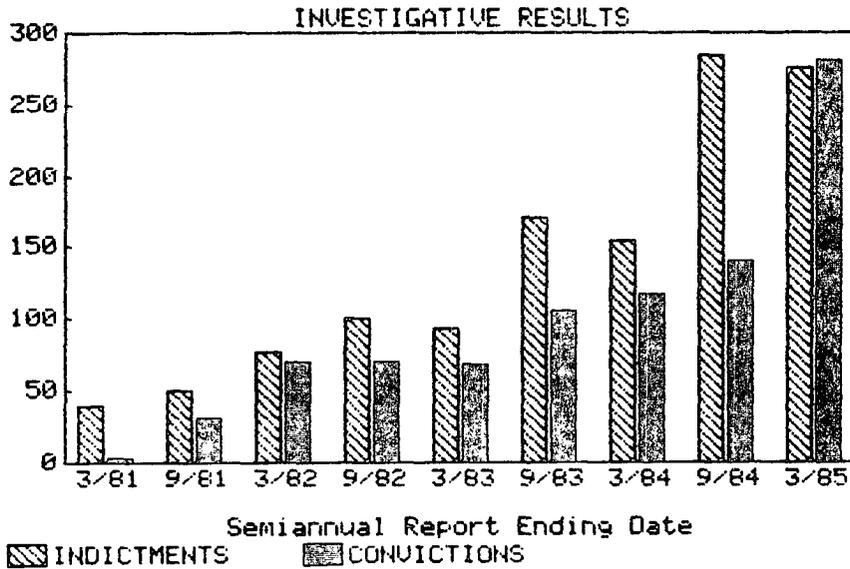
The Office of Investigations has experienced one of its best 6-month operating periods in its over 6 year history. The growing professionalism of the staff is demonstrated by the innovative approaches being employed, the increase in the number of sophisticated and complex cases, and the continuing increase in measurable results being achieved.

One area in particular being expanded involved targeting, which consists of gathering information and intelligence concerning potential problem areas that can lead to the initiation of significant investigations. All cases are also being routinely reviewed and evaluated to determine whether there is need to expand the scope of the investigation. The use of civil actions to recover funds continues to be a top priority along with an effort to increase the use of debarment and suspension procedures.

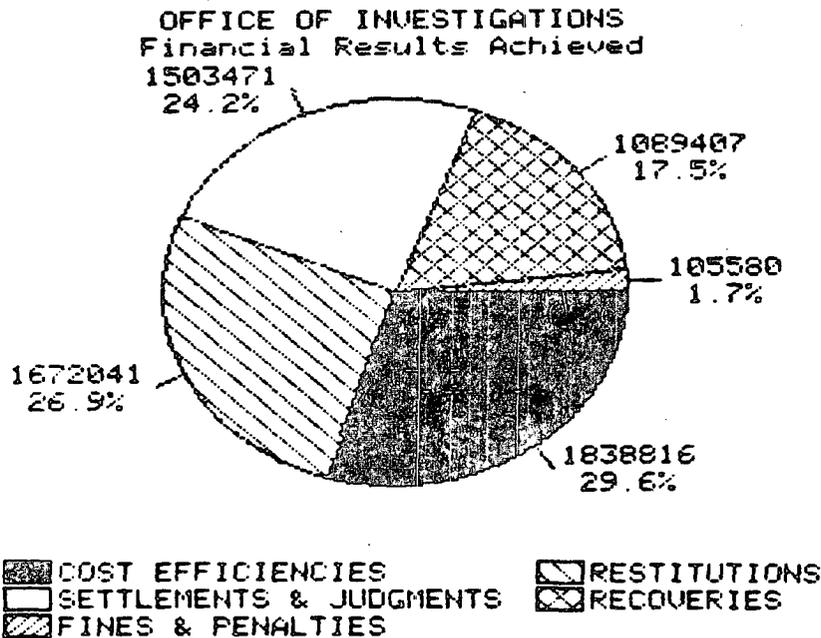
Aggravated criminal cases involving recipient fraud are now receiving widespread acceptance for prosecution through "clustering," i.e., the gathering of a number of cases into groups to meet prosecutive thresholds. These prosecutions represent an excellent means of fraud prevention as they not only highlight the Federal presence but also identify the need for management and systems improvements. We are also negotiating agreements with local prosecutive authorities to establish improved guidelines and policies.

As an indicator of the increasing complexity of our work, we tripled the number of administrative subpoenas issued and successfully utilized undercover techniques in complex program fraud investigations. In addition to these qualitative improvements, our pending case load increased to 1,401 cases from the 1,124 at the end of last fiscal year. The figure takes on even more meaning when compared to the 469 cases that were pending at the close of Fiscal Year 1982. We also opened 823 cases and closed 557 this reporting period.

The 275 indictments and 281 convictions obtained during this period represent a 79 percent increase for indictments and 140 percent increase for convictions over the same 6-month period last fiscal year. The following chart depicts these increases.

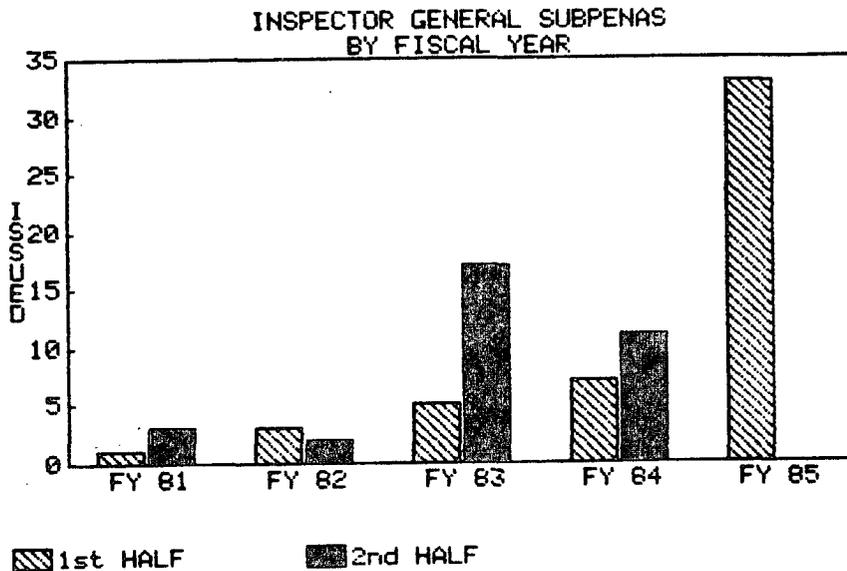


We are placing increased emphasis on achieving financial results including recoveries, restitutions, judgments, and cost efficiencies. The amount for this period totals \$6.2 million and the following graph depicts the breakdown during this half-year.



In addition to the financial results achieved during this reporting period there were also seven instances of debarment of contractors and businesses that resulted from our investigations. This reflects another new initiative that is being pursued beyond criminal prosecutions.

The following chart sets forth the number of Inspector General administrative subpoenas issued to obtain documentary evidence and the marked increase that has occurred during this reporting period.



Following are case examples and descriptions of program areas where we have been directing our investigative resources.

EMPLOYMENT STANDARDS ADMINISTRATION

The Employment Standards Administration (ESA) claimant fraud caseload continued to require a significant commitment of investigative resources. During this reporting period we initiated targeted efforts involving wage and hour violations with the cooperation of ESA's Wage and Hour Division (WHD).

Wage and Hour Violations

OI has joined in a proactive approach with various U.S. Attorneys and other law enforcement agencies including the Federal Bureau of Investigations (FBI), the Immigration and Naturalization Service (INS), the Office of Investigations for the Inspector General at the Department of Housing and Urban Development (HUD), and the Naval Investigative Services (NIS) to investigate allegations of conspiracy to defraud the Government in the area of construction contracts. Specifically involved were violations of the Copeland Anti-Kickback Act, the Davis-Bacon Act, the Contract Work Hours and Safety Standards Act and other labor-related statutes.

Investigations have determined that certain contractors were repeatedly requiring "kickbacks" from their employees. Some made their employees work 50 and 60 hours for only 40 hours pay and threatened to terminate their employment if they spoke with any Government official who was ensuring contract compliance or attempting to identify any false certifications being made to the Government. These practices not only violated the employees' rights but also could have prevented honest contractors from competing fairly for Government contracts since these few contractors consistently underbid others by not paying the required wage and benefit scales. Three of these examples are described below.

- As was described in the last report, after an 18-month joint investigation by OIG, WHD, FBI, IRS, and NIS, the Atlantic Construction Company, its president, and secretary/treasurer were indicted in Honolulu, Hawaii, by a Federal grand jury on September 5, 1984. The indictment charged the defendants with criminal conspiracy, making false statements, mail fraud, fraud against the Government, tax evasion, and violating the Racketeer Influenced and Corrupt Organizations (RICO) statute for their involvement in a scheme to defraud the Government on military construction projects. This joint investigation disclosed that employees were not paid prevailing wage rates nor were the wage rates or hours properly reflected on payroll certifications. A jury trial resulted in a finding on March 7, 1985, that convicted the president on 73 counts and the secretary/treasurer on 71 counts of the indictment. Sentencing is

pending at this time. U.S. v. Atlantic Construction Co., et. al. (D. Hawaii)

-- On February 22, 1985, the secretary of a construction company in Pittsburgh, Pennsylvania, pled guilty to four counts of mail fraud. This negotiated plea agreement was reached with the U.S. Attorney's Office for the Western District of Pennsylvania after OIG and the FBI learned that the contractor held 18 Government contracts in which the employees were underpaid by \$126,298.27. The firm was fined \$1,000 on each count and ordered to make restitution to its past and present employees. The secretary was fined \$1,000 on each count, sentenced to serve 6 months' imprisonment, and given 5 years' probation to run consecutively with the imprisonment. U.S. v. Facchiano Construction Co., Inc., and Facchiano (W.D. Pennsylvania)

-- The assistance of the WHD personnel from San Diego, California, was instrumental in a joint investigation involving the Contract Work Hours and Safety Standards Act and Davis-Bacon Act violations, in which the WHD determined the subjects owed approximately \$43,975 in wage and fringe benefit underpayments to the employees of the firm. This investigation of a \$18.3 million federally insured 500-unit apartment complex was conducted with the OIG from HUD. The indictment charged the company/principals with conspiring to defraud the Government, submitting false statements, obstructing a departmental proceeding, and aiding and abetting. The president of the firm entered guilty pleas on behalf of himself and the firm to one felony count of making false statements. The other co-defendant entered a guilty plea to one count of aiding and abetting. The firm was fined \$10,000 and ordered to make restitution to the employees; the president was given a 5-year suspended sentence and placed on probation for 5 years; and the other defendant was ordered to serve 4 months of a 30-month term and was placed on probation for 5 years. U.S. v. Irriscape Construction Co., et. al. (S.D. California)

Our investigation involving U.S. v. Irriscape Construction Co., et. al. provides another example of new initiatives.

Contractors on federally funded or insured projects were alleged to be using illegal aliens at substantially lower wage rates. To investigate these and other allegations, a separate task force was set up by the U.S. Attorney for the Southern District of California. As a result of an extensive 18-month investigation, nine additional contractors were indicted or had informations filed against them between February 1 and 4, 1985. The firms and/or the principal officer(s) were charged with owing a total of \$756,377 in unpaid wages due 291 employees in addition to a multitude of violations including kickbacks, making false statements, aiding and abetting, obstruction, and conspiracy. Thus far there have been 14 convictions obtained.

Claimant Fraud

Claimant fraud within the ESA compensation benefit programs, especially in the Federal Employees' Compensation Act (FECA) area, continues to be a priority matter and is receiving a significant commitment of investigative resources. During this reporting period, we opened 85 FECA claimant cases and completed work on 69 cases. The concealment of earned income from employment or self-employment continues to be the most prevalent findings in these type cases which, if reported, would result in either the reduction in or termination of benefits.

The Ninth Circuit Court of Appeals decision in U.S. v. Dorey [711 F. 2d 125 (9th Cir. 1983)], which became the subject of a Seven Day Report to Congress as detailed in our last semiannual report, aroused considerable concern with respect to whether prosecutions of FECA cases would be hampered. However, the impact of the Dorey decision was significantly lessened by a January 17, 1985, decision by the same Court in the case of U.S. v. Olson, No. 84-3067 (9th Cir. 1985).

Olson is a former air traffic controller who, in 1973, was classified as temporarily totally disabled and entitled to receive disability benefits under FECA. Our investigation established that Olson was self-employed as a building and apartment manager from 1976 through 1983 and had earned over \$94,000 in management fees from 1979 to 1981. Olson failed to report his employment or income on forms he submitted to the Department of Labor. In March 1984 Olson was indicted for making false statements on Government forms about his employment and earnings status, in

violation of 18 U.S.C. Section 1001 (False Statements). However, the district court dismissed the indictment on the grounds that, under Dorey, persons classified as temporarily totally disabled have no duty to provide the information requested of Olson. The citing of Dorey in this dismissal prompted the Seven Day Report discussed above and the Government's appeal.

In its reversal, the Court of Appeals distinguished Dorey from Olson on the basis that in Olson the indictment simply charged that the defendant made a false statement on a Government form in violation of 18 U.S.C. Section 1001. In Dorey the charge was that he violated 18 U.S.C. Section 1001 by failing to make disclosure required by a specified provision of FECA. In reaching its conclusion the court noted that Section 1001 was a "catchall" designed to reach false representations that might impair agency functions but are not specifically prohibited by other statutes. The Court of Appeals remanded the case to the District Court, which originally dismissed the indictment, for retrial. The trial is scheduled for May 22, 1985. The Olson decision will lessen the apprehension that resulted from the Dorey decision.

Another cooperative effort between this office and FECA program officials resulted in the October 26, 1984, issuance of a new FECA bulletin concerning collection of overpayments declared as a result of an OIG investigation. This bulletin reflects the increased emphasis being put on monetary recoveries. Previously, some Office of Workers' Compensation Program (OWCP) district offices questioned the effect of criminal case restitution orders on their ability to enact collection of declared overpayments. It was believed in some offices that a court order filed pursuant to a criminal proceeding directing the defendant to make restitution of a specific amount, but less than the amount OWCP determined as having been overpaid under FECA, precluded OWCP from pursuing collection of the difference under 5 U.S.C. 8129 and the Federal Debt Collection Act.

In June 1984, after we questioned an OWCP decision not to collect the difference, the Associate Solicitor for Employee Benefits rendered an opinion that OWCP was not precluded from seeking to recover the entire overpayment. However, subsequent to this opinion being issued, two similar instances arose where OWCP believed that the difference between court ordered restitution and the declared overpayment could not be collected. To clarify the situation OIG suggested and OWCP agreed to issue

guidance, in the form of FECA Bulletin No. 84-57, detailing the procedures to be followed in such instances.

Examples of significant claimant fraud cases reported during this period and the array of schemes investigated are next highlighted.

- On December 3, 1984, a former warehouse worker at Fort Ord, California, pled guilty to one count of making a false statement after having been indicted on two counts of mail fraud. He had been charged with knowingly and willfully omitting material information regarding his personal income and employment on forms used by OWCP to determine his continued eligibility for FECA benefits. On January 9, 1985, he was sentenced to 3 years' probation and ordered to make restitution of \$29,366.64 to DOL. U.S. v. Clark (C.D. California).

- A somewhat similar investigation involved a former mail carrier who allegedly sustained an injury to his shoulder from lifting a mail sack in August 1983. He submitted claims and forms to support his injury and was placed on the automatic rolls enabling him to receive FECA benefits provided he continued to be totally disabled. From August 16, 1983, to June 30, 1984, he received in excess of \$20,000 in compensation and medical benefits. An investigation determined that during this time he was also employed as a guitarist with a rock band. On November 27, 1984, after pleading guilty, he was sentenced to 3 years' probation and ordered to make full restitution of the improperly received FECA payments. U.S. v. Filizzola (S.D. New York)

In addition to pursuing criminal investigation of fraudulent FECA claims, OIG also requests the U.S. Attorney to initiate civil actions, where possible, to recover any fraudulent payments through the False Claims Act. In those cases where the U.S. Attorney declines to pursue a civil suit because of the prohibition on disclosing grand jury material or for other reasons, an Investigative Memorandum is prepared for the program. This memorandum contains only information that was developed outside of the grand jury disclosure prohibition but with sufficient information to allow OWCP to take administrative action to establish a debt under the provisions of the Federal Debt Collection Act.

An investigation which exemplifies OIG's commitment to recover monies fraudulently obtained involved a FECA recipient who had knowingly made false claims to the United States concerning the recurrence of his injury. The claimant, who admitted filing a false claim for the recurrence of a previous back injury, had received approximately \$48,500 in FECA compensation or related benefits. Criminal prosecution was subsequently declined; however, liaison was made with the Civil Division, Department of Justice, to pursue the matter of recovery of funds. On January 24, 1984, civil action was filed against the former employee based on his signed sworn statement acknowledging his false claim. The employee countered by contending that his statement was obtained under duress and coercion. On January 31, 1985, U.S. District Judge Gerhard A. Gesell rejected the defendant's contention and ordered a judgment against the defendant in the amount of \$81,221.93 to the United States. This amount reflects double damages as provided for under the False Claims Act. U.S. v. Robert T. Eby (D. of District of Columbia)

Two examples of other civil actions currently being pursued are described next.

- After criminal prosecution had been declined based on the Dorey decision, a civil complaint was filed on January 11, 1985, against a former civilian mechanic with the California Army National Guard who, after allegedly sustaining a job-related back injury in 1976, knowingly concealed over \$16,000 in earnings from OWCP. While receiving FECA benefits, he also served as a drilling member of the Army Reserve and worked as an auxiliary deputy sheriff. The suit, filed under the False Claims Act and the unjust enrichment concept, seeks over \$200,000 in damages and penalties. U.S. v. Webb (E.D. California).
- Another civil action seeking to recover approximately \$270,000 in double damages plus interest, fines, and court costs for the Government has recently been filed in the District of Alaska. Our criminal investigation determined, as detailed in our last semiannual report, that a former boiler plant operator at Clear Air Force Station, Alaska, fraudulently received over \$173,000 in FECA compensation. A trial date has not yet been scheduled. U.S. v. Clark (D. of Alaska)

Following are actions taken in followup to ESA investigations reported in our last semiannual report.

- The fourth claims examiner from the Charleston, West Virginia, office of the Division of Coal Mine Workers' Compensation identified as having solicited money for approving benefits had pled guilty in September 1984 to one count of receiving an illegal supplement to his salary. On October 4, 1984, he was sentenced to serve 6 months in Federal prison, 5 years supervised probation, and ordered to make restitution of \$3,500 to the Black Lung claimant involved. Charges against the examiner's wife for aiding and abetting were dismissed in accordance with a plea agreement. U.S. v. McFarlands (S.D. West Virginia)

- In followup to the other major employee integrity case which involved a former fiscal payment clerk in the Chicago District Office of the Division of Federal Employees' Compensation, the clerk's sister had a judgment filed against her for \$1,491,267.22 as a result of her receiving over \$200,000 in fraudulent OWCP checks. On January 22, 1985, the sister pled guilty to eight counts of theft of Government funds, thus completing the DOL criminal proceedings in this case. On March 4, 1985, she was sentenced to 18 months' custody of the Attorney General for her part in the scheme. In passing sentence, the judge stressed that she was to serve every day of the 18 months. In addition, she was given 5 years' probation consecutive to her imprisonment and was ordered to make restitution of \$500,000 which not only includes the \$233,345.66 in fraudulent OWCP checks she received, but also all back taxes, penalties, and interest assessed. As of February 1985, DOL has received \$319,945.23 in cash; the amount should continue to increase as assets of the defendants are identified, seized, and/or auctioned off by the Government. U.S. v. President et. al. (N.D. Illinois)

FECA Project

As reported in our last report, a proactive approach to identify and eliminate fraud within the FECA program is continuing. On March 8, 1985, a computer match was conducted matching approximately 2,700 FECA recipients residing in Florida against wage data maintained by the State. The results of this match are currently under evaluation and appropriate field work will follow.

Black Lung Program

During this reporting period, OIG has been engaged in a major proactive effort in the Black Lung program area with the full cooperation and assistance of program officials at both the national and district office levels. This effort, unlike previous work in the Black Lung program which usually involved claimant fraud or improper fees collected by lay or legal representatives of claimants, centers on specific services provided to qualified miners with pneumoconiosis, commonly called "black lung." Initial results suggest that potential widespread fraud may exist. Since criminal charges have yet to be returned in this matter, further details describing our effort and results must be delayed until the next reporting period.

Other examples of investigative case results in the Black Lung program area include the following:

- On January 31, 1985, Division of Coal Mine Workers' Compensation advised that they had initiated administrative action to recover \$51,919.38 in overpayments made to a Black Lung recipient due to his false coal mine experience certification. The overpayment was declared and benefits terminated after our investigation determined that the recipient did not have the required number of years of coal mine experience needed to qualify for benefits nor had he established any coal mine employment disability. This matter had been referred to program officials after being declined for criminal prosecution due to the difficulty in obtaining evidence and testimony from coal mine operations no longer in existence. DOL v. Cook
- For her part in a bribery scheme discovered at the Charleston, West Virginia, office of Division of Coal Mine Workers' Compensation, as detailed in our

last two semiannual reports, a co-defendant appeared in U.S. District Court on December 6, 1984, and entered a formal guilty plea to an information charging her with bribery and aiding and abetting bribery of a public official. She knowingly had cashed a fraudulently issued Government check and retained \$1,000 of the money. This individual was sentenced the same day to 3 years of supervised probation and required to make restitution of \$1,000. U.S. v. High (S.D. West Virginia)

Longshore and Harbor Workers' Compensation Act

As reported in our last report, amendments to this legislation were signed into law on September 28, 1984. Since the Department is the administrator and trustee for this fund, the legislation and its regulations incorporate many changes that will affect OI's future commitment to this program which is currently being evaluated. For example, the penalty for making a false statement has been upgraded from a misdemeanor to a felony and changed to include not only the claimant but any person, including employers, insurance carriers, or their authorized agents; the U.S. Attorney is required to give these cases priority consideration; and legal representatives and medical providers may be debarred for fraudulent activities. Some recent cases are cited.

- A member of Local 19 of the Longshoremen and Warehousemen's Union filed a claim on January 11, 1982, for a back injury he allegedly sustained while working for American President Lines. He received 81 3/7 weeks of total disability which amounted to over \$28,400. On December 29, 1981, this individual obtained casual employment as a teamster and worked the second shift on the date of his alleged back injury. He also worked the second shift on the day after his alleged injury and continued to work at this employment while receiving compensation benefits. On March 12, 1985, a criminal information was filed, charging the defendant with one count of making false statements. The individual has pled guilty and sentencing is scheduled for May 3, 1985. U.S. v. McClintock (W.D. Washington)

-- Employees of the Military Exchange Services are also covered under this legislation under the Nonappropriated Fund Instrumentalities Act. On July 30, 1982, a claimant allegedly sustained an on-the-job lower back injury at Fort Gilliam, Georgia, where she was employed as a warehouse worker. While receiving compensation for this injury, she concealed the fact that she was working 35 hours per week as a cashier in a convenience store and using the social security number of another person. A criminal information was filed charging her with two counts of making false statements and one count of false use of a social security number. On October 17, 1984, she entered a guilty plea to the one count of using the social security number of another in defrauding the Government and, on November 5, 1984, was sentenced to 5 years' incarceration, suspended after 30 days, to be followed by 2 years' probation and 120 hours of public service. U.S. v. Peppers (N.D. Georgia)

EMPLOYMENT TRAINING ADMINISTRATION

The Office of Investigations continues to achieve increasingly noteworthy results while employing new initiatives in its nationwide efforts against fraud in the Unemployment Insurance (UI), Job Training Partnership Act (JTPA), Comprehensive Employment and Training Act (CETA), and labor certification programs administered by the Employment and Training Administration (ETA).

The Inspector General's principal concern continues to be the vulnerability of the state UI programs to the potentially high dollar losses associated with multi-state frauds including fictitious employer/employee schemes. In addition during this period, every OI region has shown an increase in the number of overall UI cases opened and indictments returned.

Our efforts to effectively deal with UI fraud problems were further enhanced by our entering into a Memorandum of Understanding with ETA. This document sets forth the basis for ETA to issue instructions to State Employment Security Agency (SESA) investigative units that all federally funded claimant fraud cases exceeding \$1,000 will be referred to the OIG, rather than the Federal Bureau of Investigations (FBI). An earlier agreement between OIG and the FBI gave OIG investigative jurisdiction over matters related to UI

fraud. Based on our current plans and with our developing relationship with the SESA's, we anticipate a large increase in the number of prosecutable cases in the UI program that will greatly assist in our efforts to combat fraud.

Another major factor will be the change that is occurring throughout the country by U.S. Attorneys in prosecuting the more aggravated recipient fraud cases by using our suggested "clustering" approach. This involves the gathering of these cases into groups as high as 20 subjects for investigation and subsequent prosecution. U.S. Attorneys are now affording such "clusters" a priority due to the amount of fraud dollars involved and sharing our concern that such action is needed as a preventive measure to reduce fraud in this huge program. Officials in one state have attributed what they believe to be a reduction in UI fraud to the successful investigations and initiatives of the OIG investigative program.

Fictitious Employer/Employee UI Schemes

In addition to claimant fraud cases the other major area of UI investigations involves fictitious employer/employee schemes. These represent potentially one of the greatest threats to the integrity of the UI program. As pointed out in our last report, the potential for significant losses exists. We are hopeful that the statistical model, which is being researched and developed by OIG, will facilitate a cost effective, automated mechanism that could be used by the states to identify such schemes. More details on the progress of the statistical model may be found in the OA section of this report.

Highlighted below are a few of the fictitious employer/employee cases investigated during this period:

- On January 24, 1985, the Court of Common Pleas, Cuyahoga County, Ohio, sentenced a man to 6 years' imprisonment following his conviction as an operator of a fictitious employer scheme. During this investigation, conducted by OIG special agents and agents representing the Ohio Bureau of Employment Services, it was determined that the operator was a fugitive from justice in a case arising from a January 1982 conviction for the same offenses. Based on this determination, he was arrested pursuant to the fugitive warrant and

charged in another 30-count indictment with grand theft, possession of criminal tools, and forgery. Approximately \$52,000 was illegally obtained by this individual as a result of these activities. Ohio v. Hampton (Cuyahoga Co., Ohio)

- In a case discussed in our last semiannual report, an individual was indicted on February 7, 1985, by a Federal grand jury, in the Northern District of Georgia on 98 counts of mail fraud and eight counts of using false social security numbers. He is the same person in the above Ohio v. Hampton case. This new scheme, which operated from about March 1982 until approximately August 1983, netted him \$20,000. The indictment charged that he established ten false accounts with the Georgia Department of Employment Services, used eight false social security numbers and four post office boxes under various names. The investigation continues. U.S. v. Hamilton (N.D. Georgia)
- On January 16, 1985, a Federal grand jury for the Western District of Michigan returned a true bill charging three men with 25 counts of mail fraud, making false statements, and conspiracy. The indictment came as the result of a joint investigation by OIG and Michigan Employment Security Commission agents. It involved a scheme by these individuals that resulted in the filing of approximately 30 claims believed to be false and which netted them approximately \$38,000. U.S. v. Kemp, et al. (W.D. Michigan)
- On February 27, 1985, in the Judicial District of Puerto Rico, a man was indicted on 101 counts of mail fraud and use of fictitious identities. The indictment charged that between January 1981 and April 1984 he devised a scheme to defraud the UI program. As a result of the scheme, he received approximately \$16,000 in UI benefits, while using four post office boxes rented under fictitious names. The perpetrator has now made restitution of \$16,028 which had been cited in the indictment; further court action is imminent. U.S. v. Jusino (D. Puerto Rico)

UI Claimant Fraud

Below are examples of cases presented for prosecution using the aforementioned "clustering" concept:

- In the District of Maryland, at Baltimore, on February 7, 1985, a Federal grand jury returned indictments against 17 individuals, charging a total of 117 counts for violations of filing false claims to receive UI benefits. A total of \$46,323 was allegedly received. U.S. v. Boone, et. al. (D. Maryland)
- On January 4, 1985, a Federal grand jury in the Eastern District of Oklahoma returned indictments charging nine individuals with 6 to 16 counts of mail fraud each. The investigation disclosed the defendants falsified UI benefit claims resulting in unlawful payments totaling over \$12,500. U.S. v. Johnson, et. al. (E.D. Oklahoma)
- The District of Utah, on February 2, 1985, filed criminal complaints against 5 individuals, charging each with a one-count violation of mail fraud. These alleged fraudulent claims resulted in payments totaling \$9,855. U.S. v. Vanderbeek, et. al. (D. Utah)
- The Superior Court, King County, State of Washington, filed charges of first degree theft against nine individuals on October 19, 1984. These charges resulted from a joint investigation by OIG and the Washington State Employment Security Department. The defendants allegedly received fraudulent payments totaling \$32,300. Washington State v. Brown, et. al. (King County, Washington)
- An investigation in Indiana disclosed that 43 employees of an Indiana concrete company had apparently participated in a scheme and received UI benefits while gainfully employed. Prosecutions were presented against 17 individuals that the Indiana Employment Security Division (IESD) estimated had collected approximately \$67,000. The remaining 26 are being administratively pursued with a view of collecting all UI funds. It is estimated by OIG and the IESD that the investigation prevented a loss in excess of \$100,000. This matter is continuing, and an

analysis of the need for any improvements in the existing system of internal controls will be made. Indiana v. Bauswell, et. al. (Porter County, Indiana)

- A Federal grand jury, in the District of Rhode Island, indicted six individuals, on December 6, 1984, who were illegal aliens, charging each with one violation of immigration fraud, mail fraud, and using false social security numbers. They were charged with bilking the UI program of approximately \$19,000. Five of the defendants have entered guilty pleas to each count in the indictments. The remaining defendant is a fugitive from justice. U.S. v. Silva, et. al. (D. Rhode Island)

- Another initiative being pursued involves a recent agreement reached among OIG, the U.S. Attorney, Eastern District of Pennsylvania, and the Philadelphia District Attorney. Guidelines were established for the prosecution of UI claimant fraud cases wherein the Philadelphia District Attorney has agreed to prosecute those cases below the U.S. Attorney's threshold, resulting in a more definitive prosecutive approach and a clearer understanding of prosecutive guidelines. This has resulted in 6 criminal complaints being filed in the Philadelphia Municipal Court, on March 8, 1985, involving charges of violations of state law concerning the fraudulent receipt of UI compensation totaling over \$12,000. Pennsylvania v. Harris et. al. (Philadelphia County, PA)

Job Training Programs

Although cases involving the embezzlement or misuse of CETA funds are subsiding, we are expecting an increase in the number of reported cases relating to fraud, waste, and abuse within the present JTPA program. We believe this will occur, in part, because of instructions issued by ETA. These instructions establish reporting procedures directing the governors of all states to report upon discovery all incidents of suspected fraud to the regional administrators. These instructions resulted from a close coordinated effort and cooperation by both OIG and ETA.

The following two cases exemplify the range of job training program investigations we have conducted during this period.

- The administrative assistant for an American Indian Nation CETA/JTPA program was charged in a three-count indictment on February 12, 1985, in the Eastern District of Washington for the embezzlement of \$251,956 in DOL funds. Between March 1982 and September 1984, the defendant allegedly made checks payable to the Indian Nation CETA and JTPA administrations, then imprinted her name on the reverse, endorsed and deposited the checks to her personal bank account. The scheme went undetected because the defendant was authorized to withdraw funds from the Indian Nation bank accounts. She was also the bookkeeper and responsible for the reconciliation of all bank accounts. We found a serious weakness in the internal controls involving the separation of financial duties. The Office of Audit is currently providing technical assistance and training in financial management to the Indian and migrant grantees. This project is discussed in Chapter 2 of the Office of Audit section. U.S. v. Espinoza (E.D. Washington)

- A joint investigation with the City of Los Angeles Special Investigation Unit and FBI resulted in the indictments of a former fiscal officer and a former job developer who were charged with defrauding the CETA program of approximately \$50,000. The March 5, 1985, indictment in the Central District of California charged them with 15 and 5 counts, respectively, of embezzlement violations. The defendants allegedly issued checks to each other in bringing the scheme to fruition. U.S. v. Hammond, et. al. (C.D. California)

Alien Certification

The OIG is continuing to focus attention on the Alien Certification program in an effort to ensure the viability and integrity of the labor certification process. Our staff has developed a high level of understanding and expertise in handling the somewhat complicated processes involved with investigations of alien certification matters. We are presently researching and developing a methodology and profile which will assist us in identifying

the potential agent or representative scheme used to abuse the system. These involve creating nonexistent jobs, failing to seek American workers, and circumventing existing regulations. Below, is an example of such a case:

- On February 20, in the Southern District of Texas, a Federal grand jury returned a 31-count indictment charging violations of mail fraud, conspiracy, and making false statements against a former assistant U.S. Attorney, a former U.S. congressional aide, a former Immigration and Naturalization Service (INS) examiner and a current employee. They were allegedly involved in an elaborate scheme to secure alien employment certification. As part of the scheme, false documentation advising positions were available was created and submitted to INS when in fact the defendants allegedly created fictitious corporations to obtain labor certifications for their clients. This was a joint investigation which included the INS and FBI. U.S. v. Duke, et. al. (S.D. Texas)

Other examples of investigative work include:

- We previously reported a joint investigation by the OIG's Office of Investigations and the Office of Labor Racketeering with the Las Vegas Metropolitan Police Department and the use of undercover techniques. A 13-count indictment was returned charging two JTPA counselors and three JTPA participants with conspiracy, embezzlement, mail fraud, false statements, and bribery. The charges involved a scheme to defraud the Southern Nevada Employment and Training Program through the creation of fictitious employees. There were also ineligible participants recruited by the subjects which included undercover agents and police that resulted in significant evidence being developed. The continuing investigation has resulted in 11 more indictments bringing the total indicted to 16. In addition, the two former counselors entered guilty pleas, and their sentences included periods of incarceration. U.S. v. Williams, et. al. (D. Nevada)
- On March 29, 1985, in the District of New Mexico, the financial manager of a migrant farmworkers' organization pled guilty to a one-count information for having made false statements. This plea was

negotiated following an investigation which determined the subject embezzled approximately \$72,000 of DOL funds earmarked for the Migrant and Seasonal Farmworkers' program. It is noteworthy that the complaint in this case was received on January 11, 1985, and 4 days later a presentation was made to the U.S. Attorney. A detailed financial analysis was conducted by the OIG, and our quick response to the complaint prevented further losses and resulted in the subject, immediately beginning plea bargaining with the U.S. Attorney. U.S. v. Lopez (D. New Mexico)

- Two brothers were indicted by a Federal grand jury, on January 30, 1985, in the District of Puerto Rico on four counts of filing false claims while serving as CETA program contractors. The indictment charged they submitted various false invoices in support of alleged training, etc., which was not provided but for which they received \$62,000. This case typifies a common job training program fraud scheme. U.S. v. Rodriguez, et. al. (D. Puerto Rico)

A survey and analysis is being conducted by OIG of the types of fraud, waste, and abuse our investigations have identified, which when completed will be discussed with national ETA program managers. ETA is anxious to evaluate whether there is any need to add further system improvements or new internal control procedures based on the investigations conducted.

OFFICE OF RESOURCE MANAGEMENT AND LEGISLATIVE ASSESSMENT

The Office of Resource Management and Legislative Assessment (ORMLA) provides support and direction to the OIG through various program and policy functions. In fulfilling its assigned responsibilities, ORMLA conducts OIG-wide initiatives; provides leadership in the development of policy; directs internal evaluations such as the self-inspection program; represents the Inspector General in many of its external relations activities; carries out all budget, administrative, and personnel management functions pertaining to the OIG; and provides information resources management services for the OIG through its ADP staff and resources.

ETHICS AND INTEGRITY AWARENESS PROGRAM

The ethics and integrity awareness program, which focused largely on the special needs of a single program during its early stages of development, was refocused during the current reporting period to spotlight the particular concerns and interests of the Department's supervisors and managers.

A special training program, entitled "Knowing Where the Buck Stops," was developed and presented three times to approximately 80 participants at mid and senior levels of management. The course, which includes group and panel discussions primarily revolving around case studies, highlights the supervisory and managerial roles in areas such as conflict of interest, outside employment, gifts and gratuities, time and attendance, internal controls, and reporting of fraud, waste, and abuse.

Supervisors and managers are trained not only to understand their roles and responsibilities in these and other related areas but also to deal with employee issues or concerns demanding their attention and, perhaps most importantly, to know where to get advice or assistance in handling problems. Participants are also encouraged to share information from the course with members of their own staff. For this reason, a model format and hand-out for a staff meeting are provided.

Numerous participants suggested that the course be expanded and/or made mandatory for all supervisors and managers in the Department. Because of these suggestions, a special briefing on the course was presented to the Assistant

Secretary for Administration and Management and the management officers of the various departmental Agencies. One of the briefing goals was to determine whether taking this course should be required or optional for their respective supervisors and managers. A survey questionnaire was designed and circulated in the followup to the briefing. Responses from the Agencies and subsequent results should be available for the next semiannual report.

In the meantime, OIG continues to participate in the Core Training for Supervisors Program which is offered by the Office of the Assistant Secretary for Administration and Management (OASAM) and provides an overview of all major issues affecting Department supervisors. During the reporting period, one additional training session on this program was given.

As funds allow, courses for particular agencies similar to our earlier training design will be offered. One cost-saving option now being considered is development of a self-standing program which would require little or no additional funds for conducting this training in the regional offices.

LEGISLATIVE AND REGULATORY ASSESSMENT

Section 4(a) of the Inspector General Act of 1978 requires the Inspector General to review existing and proposed legislation and regulations and to make recommendations in the semiannual report concerning their impact on the economy and efficiency in the administration of the Department's programs and on the prevention and detection of fraud and abuse in departmental programs.

The prevention implications of this responsibility are important in that they recognize that the operation and administration of Federal programs can be adversely affected by incomplete, vague, or otherwise faulty language contained in the acts that govern DOL programs. In view of the OIG's particular concern for the identification and correction of actual or potential situations of fraud, waste, or abuse, review by the Inspector General of existing and proposed legislation and regulations is a very efficient method to identify current or potential problems and to save substantial Federal resources.

Mindful of our legislative and regulatory review responsibilities and their potential to reduce fraud, waste, and abuse in DOL Agency programs and operations, we reviewed 228 items which included proposed bills, reports,

regulations, and testimony. Several of the more significant items or issues of continuing concern to the OIG are described below.

During the closing days of the 98th Congress in October 1984 and in the early sessions of the 99th Congress in January 1985, several legislative items of interest to the OIG received congressional attention. These included the Department's proposed legislation to amend the Federal Employees' Compensation Act (FECA); H.R. 607, a bill to continue the authority to pay cash awards to Federal employees for cost savings disclosures; the Inspector General Act Amendments of 1985; and the Sunset Act (H.R. 2). We continue to endorse passage of legislation similar to the Program Fraud and Civil Penalties Act of 1983--introduced but not passed by the 98th Congress--as well as legislation to provide full law enforcement authority to special agents of the Office of Labor Racketeering (OLR).

Federal Employees' Compensation Improvements Act of 1985

We continue to support the need for legislative reform of the FECA program. In 1983, the Department forwarded a comprehensive legislative proposal to the 98th Congress that would have applied benefits under the Act more equitably and would have significantly enhanced management of the FECA program. This proposal was the result of considerable work and extensive consultation by ESA with other Federal agencies, employee unions, our office, and other interested parties. Unfortunately, this proposal floundered when a congressional sponsor could not be found. Considering the improvements that would have resulted, we are hopeful that action will be taken on FECA reform in this Congress.

A legislative package concerning amendments to the Federal Employees' Compensation Act is being reviewed for presentation to the 99th Congress. The problems addressed by the proposed legislation include inadequate incentives for injured employees to return to work in the period immediately following traumatic injury; delays in initial claims determinations; inequities in compensation; deficiencies in rehabilitation and reemployment efforts for disabled employees; inadequate controls on long-term disability cases; and inadequate controls on medical and other program expenditures.

Although some of these problems are being addressed through regulation under the existing law, legislation is necessary

to ensure permanency to such administrative efforts and to permit further improvements.

The legislative reform proposal includes a section to correct a deficiency of such significant concern to the OIG that it warranted invoking Section 5(d) of the Inspector General Act of 1978 during the prior reporting period. (Section 5(d) of the Inspector General Act requires immediate notification to the Secretary of any particularly serious problem or deficiency relating to program administration or operation. The Secretary has seven calendar days to submit this report, with appropriate comments, to the Congress.) Because a court decision was jeopardizing 164 criminal cases involving false statements by FECA claimants to the Government, the OIG supported passage of the provision in the comprehensive FECA reform proposal that deals with this issue. Although no action was taken on this particular provision by the 98th Congress, a subsequent judicial decision has reduced some of the immediate need for the legislative action contained in Section 8106 of the 1983 and 1985 FECA reform proposals. Nevertheless, we continue to strongly endorse the need for the Congress to pass a comprehensive FECA reform package similar to the Department's proposal.

Awards for Cost Savings Disclosures (H.R. 607)

We reviewed and continue to support legislation, introduced but not passed by the 98th Congress, that would extend the authority for Inspectors General to make awards for cost savings disclosures for an additional 3 years. This authority, established by Section 1703 of the Omnibus Budget Reconciliation Act of 1981 (P.L. 97-35), expired on September 30, 1984. Just prior to its expiration, the Inspector General testified before the House Subcommittee on Civil Service in support of similar legislation. H.R. 607 was recently passed by the House, and we hope that the Senate will likewise give favorable consideration to this bill since continuation of such a program would allow us an opportunity to further assess its contribution to encouraging employees to recognize and report instances of fraud, waste, and abuse in Federal programs.

Inspector General Act Amendments of 1985

We support the proposed amendments to the Inspector General Act of 1978. The amendments, if enacted, would authorize Inspector General personnel in all agencies to administer oaths and affirmations, when necessary, in the performance

of their duties; provide uniform pay levels for the Inspectors General; require the Inspectors General to report on resolved audits as part of the minimum reporting requirements for their semiannual reports to the Congress; and make certain technical corrections.

In our comments on this bill, we recommended a technical correction to the proposed language revision for Section 5(a)(3) that would clarify the reporting of unresolved audit recommendations in the semiannual reports to the Congress of the Inspectors General.

Sunset Act (H.R. 2)

This bill would require agencies to periodically assess their program objectives and their effectiveness in meeting current and anticipated needs which their programs are intended to address.

We believe that this process should help improve Federal managers' accountability for carrying out their legislated mandates efficiently. H.R. 2 emphasizes the importance of a role such as the Inspectors General of reviewing and recommending improvements to agency program operations and needed legislative changes on a continuing basis throughout the 10 year reauthorization cycle.

We did recommend that this proposed bill clarify whether all the OIGs should be included under its review provisions or be exempted, as is the GAO. If the OIGs are covered, we suggest that consideration be given to a concurrent review of all the OIGs, since they share common legislative objectives.

There are other areas in which we have concerns and continue to advocate a need for legislation. We see an essential need for law enforcement authority for special agents of the Office of Labor Racketeering (OLR) and for legislation providing civil monetary penalties for fraud.

Law Enforcement Authority

The need for law enforcement authority for OLR special agents has been a subject of continuing interest and concern to us. This authority includes the power to make arrests, administer oaths to witnesses, carry firearms, and execute search warrants. Such permanent authority can only be granted through legislative action. Congressional hearings over the past several years have focused on this need.

The recently passed Comprehensive Crime Control Act, which expanded our investigative responsibilities, has increased our needs even further. Consistent with the guidelines recently promulgated by the Department of Justice, we have prepared a justification outlining our needs for the authorities. It is currently being reviewed in the Department.

Program Fraud and Civil Penalties

In the 98th Congress we supported S.1566, the "Program Fraud and Civil Penalties Act of 1983." This bill would have amended Title 5 of the U.S. Code to create an administrative mechanism for imposing civil monetary assessments and penalties against those who submit false claims and statements to the Government in connection with Federal programs involving grants, loans, contracts, insurance, and other forms of assistance. We continue to believe that legislation similar to this would benefit agencies in reducing fraud and the filing of false claims. We would likewise support a similar measure introduced in this Congress.

With regard to our regulatory review responsibilities mandated under the Inspector General Act, we are particularly pleased with a recent decision of the Department. During this reporting period, we suggested that the Department revise its procedures to more efficiently and comprehensively utilize the OIG in the regulatory review process. The Department responded positively, and the revised review procedures appear to be a significant improvement in more effectively integrating the Inspector General into this important process.

GAO LIAISON FUNCTION

The Inspector General has been designated as the DOL official responsible for coordinating all GAO activities and matters as they relate to the Department. This designation provides a mechanism to ensure better and closer cooperation between GAO and the OIG and also helps to minimize the potential for duplication or overlapping review activities. During this reporting period, GAO issued seven draft and 16 final reports to the Department and initiated 28 surveys, reviews, and studies involving DOL programs and operations.

GAO reports of particular significance to the OIG and the Department were:

- Impact of Administrative Budget Procedures on Independence of Offices of Inspector General;
- A Central Wage File for Use by Federal Agencies: Benefits and Concerns;
- Job Training Partnership Act: An Overview of the System;
- The Department of Labor's Handling of the Investigation and Litigation of Alleged Abuses of the Southern Nevada Culinary Workers and Bartenders Pension Trust Fund;
- Adjudication of Black Lung Claims by Labor's Office of Administrative Law Judges and Benefits Review Board; and
- Assessment of How the Department of Labor's Solicitor's Office Handles Pension and Welfare Benefit Cases.

ADP INITIATIVES

Vigorous activity and progress by the OIG ADP group continued during the first half of Fiscal Year 1985.

Minicomputers

Since the last reporting period, minicomputers were installed in San Francisco, adding to those already in operation in the National Office, Atlanta, and Dallas. The minicomputers purchased for New York, Philadelphia, and Chicago were not installed during this reporting period.

In order to reduce costs, we are converting OIG information systems, currently run on contract supported mainframes, to an in-house data base management system (ORACLE). This conversion process of upgrading the information systems to current technological levels should be completed during the next reporting period.

In view of major budget considerations, the OIG continues to take a conservative, economical, and prudent approach in configuring the minicomputers. Hardware upgrades and new software will be phased in and guided by the OIG ADP Master Plan.

As stated in the previous semiannual report, OIG has launched the Agent Computer Tools (ACT) project. During this reporting period, two modules--a telephone analysis and a check analysis--for the ACT project have been developed to facilitate investigators in conducting investigations.

The previous semiannual report mentioned that the Inspector General had established the ADP Executive Steering Committee, which is chaired by the Deputy Inspector General. The Committee has met regularly and has demonstrated its capabilities in reviewing ADP priorities, initiatives, and modifications affecting the OIG ADP Master Plan.

Microcomputers

The portable microcomputers in place continue to aid us significantly in the areas of labor racketeering investigations, fraud and employee integrity investigations, and audit functions.

We continue to successfully use the microcomputer applications discussed in the prior semiannual report. These applications include:

- case and project management;
- document and evidence inventories;
- information and data analysis;
- trial exhibit preparation; and
- in-trial support.

Portable microcomputers significantly assist in increasing productivity as well as improving and broadening our analytical methodologies in field and remote operations. These microcomputers continue to help agents conduct field and investigative activities where portability is essential.

PRESIDENT'S COUNCIL ON INTEGRITY AND EFFICIENCY (PCIE)

During this reporting period, Inspector General Hyland continued to serve as co-chair of the PCIE Long-Term Computer Matching Project. He also served as a member of the PCIE Committee on Productivity/Performance and the Single Audit Coordinating Committee.

We continued our intensive involvement in PCIE activities relating to computer technology application to up-front screening of benefit and similar direct payment claims,

front-end ADP systems evaluation techniques, and the application of microcomputer technology to OIG activities.

The DOL-OIG staff continues to actively participate in three computer-related efforts being led by the Inspector General of Health and Human Services (HHS). These efforts include:

- assisting the HHS staff in monitoring the pilot test of the Standard Matching Formats;
- supporting the HHS staff in their efforts to identify automated front-end eligibility verification and screening techniques being used in four major federally funded and state-administered benefit programs; and
- helping the HHS OIG to design a guide for Federal OIG staffs to evaluate security and controls in major ADP system design and modification activities.

Finally, we continue to provide our support for the PCIE Computer Committee chaired by the Inspector General of the National Aeronautics and Space Administration. The DOL OIG staff has also assisted with organizing the Microcomputer Users Group sponsored by this Committee.

OIG MANAGEMENT INITIATIVES

The OIG Self-Inspection Program is a quality assurance program designed to advise top management of the effectiveness of its operations in developing and accomplishing work plan objectives, to identify areas in need of improvement, to develop and assign responsibility for corrective action plans, and to monitor corrective action implementation. The Self-Inspection Program assesses:

- how effectively and efficiently the OIG's organizational entities are fulfilling assigned responsibilities;
- the quality of managerial skills used to achieve agreed upon objectives;
- work procedures and practices and their effect on the results;
- the coordination and cohesiveness of overall direction; and

- the relevance of policies, priorities, and standards with regard to changing conditions and emerging issues.

During this reporting period, the OIG conducted comprehensive self-inspections of the Dallas Audit and Investigations offices. We also continued to monitor implementation of corrective actions resulting from recommendations proposed in earlier self-inspections.

OFFICE OF LABOR RACKETEERING

The Office of Labor Racketeering (OLR) has formulated its enforcement program along the lines of industry to detect how traditional and emerging organized crime groups have penetrated select labor unions and employed these unions as vehicles to create criminal monopolies in certain industries. OLR is systematically and comprehensively examining the most affected industries, such as construction, transportation, tourism, shipping, garment, and waste disposal. Each of these labor intensive industries is particularly vulnerable to delay and, therefore, is easily susceptible to corruption. The area of employee benefit plans, while technically not classified as an industry, remains a major OLR program objective because of its significant accumulation of assets and alarming vulnerability to deprecations by unscrupulous employers and trustees.

The industries whose financial well-being depends primarily on timely processes are the easiest targets for organized criminal elements. For these industries, delays in production or shipments are costly. This is especially true for the industries affected by trucking or shipping, such as those dealing with perishable goods. The transportation industry itself is vulnerable to racketeering because of organized crime control of some important unions.

Labor racketeering convictions within the last decade and congressional hearings demonstrated clearly that corruption is a problem and goes beyond the union locals to district councils and internationals of certain unions--the very policymaking bodies of these organizations. Although the number of individuals involved is small compared to the union universe, these individuals are powerful. They set union policy and seek to compromise the very goals and objectives of the legitimate labor movement.

For this reporting period, we will discuss two areas where our investigations have had significant results: construction and employee benefit plans. Of the 39 convictions during this period, 11 related to employers and union officials in the construction industry, and 9 involved benefit fund officials. Indictments for this period totaled 61--22 in the construction industry and 13 in benefit plans. OLR opened 37 new cases during this 6-month period to investigate allegations of various labor related crimes. Monetary recoveries for this period included approximately \$307,900 in court ordered fines and \$207,685 in court ordered restitution to benefit plans and unions. Employee benefit plans were found to have lost \$676,350 to

embezzlement schemes, and extortion payments of \$125,188 were discovered.

CONSTRUCTION

Several unions have jurisdiction in the construction industry, including the Laborers, Operating Engineers, Teamsters, Painters, Ironworkers, Electricians, Plumbers, Carpenters, Roofers, and others. Construction, now as in the early history of unions in the United States, continues to be one of the industries most plagued by racketeering. Labor delays in a construction project can often prove catastrophic for a contractor.

Significant activities resulting from OLR investigations involving the construction industry during this reporting period follow.

Painters Union Local 1269 Bethlehem, Pennsylvania

Three guilty pleas and three trial convictions have resulted from a case involving charges that six defendants had conspired to participate in affairs of the Lehigh Valley Painters Union Local 1269 of Bethlehem, Pennsylvania, through an 8-year pattern of racketeering. On February 7, 1985, Franklin Delker, former local 1269 member, pled guilty to one count of conspiracy to violate the Racketeer Influenced and Corrupt Organizations (RICO) statute. On February 11, John R. Antalosky and Russell Antalosky, members of local 1269, pled guilty to one count each of conspiracy to violate the Hobbs Act. On March 7, Robert P. Delker, business representative of the local, and Richard Malgadey, the local's president, were found guilty of violating the RICO statute and RICO conspiracy. Delker and local member Donald J. Parker were found guilty of filing false income tax returns.

An 11-count indictment had been returned in Philadelphia against the defendants in October 31, 1984, following a joint investigation by the OLR field office in Philadelphia, the FBI, and the IRS. The indictment charged that, from about July 1976 until the date of the indictment, the six defendants used force, violence, threats, vandalism, and physical and economic intimidation to control and dominate the local and to control union painting work in the Lehigh Valley area. Fifty-three specific racketeering acts by the defendants were listed, including charges that the Delker brothers extorted money from some local 1269 members who

were forced to pay for the right to work. The Delkers also allegedly extorted about \$2,000 from a painting contractor by demanding the money in exchange for labor peace on his job site. When the contractor refused, the Delkers allegedly beat him up and threatened him with death. The six defendants also allegedly forced painting subcontractors to subcontract work to Parker and the Antaloskys by using violence, vandalism, and work slowdowns. U.S. v. Delker et al. (E.D. Pa.)

Laborers' Local 872
Las Vegas, Nevada

George Osley, Jr., secretary-treasurer and business manager of Laborers Local 872 in Las Vegas, Nevada, was convicted on January 17, 1985, of all 18 counts of an indictment charging embezzlement, keeping false records, filing false reports with the Department of Labor, and obstructing justice. On March 25, he was ordered to serve 3 years in prison to be followed by 2 years' probation. He was also barred from employment by the union for 5 years after completion of his sentence.

Following an investigation by the Las Vegas OLR resident office, Osley was charged with embezzling about \$15,000 primarily through the improper use of union-paid labor and materials for the construction of his home, while work was also being done on the union hall, and through the improper payment of campaign expenses relating to a recent election of local officers. To accomplish the theft and to keep the information from the membership and the DOL, he maintained false records and filed false reports to the DOL. Obstruction of justice charges stemmed from the failure to produce subpoenaed records and a fire, later determined to be arson. Co-defendant Benard Hawkins, local 872's president and assistant business agent, was acquitted on all nine counts against him. U.S. v. Hawkins and Osley (D. Nev.)

Prince Carpentry, Inc.,
New York, New York

Warren Greenberg, accountant for Prince Carpentry, Inc., New York City, was sentenced November 21, 1984, to 3 years' probation and fined \$20,000. He had pled guilty to 1 count of conspiracy, 4 counts of mail fraud, and 10 counts of filing false tax returns. In the last two semiannual reports, we reported the investigation by the OLR field office in New York, the FBI, and the IRS and the sentences

resulting from a scheme by Prince Carpentry and its owners, Kenneth and Lucille Gladstone. The Gladstone's conspired with Greenberg to pay 45 employees who were members of the New York District Council of Carpenters in cash, or "off the books" as commonly described in the trade. This practice enabled the company to save on contributions to union benefit plans and to state unemployment compensation funds.
U. S. v. Greenberg (E.D. N.Y.)

City Labor Standards Office
Philadelphia, Pennsylvania

A 21-count indictment charging three current and former Philadelphia City employees with making false statements and claims to the Federal Government was returned December 17, 1984, following a 2-year investigation by the OLR field office in Philadelphia. On February 25, 1985, a superseding indictment adding five additional counts of aiding and abetting was filed against the defendants.

Joseph Crosley, Charles Conwell, and Thomas Barnum were inspectors of the city's Labor Standards Office from December 1977 until February 1980, the period covered by the indictment. Crosley was promoted to supervisor of the office in February 1979 and still holds this position. In their positions as inspectors, the three individuals were responsible for seeing that contractors were in compliance with Federal and local laws regarding wage rates and job classifications. A portion of the inspectors' salaries came from Federal grants to the city and included funds from the Department of Transportation, Urban and Mass Transportation Administration (UMTA), for costs incurred in the construction of the center city commuter tunnel.

The indictment charges Crosley, Conwell, and Barnum with falsely reporting time spent on federally funded projects, which resulted in false claims being made to UMTA grants for the commuter tunnel. In addition, the indictment charges, the three inspectors prepared false reports of interviews with laborers in an attempt to indicate deceitfully that they were performing their job of interviewing laborers to determine compliance with prevailing wage rates.

Crosley is a former member of Roofers Local 30 in Philadelphia. He was identified in June 1982 Senate hearings as having been appointed by John McCullough to help organize a Bartenders local in Atlantic City, New Jersey. McCullough, who was president of the Roofers Union in Philadelphia, was murdered in 1980 during internecine warfare for control of

the Bruno organized crime family. U.S. v. Crosley et al.
(E.D. Pa.)

Laborers Local 1210
Macon, Georgia

Nine members of Laborers Local 1210 in Macon, Georgia, were indicted on November 19 by a Georgia State grand jury on one count each of theft. This indictment resulted from an investigation into illegal activities concerning construction activity in the Macon area by a task force that includes the joint cooperation of the OLR resident office in Atlanta, the Sheriffs Departments of Monroe and Bibb Counties, the FBI, the U.S. Attorneys Office, the District Attorneys Offices for the Flint and the Bibb Judicial Circuits. Allegedly, the 10 defendants filed false overtime claims with their employer, Superior Contractors and Associates, Inc., on the Georgia Power Plant Sherrer Construction site. About \$200,000 was allegedly paid due to the false claims. U.S. v. Johnson et al. (E.D. Ga.)

Laborers Local 692
Baton Rouge, Louisiana

In a plea agreement with the Government, Rayburn Doyle, business agent and member of the Executive Board for Laborers Local 692 of Baton Rouge, pled guilty on October 16, 1984, to one count of demanding and receiving \$3,945 from Haw Knob, Inc. As part of the agreement, five counts involving extortion, illegal payments, and making false statements to the Government were dismissed, as were all counts against Doyle's brother, Wilford Leo Doyle.

Indictment of this case was reported in the last semiannual report. A joint investigation by the OLR resident office in New Orleans and the former Labor-Management Services Administration revealed that the two defendants had participated in activities between August and October 1979 that made them responsible for the work stoppage, shutdown, and eventual termination of Haw Knob, Inc., a North Carolina oil and gas pipeline construction company doing business in Louisiana. They were accused of threatening the officials of the company with physical injury and economic loss if they did not hire additional workers who were local 692 members, even though they were not needed. The company officials were also forced to pay wages and benefits for fictitious services and for fictitious rental of vehicles, to submit false reports to the Welfare and Pension Plans for

reports to DOL, and to divert funds to Rayburn Doyle. U.S. v. Doyle and Doyle (W.D. La.)

EMPLOYEE BENEFIT PLANS

Employee benefit funds have become increasingly vulnerable to abuse. The capital resources in pension plans approach nearly \$1 trillion and are estimated to grow to \$3 trillion by 1995. Pension plans now represent the largest single source of private investment capital in the United States. Presently, there are approximately 43,000 pension plans and 64,000 welfare plans with more than 100 participants in each plan. There are 732,000 pension plans with less than 100 participants. Insured welfare plans with less than 100 participants are not required to file reports, and accurate numbers cannot be determined. Estimates, however, range above 4 million.

Under union contracts, management contributes a certain amount per employee to the various benefit plans and submits a report of these contributions to the fund trustees, who in turn must issue an annual financial report to the U.S. Department of Labor. These contributions to the funds by management are a significant expense, and depending on the industry, these benefit plan costs can represent 25 to 40 percent of an employer's direct labor costs.

Racketeering within benefit plans falls into several areas of abuse: Unentitled benefits, kickbacks, exorbitant fees, conflict of interest, loans, and fictitious services.

During this reporting period, the following significant activities regarding OLR investigations occurred.

Federico Trucking Company Newark, New Jersey

James Paone, recording secretary and business agent of Teamsters Local 863 in Newark, New Jersey, and Thomas Pecora, manager of Federico Trucking Company, were sentenced on October 2, 1984, after being convicted in March of violating and conspiracy to violate the RICO statute. Paone was sentenced to 9 years in prison and fined \$25,000; Pecora, to 5 years and fined \$15,000.

As we reported in the last semiannual report, Federico Trucking Company, while subcontracted to carry bakery goods for Shop-Rite Foods, maintained no-show employees on its payroll from its incorporation in November 1972 until at

least December 1981. Local 863 has the Shop-Rite drivers under union contract. Kickbacks of \$225,000 were made to Paone and others to influence their duties as representatives within the local.

The investigation by the OLR field office in Newark, with assistance from the New Jersey State Police, also found that from 1975 through 1981 the company paid about \$8,000 in health and welfare contributions on behalf of a relative of Paone, although the relative was never employed by the company. The company had pled guilty to one count of filing false corporate tax returns and paid a \$5,000 fine in September. U.S. v. Pecora, U.S. v. Paone, and U.S. v. Federico (D. N.J.)

International Industrial Production Employees Union
Long Island, New York

Following guilty pleas by Gerald Lasky and his son Clarke Lasky, the former and current presidents of the International Industrial Production Employees Union (IIPEU) in Long Island, New York, they were each sentenced on February 8, 1985, to 6 years in prison for racketeering, embezzlement, and kickback charges. We have reported on this indictment in the two previous semiannual reports.

Clarke Lasky, who succeeded his father as president of IIPEU in 1982, pled guilty on November 9, 1984, to one count each of violating the RICO statute, embezzlement of employee benefit plan funds, and income tax evasion. In his agreement with the Government, Lasky agreed to make restitution of \$62,208 to the fund before his sentencing day.

Gerald Lasky, former president of the International and also of local 42 and secretary-treasurer of local 72, pled guilty on November 26, 1984, to one count of violating the RICO statute by embezzling union funds and one count of accepting kickbacks. As part of his agreement with the Government, he made restitution of \$95,633 to the International, the locals, and the insurance fund before his sentencing day.

Eileen Murphy, the union's longtime secretary, pled guilty to one count of perjury on November 21, 1984, and was sentenced on February 21, 1985, to 5 years probation and ordered to pay backtaxes for the past 20 years. U.S. v. Lasky, U.S. v. Lasky, and U.S. v. Murphy (E.D. N.Y.)

Union of Detectives and Security Guards of Puerto Rico
Hato Rey, Puerto Rico

In Hato Rey, Puerto Rico, Jose F. Quiles and Juan R. Cotto entered into plea agreements with the Government in January 1985 following their indictment on 14 counts of embezzlement and making and receiving illegal payments. Following an investigation by the OLR field office in New York and LMSA, Quiles and Cotto were charged with embezzling about \$58,564 from the Union of Detectives and Security Guards of Puerto Rico. The indictment had also charged that Atlas Guard Service, Inc., a corporation operating out of Morristown, New Jersey, and Quiles, the corporation's vice president and general manager, made illegal payments of about \$30,000 to Cotto, an employee representative. Cotto was charged with accepting illegal payments. Quiles wrote checks to Cotto on behalf of the corporation for a nonexistent employee benefit plan. Charges against the corporation were dismissed.

Quiles was sentenced to 2 years' probation on one count of making an illegal payment of at least \$6,600 to Cotto and agreed to make restitution of \$5,000 to the union. Cotto was sentenced on March 15 to a 2-year suspended prison sentence and 5 years' probation on one count of receiving illegal payments and ordered to make restitution of \$10,967. U.S. v. Cotto and Quiles (D. P.R.)

International Shield of Labor Alliances
Ridgewood, New York

In our last report, we reported the guilty pleas to racketeering and embezzlement charges in a case involving the International Shield of Labor Alliances (ISLA) Pension and Welfare Funds. On November 16, 1984, Miriam Kuiland, secretary and office manager for ISLA, was placed on 5 years' probation, fined \$25,000, ordered to forfeit \$14,090, and barred for life of employment by any labor organization. Ivan Roman, former secretary-treasurer for ISLA, was sentenced to 18 months in prison, 5 years' probation, fined \$80,000, and barred for life from union activities. Frank Roman, former president of the Production, Industrial, Technical, Miscellaneous and Amalgamated Union Local 481 and Ivan Roman's uncle, was sentenced to 10 years in prison, fined \$45,000, and ordered to forfeit \$29,640. U.S. v. Roman, Roman, and Kuiland (S.D. N.Y.)

Michigan Conference of Teamsters Welfare Fund
Detroit, Michigan

An investigation that began in 1979, when the FBI monitored the late Allen M. Dorfman's business office in Chicago, has resulted in the indictment on December 21, 1984, of five individuals on racketeering charges involving the Michigan Conference of Teamsters welfare fund. Charles F. Collins, Francis Richard Fitzsimmons, Terrance L. Porter, Sol C. Schwartz, and Roger Towne are named in the indictment. Allen M. Dorfman and Edward J. Brown, also deceased, are named as unindicted co-conspirators.

According to the indictment, the scheme to defraud the welfare fund included racketeering activity to influence Collins, who was the administrator of the fund until his resignation in August 1983, and Fitzsimmons, a trustee. Brown, the principal owner of four companies that provided health care services, sought to sell a package of health care service contracts through his corporations to the fund. Schwartz, who managed two companies that provided claims services to the fund, allegedly agreed to receive commissions from Brown in return for assisting Brown in obtaining the contracts. Towne, who was Brown's partner, and Porter, who owned a home nursing and health services business and an insurance business, allegedly offered to give Fitzsimmons future employment because of his position and his support for the service contracts. Collins allegedly agreed to accept future employment from Brown in return for his support of the Brown plans.

The indictment also charges all defendants, along with Brown and Dorfman as unindicted co-conspirators, with conspiracy and lists 72 overt acts beginning on February 22, 1979, and concluding during July 1984, and with giving and receiving payoffs to influence the operation of the employee benefit plan.

This investigation was conducted jointly by the OLR field office in Detroit, the FBI, and the IRS. U.S. v. Collins et al. (E.D. Mich.)

United Food and Commercial Workers Union Local 50-627
New York, New York

Four current and former officers and trustees of United Food and Commercial Workers Union Local 50-627 were charged on December 13, 1984, in New York City with conspiracy, bribery, embezzlement, and making false statements. Morris Horn, former secretary-treasurer of the local; his son

Howard, vice president of the local; Jacob Weinstein, executive vice president; and Murray Lefkowitz, president, are charged with violating ERISA statutes by acquiring cash and other valuable gifts from various banks for deposits that were in fact funds from the various Local 50-627 benefit funds. The indictment charges that \$26,000 and several color television sets and gold chains were shared by the four defendants with their relatives from January 1980 to December 1981. According to the indictment, the defendants had made restitution to the benefit funds of \$28,560 in back-dated personal checks. U.S. vs. Horn et al. (E.D. N.Y.)

Teamsters Local 436
Cleveland, Ohio

A fifth indictment has been filed in the continuing investigation of Teamsters Local 436 in Cleveland, Ohio, and its related pension and welfare funds by the OLR field office in Cleveland.

A 7-count indictment, filed on January 9, 1985, charges Herbert Sugerman, of the Broadway Supply Company in Cleveland, with conspiracy to make payoffs and making payoffs to officials of Teamsters Local 436 and trustees of the local's benefit funds to influence their actions relating to the local's pension and welfare plans.

The indictment alleges that from December 1978 through November 8, 1982, Sugerman conspired to pay approximately \$8,000 to David E. Kerr, Jr., former administrator of the local's benefit plans, Angelo Regalo, former business agent of local 436 and trustee of the local's plans, and a co-conspirator to allow the Broadway Supply Company to underpay contributions due to the local's welfare and pension funds. Kerr and Regalo previously were indicted and sentenced on charges arising from this investigation. The indictment further charges Sugerman with giving money totaling \$2,532 to Kerr, Regalo, and others to influence them in their positions in the two funds. U.S. v. Sugerman (N.D. Ohio)

Bakery, Confectionery, and Tobacco Workers Union Local 348
and the Stop and Shop Company
Boston, Massachusetts

Following a 3-year investigation by the OLR field office in Boston, multiple-count indictments were returned in Boston on January 29, 1985, against the president of the Bakery,

Confectionery, and Tobacco Workers Union Local 348 and three co-defendants. Local president Thomas T. Hantakas, local members Matthew J. O'Toole and John F. Orr, and former local secretary-treasurer Anthony J. Stancato are charged with conspiracy, false statements to DOL regarding ERISA, mail fraud, aiding and abetting, and making illegal payments to a labor union.

These indictments are a continuation of criminal informations filed earlier in the month against the Stop and Shop Company, Inc., and the general manager of its bakery division, William Tully, for violating the Taft-Hartley Act by making illegal payments to officers of local 348. Bakery employees of Stop and Shop, the largest retail grocery chain in New England, are represented by local 348. The company pled guilty on February 5 to one count and was fined \$5,000. Tully, himself, pled guilty on February 7 to one count of the information and was fined \$1,000. According to the January 29 indictments, in 1979 and 1980, Hantakas allegedly assisted O'Toole and Orr in filing false claims for disability benefits for which over \$6,000 were paid. In 1980 Hantakas allegedly allowed former Stop and Shop employee, Stancato, to fraudulently apply for and receive a disability pension. Stop and Shop allegedly agreed to the scheme and furnished a series of checks that were used as premium payments for Stancato. U.S. v. Hantakas et al. (D. Mass.)

American Casualty and Indemnity Insurance Company, Inc.
Belize City, Belize, Central America

Three former agents and officials of the American Casualty and Indemnity Insurance Company, Inc., whose home office is in Belize City, Belize, Central America, were indicted March 27 in Las Vegas, Nevada, in a multiple-count indictment including charges of embezzlement of union benefit funds of the Southern Nevada Culinary and Bartenders' Pension and Health and Welfare Trust funds.

William J. Kilroy of Bel Air, Maryland, Seymour Pollack of Inglewood Cliffs, New Jersey, and Stephen Sarault of Providence, Rhode Island, were indicted on charges of conspiracy, mail fraud, aiding and abetting, embezzlement from union benefit funds, false statements to union benefit funds, and interstate transportation of money taken by fraud. The indictment follows a 2-year joint investigation by the OLR resident office in Las Vegas, Nevada, and the FBI of allegations of questionable activities concerning the Hotel Employees and Restaurant Employees International Union Local 226 in Las Vegas.

The indictment alleges that Kilroy, Pollack, and Sarault made numerous false statements to the trustees of the Southern Nevada Culinary and Bartenders' Pension and Health and Welfare Trust Funds, which resulted in the purchase of fiduciary liability insurance policies from an "off-shore" insurance company that had no assets. The premium payments for these policies exceeded \$140,000. The indictment alleges that within the false statements made to the trustees were assurances of the financial stability of the insurance company and the ability of the company to cover any claims made against the issued policies.

Kilroy and Pollack are named in the majority of the counts in the indictment; Sarault is named in two. U.S. v. Kilroy et al. (D. Nev.)

BECOE, Inc.,
Atlanta, Georgia

Guilty pleas were entered in Atlanta, Georgia, on January 22 by Robert Moore, president of BECOE, Inc.; James Brown, secretary-treasurer of the company; and the company itself. They had been charged with submitting fraudulent employee benefit plan contribution and remittance reports to various funds of the Ironworkers Union in Atlanta that resulted in losses of over \$50,000 during a 2-year period to union members who worked for the company. As part of the agreement with the Government, Mrs. Robert Moore will be placed on a pre-trial diversion program for her part in the scheme. U.S. v. BECOE et al. (N.D. Ga.)

OTHER SIGNIFICANT CASES

Eleuterio "Larry" Marzilli
Providence, Rhode Island

In the first reported indictment and conviction for interstate transportation of strikebreakers, Eleuterio "Larry" Marzilli received concurrent sentences on December 6 in Providence, Rhode Island, of 5 years in prison on the charge of conspiracy and 1 year on the charge of interstate transportation of strikebreakers. He had been found guilty in July of arranging the baseball-bat beating of a union official in Fall River, Massachusetts. U.S. v. Marzilli and Folcarelli (D. R.I.)

Seafarers International Union
Philadelphia, Pennsylvania

Defendants indicted in Philadelphia, Pennsylvania, following an investigation titled "Operation Salty Dog," pled guilty to charges involving drug transactions in the Seafarers International Union. On February 20, Joseph Walsh, an organizer for the union, pled guilty after 1 day of his trial to one count each of distribution of methamphetamine and conspiracy. John Goodwin, a member of Roofers Union Local 30, and Lorraine Weierbach, part owner of the Easy Street Pub, pled guilty to conspiracy before going to trial.

A 10-count indictment had charged Walsh introduced Goodwin as a drug supplier to an individual cooperating with the Government and acted as a go-between during some drug transactions. The sales took place inside the Seafarers International Union Hall. Weierbach supplied Goodwin with some of the drugs to sell.

This investigation, initiated and coordinated by the U.S. Customs Service, is the result of a continuing joint project involving the Customs Service, the Drug Enforcement Administration, the OLR field office in Philadelphia, the FBI, and the New Jersey State Police. The investigation has focused on activities of members of the Seafarers International Union and their associates. U.S. v. Walsh et al. (E.D. Pa.)

Dallas Dupre
Baton Rouge, Louisiana

Dallas Dupre was convicted on March 22 in Baton Rouge of attempted first degree murder of a law enforcement officer. His son, Frederick Michael Dupre, indicted on the same charge, was a fugitive and was killed in a shootout with state police on March 25.

During an investigation by an OLR special agent in Louisiana involving the International Brotherhood of Security Services in Baton Rouge, the agent learned of a plot to kill a former East Baton Rouge Parish sheriff's deputy, two Louisiana State policemen, and a witness. The special agent participated in a 3-week investigation with the sheriff's office, the state police, and the Bureau of Alcohol, Tobacco, and Firearms (ATF) that resulted in the arrest of Dallas Dupre. An ATF undercover agent posed as a contract killer and was introduced to Dupre. While under surveillance by the agents from the cooperating agencies, Dupre paid \$2,000 to the agent to murder the former sheriff's deputy.

LEGISLATION

The recent enactment of the Labor Racketeering Amendments to the Comprehensive Crime Control Act of 1984 (CCCA) should greatly assist OLR and others in the law enforcement community to combat labor racketeering. The prior weaknesses in Federal law had impeded the Government's ability to protect labor unions and employee benefit plans from corruption.

The CCCA amended both the Employee Retirement Income Security Act (ERISA) and the Labor-Management Reporting and Disclosure Act (LMRDA). The amendments remove a major deficiency in prior laws that permitted convicted union and plan officials to remain in office while appealing their convictions. Under this provision, convicted officials frequently had remained in office for considerable periods of time (over 2 years in many instances) while pursuing their appeals, thereby potentially encouraging further labor-related crime or exposing plan assets to risk of further losses. The new law provides that such individuals shall be disqualified from holding office immediately upon conviction.

Other provisions related to disqualification should also prove helpful in protecting labor unions and employee benefit plans. These include the increase in the maximum period of disqualification to 13 years, the expanded basis for disqualification, and the upgrading of a violation of the disqualification provisions from a misdemeanor to a felony.

Another weakness in the prior law was the limited list of positions under the LMRDA to which the disqualification applied. Under the prior law a disqualified official could remain on the union payroll in a purportedly non-leadership capacity and continue to influence the union's operations. By adding clerical, consultant, and other positions to the list of positions covered by the disqualification, the Labor Racketeering Amendments should alleviate this problem. ERISA was also amended to expand the class of people subject to its prohibitions.

Another change from prior law is that a Taft-Hartley labor violation involving bribery or payoffs of over \$1,000 is now a felony, with a maximum penalty of 5 years in prison and a \$15,000 fine. The previous sanction of a 1-year maximum sentence and a \$10,000 fine was inadequate for this type of crime.

Finally, the amendments clarify DOL's authority and responsibility to investigate under section 506 of ERISA with respect to the investigation of potential criminal violations involving pension and welfare benefit plans and related Federal laws. This provision has explicitly stated our authority to take an active, aggressive role in investigating such violations. We have statutory authority to conduct such investigations on our own initiative without having to obtain case-by-case delegation from the Department of Justice. At the same time, we recognize the importance of coordinating our investigative efforts in the labor racketeering field with those of the Department of Justice and with other agencies within the DOL that also conduct criminal investigations.

COMPLAINT HANDLING ACTIVITIES

The Office of Inspector General is the focal point for receiving and tracking reports of alleged fraud, waste, or irregularities in Department of Labor programs. During this semiannual reporting period, the OIG received 1496 complaints nationwide from the general public, departmental employees, Congress and other agencies. These complaints were made directly to the OIG national office, OIG regional offices, and the OIG complaint analysis function. Following is a breakdown of the various sources of complaints we received:

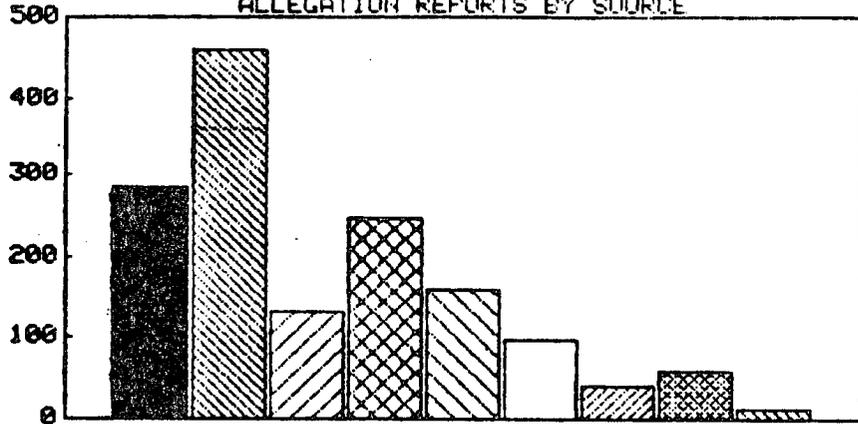
Allegations Received

Source	Number
Walk-In	60
DOL/IG Hotline Telephone	99
Letters from Congress	4
Other telephone calls	162
Letters from individuals or organizations	40
Letters from Non-DOL Agencies	456
Letters from DOL Agencies	132
Incident Reports from DOL Agencies	246
Reported by agent/auditor	284
Referrals from GAO	<u>13</u>
 Total	 1,496

Referral of Allegations

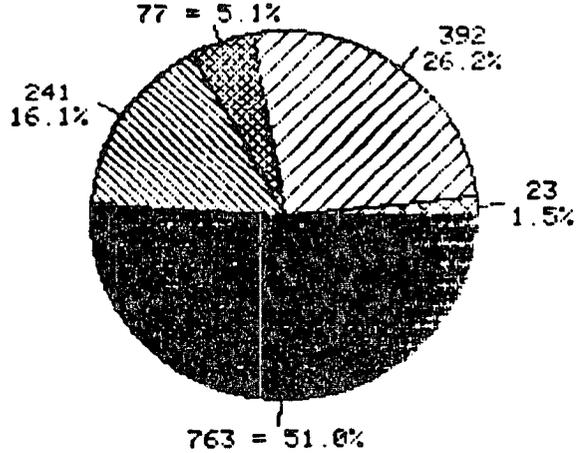
Action	Number
Referred to Audit/Investigations	763
Referred to Program Management	77
Referred to Other Agencies	23
No further action	392
Pending Disposition at end of period	<u>241</u>
 Total	 1,496

OFFICE OF INSPECTOR GENERAL
ALLEGATION REPORTS BY SOURCE



AGENT/AUDITOR	LTR. - NON-DOL	LTR. DOL AGENC
INCIDENT REPT	TELE. CALL	HOTLINE
LTR. FROM IND	WALK-IN	GAO SUMMARY

OFFICE OF INSPECTOR GENERAL
ALLEGATION REPORTS BY REFERRAL



TO AUDIT/INVESTIGATIONS	PENDING
TO PROGRAM MANAGEMENT	NO FURTHER ACTION
TO OTHER AGENCIES	

The OIG complaint analysis function serves as a resource for employees and the general public to report suspected incidents of fraud, waste, and abuse in Department of Labor programs and operations. The Inspector General Act of 1978 provides that employees and others may report such incidents with the assurance of anonymity and protection from reprisal. The OIG complaint analysis staff received, analyzed, and processed over 381 complaints from all sources during the period. Of the more than 284 calls received on the "DOL/IG Hotline" phone, 99 were allegations, and the remainder were requests for information.

The following are examples of allegations handled by the OIG complaint analysis function that led to improvements in Government management during this reporting period:

- A complaint received from a car rental service company alleged that an employee of the former Labor-Management Services Administration misrepresented his duty status in order to receive a favorable Government contract car rental rate. As a result of the inquiry, the employee was officially admonished and voluntarily sent a check to compensate for the difference between the Government contract rate and the normal rate that he would have been charged.
- A caller alleged that a grantee organization used \$8,000 in CETA funds to prepay costs for future advertising in a magazine that subsequently went out of business before the advertisement was published. An inquiry disclosed that the grantee utilized CETA funds through a marketing firm for the purpose of purchasing an advertisement in the magazine. Payment was in fact made, and the firm filed bankruptcy prior to publishing the advertisement. The Department has determined that \$7,399.78 was paid to the magazine in violation of OMB Circular A-122.
- A caller reported that JTPA funds were used to ship the body of a deceased farmworker from one state to another. An inquiry determined the costs were outside the parameters of the grant, and action to recover the funds initiated by the Department.

MONEY OWED TO THE
DEPARTMENT OF LABOR

In accordance with a request in the Senate Committee on Appropriations' report on the Supplemental Appropriation and Rescission Bill of 1980, the chart on the following page shows unaudited estimates provided by departmental Agencies on the amounts of money owed, overdue, and written off as uncollectible during the 6-month reporting period.

SUMMARY OF ESTIMATED DEPARTMENT OF
LABOR RECEIVABLES
(Dollars in thousands)

Program Name	Outstanding Receivables 3/31/85 <u>1/</u>	Delin- quencies 3/31/85 <u>2/</u>	Adjustments & Write-offs 3/31/85 <u>3/</u>
Employment Standards Administration Federal Employees' Compensation Act - beneficiary/provider overpayments	\$ 22,448	\$ 7,448	\$ 1,953
Black Lung Program - responsible mine operator reimburse- ment; beneficiary/ provider overpay- ments	172,654	53,884	(931)
Employment & Training Administration <u>4/</u> - disallowed costs; outstanding cash balances; grantee overpayments	287,395	285,945	6,095
Mine Safety & Health Administration - mine operator civil penalties	8,714	6,383	708
Pension Benefit Guaranty Corporation - plan assets subject to transfer; employer liability; accrued premium income	147,635	9,687	5,380
All Other Agencies	<u>9,233</u>	<u>9,203</u>	<u>(548)</u>
Total <u>5/</u>	<u>\$648,079</u>	<u>\$372,550</u>	<u>\$ 12,657</u>

See following page for footnotes.

- 1/ Includes amounts identified as contingent receivables that are subject to an appeals process that can eliminate or reduce the amounts identified.
- 2/ Any amount more than 30 days overdue is delinquent. Includes items under appeal and not in collection mode.
- 3/ Includes write-offs of uncollectible receivables and adjustments of contingent receivables as a result of the appeals process and reclassification of disallowed costs based on documentation submitted after audit resolution.
- 4/ Approximately 73 percent of the total is currently under appeal to an Administrative Law Judge.
- 5/ Agencies of the Department estimate that actual recoveries of accounts receivable for the period are \$50 million. Of this amount, \$1,023,603 was repaid by the State of Wisconsin as a result of OIG's audit of the UI benefit payment programs. Recoveries of accounts receivable do not include approximately \$21 million in other voluntary recoveries.

APPENDIX

SELECTED STATISTICS

Audit Activities

--	Reports issued on DOL activities	402
--	Audit exceptions	\$110.7 million
--	Reports issued for other Federal	6
	agencies	
---	Dollars resolved	\$ 70.7 million
	Allowed	\$ 26.5 million
	Disallowed	\$ 44.2 million

Fraud and Integrity Activities

--	Allegations Reported	1,496
--	Cases opened	823
--	Cases closed	557
--	Cases referred for prosecution	280
--	Individuals or entities indicted	275
--	Individuals or entities convicted.	281
--	Cases referred for administrative action	58
--	Civil actions	6
--	Fines and penalties	\$ 105,580
--	Settlements and judgments.	\$ 1,503,471
--	Restitutions	\$ 1,672,041
--	Recoveries	\$ 1,089,407
--	Cost efficiencies	\$ 1,838,816

Labor Racketeering Investigation Activities

--	Cases opened	37
--	Cases closed	56
--	Cases referred for prosecution	15
--	Individuals indicted	61
--	Individuals convicted	39
--	Fines	\$307,400
--	Restitutions	\$211,000

SUMMARY OF AUDIT ACTIVITY OF DOL PROGRAMS
October 1, 1984 to March 31, 1985

Agency	Reports Issued	Grant/Contract Amount Audited	Amount of Questioned Costs	Amount Recommended for Disallowance
Employment and Training Administration	330	\$5,257,117,548	\$63,276,188	\$46,060,861
Bureau of Labor Statistics	5	2,381,897	-	-
Employment Standards Administration	8	157,222,822	-	-
Mine Safety and Health Administration	10	5,853,524	548,407	345,320
Occupational Safety and Health Administration	13	5,191,886	14,605	1,728
Office of the Assistant Secretary for Administration and Management	35	17,086,238	154,465	299,871
Solicitor's Office	1	-	-	-
Total	402	\$5,444,853,915	\$63,993,665	\$46,707,780

SUMMARY OF AUDIT ACTIVITY OF ETA PROGRAMS
October 1, 1984 to March 31, 1985

Program	Reports Issued	Grant/Contract Amount Audited	Amount of Questioned Costs	Amount Recommended for Disallowance
Agency Administration	2	\$ 76,929,662	\$ 33,535	\$ -
CETA Recipients:				
Prime Sponsors	227	3,074,497,049	57,921,418	33,677,596
Native Americans	23	22,011,798	57,386	262,474
Migrants	13	18,163,068	138,075	351,937
Job Corps	13	130,004,049	1,920,586	6,420,192
Older Workers	11	20,083,577	-	-
Strategic Planning and Policy Development	21	63,090,829	2,073,042	1,296,405
State Employment Security Agencies	20	1,852,337,516	1,132,146	4,052,257
Totals	<u>330</u>	<u>\$5,257,117,548</u>	<u>\$63,276,188</u>	<u>\$46,060,861</u>

SUMMARY OF AUDIT RESOLUTION ACTIVITY
October 1, 1984 to March 31, 1985

Agency/Program	October 1, 1984 Balance Unresolved Reports Dollars	1/	Issued (Increases) Reports Dollars	2/	Resolved 2/ (Decreases) Reports Allowed	Disallowed	March 31, 1985 Balance Unresolved Reports Dollars
Employment and Training Administration	2 \$ -	2	\$ 33,535	3	\$ -	-	1 \$ 33,535
Agency Administration	1 -	-	-	1	-	-	-
JTPA Grantees	92 19,329,475	227	91,599,014	249	19,644,199	32,598,924	70 62,954,530
CEFA Recipients:	30 5,541,831	23	319,860	42	762,090	4,837,869	11 316,024
Prime Sponsors	2 149,045	13	490,012	10	105	149,045	5 489,907
Native Americans	25 5,745,216	13	8,340,778	30	3,827,068	3,440,758	8 6,820,783
Migrants	2 153,288	11	-	13	110,387	42,901	-
Job Corps	20 1,199,989	21	3,369,447	26	492,371	2,324,088	15 1,759,364
Older Workers	29 1,825,571	20	5,184,403	28	1,583,468	765,835	21 4,660,671
Strategic Planning & Policy Development	-	-	-	4	-	-	1 -
State Employment	5 -	8	-	8	-	-	5 -
Security Agencies	1 -	10	893,727	6	-	-	5 893,727
Bureau of Labor Statistics	1 1,999	13	16,333	10	1,990	2,369	4 13,973
Employment Standards Administration	13 515,770	35	454,336	24	70,881	24,489	24 874,736
Hine Safety and Health Administration	-	1	-	1	-	-	-
Occupational Safety and Health Administration	1 -	-	-	1	-	-	-
Office of the Asst Secy for Admin and Mgmt	1 -	-	-	1	-	-	-
Solicitor's Office	1 -	-	-	1	-	-	-
Veterans' Employment and Training Services	1 -	-	-	1	-	-	-
Total 3/	224 \$ 34,462,184	402	\$ 110,701,445	456	\$ 26,492,559	\$ 44,186,278	170 \$ 78,817,250

1/ "Dollars" signifies both questioned costs (costs that are inadequately documented or that require the grant officer's interpretation regarding allowability) and costs recommended for disallowance (costs that are in violation of law or regulatory requirements).

2/ Audit resolution occurs when the program agency and the audit organization agree on action to be taken on reported findings and recommendations. Thus, this table does not include activity subsequent to the final determination such as the appeals process, the results of the program agency debt collection efforts, or revision of prior determinations which may result in the reduction of the amount reported as disallowed costs. The resolved dollars do not include \$22 million in restitutions made voluntarily to DOL.

3/ The differences between the beginning balances in this schedule and the ending balances in the schedule of the previous semiannual report result from adjustments required during the reporting period.

STATUS OF AUDIT RESOLUTION ACTIONS ON BEGINNING
BALANCE OF UNRESOLVED AUDITS

Agency/Program	October 1, 1984		Resolved		March 31, 1985	
	Balance Unresolved Reports	Dollars	(Decreases) Reports	Dollars	Balance Unresolved Over 6 Months 1/ Reports	Dollars
Employment and Training Administration						
Agency Administration	2	\$ -	2	\$ -	-	\$ -
JTPA Grantees	1	-	1	-	-	-
CETA Recipients:						
Prime Sponsors	92	19,329,475	81	17,685,944	11	1,643,531
Native Americans	30	5,541,831	30	5,541,831	-	-
Migrants	2	149,045	2	149,045	-	-
Job Corps	25	5,745,216	24	5,170,793	1	574,423
Older Workers	2	153,288	2	153,288	-	-
Strategic Planning & Policy Development	20	1,199,989	18	1,083,311	2	116,678
State Employment Security Agencies	29	1,825,571	22	1,825,007	7	564
Employment Standards Administration	5	-	5	-	-	-
Mine Safety & Health Administration	1	-	1	-	-	-
Occupational Safety & Health Administration	1	1,999	1	1,999	-	-
Office of the Asst Secy for Admin and Mgmt	13	515,770	6	85,418	7	430,352
Veterans' Employment and Training Services	1	-	1	-	-	-
Total	224	\$ 34,462,184	196	\$ 31,696,636	28	\$ 2,765,548

1/ The 28 unresolved audit reports were precluded from resolution. Details are on the following page.

UNRESOLVED AUDITS OVER 6 MONTHS
PRECLUDED FROM RESOLUTION

Agency	Program	Audit Report Number	Name of Audit/Auditee	No of Rec	Cost Exceptions
Under Investigation:¹					
ETA	SESA	09-2-503-03-325	GOVERNMENT OF GUAM	1	\$ 564
ETA	CETA	02-4-009-03-345	NEW HAVEN CSRT	2	-
ETA	CETA	02-4-010-03-345	PROVIDENCE, CITY OF	1	-
ETA	CETA	04-4-029-03-345	BIRMINGHAM CSRT	1	20,970
ETA	CETA	04-4-153-03-345	TENNESSEE BOS	1	441,342
ETA	CETA	05-1-152-03-345	MONTGOMERY PREBLE CSRT	2	172,818
ETA	CETA	05-1-156-03-345	ILLINOIS BOS	2	598,852
ETA	CETA	06-3-008-03-345	SOUTHEAST TEXAS EMP & TRNG	1	11,532
ETA	CETA	09-2-705-03-345	SAN DIEGO, CITY OF	1	100,696
ETA	CETA	09-3-068-03-345	LOS ANGELES, CITY OF	1	259,164
ETA	CETA	09-4-001-03-345	SANTA CRUZ CO	1	1,810
ETA	CETA	09-4-055-03-345	ALAMEDA CO	1	36,347
ETA	OSPPD	05-1-301-03-350	CSRT VENTURE CORP	5	75,013
ETA	OSPPD	11-2-084-03-350	MORGAN MGMT SYSTEMS INC	3	41,665
ETA	OJC	11-3-114-03-370	BRUNSWICK JOB CORPS CNTR	7	574,423
OASAM	OP	11-4-014-03-741	INTERSTATE COURT REPORTERS INC	7	430,352
Pending Indirect Cost Negotiation:²					
OASAM	OCD	05-3-065-07-742	DETROIT, CITY OF	11	-
OASAM	OCD	05-4-069-07-742	CLEVELAND CENTRAL SERVICE	11	-
OASAM	OCD	05-4-077-07-742	PINELLAS CO	9	-
OASAM	OCD	05-4-119-07-742	CLEVELAND, CITY OF	1	-
OASAM	OCD	05-4-227-07-742	FLORIDA ES	7	-
OASAM	OCD	05-4-228-07-742	PINELLAS CO	2	-
Awaiting Other Federal Agency Response:³					
ETA	UI	04-4-203-03-315	DEPT OF AGRICULTURE	1	-
ETA	UI	04-4-204-03-315	DEPT OF COMMERCE	1	-
ETA	UI	04-4-205-03-315	DEPT OF HEALTH AND HUMAN SERVICES	1	-
ETA	UI	04-4-206-03-315	DEPT OF INTERIOR	1	-
ETA	UI	04-4-207-03-315	TENNESSEE VALLEY AUTHORITY	1	-
ETA	UI	04-4-208-03-315	VETERANS ADMINISTRATION	1	-
TOTAL				84	\$ 2,765,548

¹ Sixteen audit reports are precluded from resolution pending the outcome of investigation or litigation (\$2,765,548).

² Six audit reports are unresolved pending the conclusion of indirect cost rate negotiations and, in accordance with OMB Circular A-50, are not subject to the 180-day time limit for resolution.

³ Six crossmatch audits of the UI program are unresolved pending other Federal agency receipt of declaration of overpayments from State Employment Security Agencies.

SUMMARY OF AUDIT REPORTS ISSUED
DURING THE CURRENT REPORTING PERIOD
OCTOBER 1, 1984 TO MARCH 31, 1985

DEPARTMENT OF LABOR

Employment and Training Administration

Agency Administration	2
CETA Recipients:	308
Prime Sponsors	227
Native Americans	23
Migrants	13
Job Corps	13
Older Workers	11
Strategic Planning and Policy Development	21
State Employment Security Agencies	20
Bureau of Labor Statistics	5
Employment Standards Administration	8
Mine Safety and Health Administration	10
Occupational Safety and Health Administration	13
Office of Assistant Secretary for Administration and Management	35
Solicitor's Office	<u>1</u>
Subtotal	402
OTHER FEDERAL AGENCIES	<u>6</u>
Total	<u>408</u>

LIST OF FINAL AUDIT REPORTS ISSUED
OCTOBER 1984 TO MARCH 1985

REGION ¹	AGENCY ²	PROGRAM ³	REPORT NUMBER	AUDIT NUMBER	DATE SENT TO PROGRAM AGENCY	NAME OF AUDIT/AUDITEE
02	ETA	CETA	02-3-001-03-345		10/01/84	AMERICAN LEGION-DEPT OF MAINE DISABLED VETERANS
02	ETA	CETA	02-3-400-03-345		11/01/84	JERSEY CITY NJ
02	ETA	CETA	02-3-402-03-345		10/31/84	ESSEX CO NJ
02	ETA	CETA	02-3-403-03-345		11/02/84	YONKERS NY
02	ETA	CETA	02-3-412-03-345		10/01/84	HUDSON CO CSRT
02	ETA	CETA	02-3-421-03-345		10/01/84	HUDSON CO
02	ETA	CETA	02-3-448-03-345		01/02/85	STAMFORD
02	ETA	CETA	02-4-005-03-345		10/01/84	JEFFERSON CO
02	ETA	CETA	02-4-006-03-345		10/01/84	HEMPSTEAD, TOWN OF
02	ETA	CETA	02-4-016-03-345		01/02/85	CONNECTICUT OFFICE OF POLICY MANAGEMENT
02	ETA	CETA	02-4-035-03-345		01/02/85	ORANGE CO
02	ETA	CETA	02-4-044-03-345		01/10/85	CHEEKTOWAGA-TONAWANDA CSRT
02	ETA	CETA	02-4-047-03-345		10/30/84	UNION CO
02	ETA	CETA	02-4-055-03-345		10/01/84	OSWEGO CO
02	ETA	CETA	02-4-056-03-345		10/01/84	OSWEGO CO
02	ETA	CETA	02-4-059-03-345		02/21/85	WATERBURY, CITY OF
02	ETA	CETA	02-4-068-03-345		01/02/85	PROVIDENCE, CITY OF
02	ETA	CETA	02-4-082-03-345		10/25/84	LOWELL, CITY OF
02	ETA	CETA	02-4-085-03-345		11/29/84	TRENTON, CITY OF
02	ETA	CETA	02-4-091-03-345		10/06/84	BERKSHIRE TRNG & EMP-CETA
02	ETA	CETA	02-4-104-03-345		01/02/85	WORCESTER, CITY OF
02	ETA	CETA	02-4-107-03-345		10/18/84	MASSACHUSETTS BOS

FOOTNOTES APPEAR ON PAGE 129.

REGION ¹	AGENCY ²	PROGRAM ³	REPORT NUMBER	AUDIT	DATE SENT TO PROGRAM AGENCY	NAME OF AUDIT/AUDITEE
02	ETA	CETA	02-4-110-03-345		03/01/85	SALEM, CITY OF
02	ETA	CETA	02-4-113-03-345		10/22/84	HAMPEN CO
02	ETA	CETA	02-4-117-03-345		12/12/84	NEIGHBORHOOD DEV & EMPLOYMENT BOSTON
02	ETA	CETA	02-4-118-03-345		10/01/84	ESSEX CO
02	ETA	CETA	02-4-119-03-345		10/01/84	NASSAU CO CSRT
02	ETA	CETA	02-4-120-03-345		10/01/84	NEW HAMPSHIRE BOS
02	ETA	CETA	02-4-121-03-345		10/23/84	NEW YORK, CITY OF
02	ETA	CETA	02-4-122-03-345		10/12/84	NEWARK, CITY OF
02	ETA	CETA	02-4-131-03-345		10/24/84	MASSACHUSETTS BOS
02	ETA	CETA	02-4-133-03-345		01/02/85	PROVIDENCE, CITY OF
02	ETA	CETA	02-4-134-03-345		10/15/84	NJ DEPT OF HUMAN SERVS-DIV MENTAL HEALTH/HOSP
02	ETA	CETA	02-4-135-03-345		10/15/84	NJ DEPT OF HUMAN SERVS-DIV MENTAL RETARD
02	ETA	CETA	02-4-138-03-345		10/03/84	ROCKLAND CO
02	ETA	CETA	02-4-144-03-345		11/07/84	VERMONT BOS
02	ETA	CETA	02-4-146-03-345		10/17/84	ROCKLAND CO
02	ETA	CETA	02-4-148-03-345		10/22/84	NEW JERSEY DEPT OF EDUCATION
02	ETA	CETA	02-4-149-03-345		10/22/84	MONMOUTH CO
02	ETA	CETA	02-4-152-03-345		10/02/84	JERSEY CITY CORPORATION FOR EMPLOYMENT & TRNG
02	ETA	CETA	02-4-154-03-345		10/01/84	BRIDGEPORT, CITY OF
02	ETA	CETA	02-4-156-03-345		03/25/85	NEW BEDFORD, CITY OF
02	ETA	CETA	02-4-165-03-345		11/26/84	CAMDEN CO
02	ETA	CETA	02-4-167-03-345		02/12/85	TRENTON, CITY OF
02	ETA	CETA	02-4-168-03-345		11/26/84	BUFFALO, CITY OF
02	ETA	CETA	02-5-027-03-345		01/21/85	SCHENECTADY CO
02	ETA	CETA	02-5-033-03-345		01/25/85	WATERBURY, CITY OF
02	ESA	ADMIN	02-5-020-04-001		12/31/84	INTEREST, PENALTIES, & ADMIN CHARGES ON RECVBLS
02	ESA	ADMIN	02-5-056-04-001		03/29/85	INTEREST ON RMO DEBTS

REGION ¹	AGENCY ²	PROGRAM ³	REPORT	AUDIT NUMBER	DATE SENT TO PROGRAM AGENCY	NAME OF AUDIT/AUDITEE
02	OASAM	ADMIN	02-3-405-07-001	03/11/85	EQUIPMENT LEASING POLICIES & PROCEDURES	
02	OASAM	OP	02-4-046-07-741	03/01/85	URBAN INSTITUTE	
02	OASAM	DMPS	02-4-150-07-750	03/25/85	EDUCATION TESTING SERV-INDIRECT COST	
02	OSHA	ADMIN	02-5-021-10-001	12/31/84	INTEREST, PENALTIES, & ADMIN CHARGES ON RECVBLS	
02	OSHA	OSHAG	02-3-435-10-101	12/18/84	OSHA COTACO INC	
02	OSHA	OSHAG	02-4-057-10-101	10/01/84	MASS OCCUPATIONAL SAFETY & HEALTH	
02	OSHA	OSHAG	02-4-065-10-101	10/01/84	AMERICAN PAPER INSTITUTE	
02	OSHA	OSHAG	02-4-164-10-101	10/01/84	MAINE LABOR GROUP ON HEALTH, IN	
03	ETA	SESA	03-5-003-03-325	11/15/84	DISTRICT OF COLUMBIA, DOES	
03	ETA	CETA	03-4-055-03-345	10/30/84	BALTIMORE CO	
03	ETA	CETA	03-4-056-03-345	10/09/84	ALLEGHENY CO	
03	ETA	CETA	03-4-057-03-345	10/09/84	DISTRICT OF COLUMBIA	
03	ETA	CETA	03-4-058-03-345	10/09/84	ERIE, CITY OF	
03	ETA	CETA	03-4-060-03-345	10/05/84	SCRANTON, CITY OF	
03	ETA	CETA	03-4-061-03-345	10/09/84	SOUTHEASTERN TIDewater AREA MANPOWER AUTH	
03	ETA	CETA	03-4-062-03-345	10/09/84	SOUTHERN ALLEGHENIES CSRT	
03	ETA	CETA	03-4-063-03-345	10/09/84	WEST VIRGINIA BOS	
03	ETA	CETA	03-5-004-03-345	11/15/84	DISTRICT OF COLUMBIA, DOES	
03	ETA	CETA	03-5-005-03-345	11/28/84	WILMINGTON, CITY OF	
03	ETA	CETA	03-5-013-03-345	03/07/85	LAWRENCE CO	
03	ETA	CETA	03-5-014-03-345	02/20/85	LAWRENCE CO	
03	ETA	CETA	03-5-015-03-345	02/12/85	ALEXANDRIA, CITY OF	

REGION ¹	AGENCY ²	PROGRAM ³	REPORT NUMBER	AUDIT NUMBER	DATE SENT TO PROGRAM AGENCY	NAME OF AUDIT/AUDITEE
03	ETA	CETA	03-5-016-03-345		02/19/85	FREDERICK CO
03	ETA	CETA	03-5-019-03-345		12/21/84	PORTSMOUTH, CITY OF
03	ETA	CETA	03-5-021-03-345		01/29/85	BEAVER CO TRNG & EMPLOYMENT AGENCY
03	ETA	CETA	03-5-022-03-345		01/08/85	DISTRICT OF COLUMBIA, DOES
03	ETA	CETA	03-5-024-03-345		03/14/85	MONTGOMERY CO
03	ETA	CETA	03-5-025-03-345		03/13/85	RICHMOND, CITY OF
03	ESA	DCMWC	03-4-905-04-433		03/18/85	EMPLOYEE INTEGRITY IN THE BLACK LUNG PROGRAM
03	MSHA	ADMIN	03-4-906-06-001		12/28/84	FOLLOWUP ON PRIOR AUDIT RECOMMENDATIONS
03	MSHA	MSHAG	03-4-072-06-601		03/12/85	VIRGINIA, COMMONWEALTH, DOL
03	MSHA	MSHAG	03-4-073-06-601		03/26/85	WEST VIRGINIA, DEPT OF MINES
03	MSHA	MSHAG	03-4-078-06-601		03/06/85	ARKANSAS, DOL
03	MSHA	MSHAG	03-4-079-06-601		01/18/85	ARIZONA, MINE INSPECTION
03	MSHA	MSHAG	03-4-080-06-601		12/13/84	NEVADA, DEPT OF INDUSTRIAL RELATIONS
03	MSHA	MSHAG	03-4-083-06-601		02/14/85	NEW YORK, STATE OF
03	MSHA	MSHAG	03-5-002-06-601		12/05/84	PREAWARD AUDIT WESTINGHOUSE PROPOSAL
03	OASAM	COMP	03-4-088-07-710		10/26/84	FISCAL CONTROLS OVER TRAVEL AGENT BILLING
03	OASAM	DPM	03-4-071-07-760		12/12/84	DOL SUMMER EMPLOYMENT PROGRAM REVIEW
03	SOL	ADMIN	03-5-900-08-001		01/15/85	PROCUREMENT LEGAL SUFFICIENCY REVIEW POLICY
04	ETA	ADMIN	04-5-005-03-001		10/18/84	KENTUCKY CABINET OF HUMAN RESOURCES (SESA FUNDS)
04	ETA	UIS	04-5-021-03-315		02/25/85	MISSISSIPPI FEDERAL SHARE OF UC

REGION ¹	AGENCY ²	PROGRAM ³	AUDIT REPORT NUMBER	DATE SENT TO PROGRAM AGENCY	NAME OF AUDIT/AUDITEE
04	ETA	SESA	04-4-034-03-325	03/22/85	GEORGIA EMPLOYMENT SECURITY AGENCY
04	ETA	SESA	04-4-035-03-325	03/05/85	SOUTH CAROLINA EMPLOYMENT SECURITY COMMISSION
04	ETA	SESA	04-4-036-03-325	02/20/85	ALABAMA DEPT OF INDUSTRIAL RELATIONS
04	ETA	CETA	04-4-137-03-345	10/18/84	NORTH CAROLINA BOS
04	ETA	CETA	04-5-001-03-345	10/25/84	WAKE CO
04	ETA	CETA	04-5-002-03-345	10/29/84	BIRMINGHAM, CITY OF
04	ETA	CETA	04-5-003-03-345	01/02/85	GREENVILLE, CITY OF
04	ETA	CETA	04-5-004-03-345	10/18/84	ATLANTA, CITY OF
04	ETA	CETA	04-5-007-03-345	10/18/84	CHATHAM CO
04	ETA	CETA	04-5-008-03-345	01/02/85	JEFFERSON CO COMMISSION
04	ETA	CETA	04-5-010-03-345	12/03/84	ALABAMA DEPT OF ECONOMIC & COMMUNITY AFFAIRS
04	ETA	CETA	04-5-017-03-345	01/16/85	GASTON CO
04	ETA	CETA	04-5-018-03-345	11/29/84	SPARTANBURG CO
04	ETA	CETA	04-5-019-03-345	11/28/84	GREENSBORO, CITY OF
04	ETA	CETA	04-5-020-03-345	11/29/84	NORTH CAROLINA DEPT OF NTRL RESOURCES & COMM DEV
04	ETA	CETA	04-5-023-03-345	12/04/84	TENNESSEE BOS
04	ETA	CETA	04-5-024-03-345	11/30/84	ALAMANCE CO
04	ETA	CETA	04-5-030-03-345	01/25/85	RALEIGH, CITY OF
04	ETA	CETA	04-5-032-03-345	02/06/85	GASTON CO
04	ETA	CETA	04-5-034-03-345	02/13/85	JEFFERSON CO
04	ETA	CETA	04-5-035-03-345	02/20/85	SULLIVAN CO
04	ETA	CETA	04-5-038-03-345	03/05/85	HILLSBOROUGH CO
04	ETA	CETA	04-5-039-03-345	02/26/85	CUMBERLAND
04	ETA	CETA	04-5-040-03-345	03/13/85	WAKE CO
04	ETA	CETA	04-5-041-03-345	03/18/85	LEXINGTON-FAYETTE URBAN CO GOVERNMENT
04	ETA	CETA	04-5-042-03-345	03/19/85	CHARLESTON CO
04	ETA	CETA	04-5-043-03-345	03/22/85	MONTGOMERY, CITY OF

REGION ¹	AGENCY ²	PROGRAM ³	REPORT NUMBER	AUDIT NUMBER	DATE SENT TO PROGRAM AGENCY	NAME OF AUDIT/AUDITEE
04	OSHA	OSHAG	04-5-037-10-101		03/07/85	TENNESSEE DEPT OF LABOR
04	BLS	BLSG	04-5-036-11-111		03/07/85	TENNESSEE DEPT OF LABOR
05	ETA	SESA	05-2-061-03-325		01/29/85	INDIANA EMPLOYMENT SECURITY DIVISION
05	ETA	SESA	05-3-003-03-325		01/29/85	INDIANA EMPLOYMENT SECURITY DIVISION
05	ETA	SESA	05-3-117-03-325		11/05/84	ILLINOIS BUREAU OF EMPLOYMENT SECURITY
05	ETA	SESA	05-3-143-03-325		11/13/84	ILLINOIS BUREAU OF EMPLOYMENT SECURITY
05	ETA	SESA	05-3-199-03-325		11/26/84	MINNESOTA
05	ETA	CETA	05-1-091-03-345		11/29/84	INDIANA OFFICE OF OCCUPATIONAL DEVELOPMENT
05	ETA	CETA	05-2-026-03-345		10/15/84	SOUTHWESTERN INDIANA MANPOWER CSRT
05	ETA	CETA	05-3-067-03-345		02/12/85	LAKE CO INDIANA BOARD OF COMMISSIONERS
05	ETA	CETA	05-3-090-03-345		01/09/85	MADISON, CITY OF
05	ETA	CETA	05-3-091-03-345		02/11/85	DETROIT, CITY OF, E&T
05	ETA	CETA	05-3-093-03-345		10/15/84	OAKLAND CO
05	ETA	CETA	05-3-105-03-345		11/08/84	DUPAGE CO
05	ETA	CETA	05-3-106-03-345		11/05/84	WAYNE CO
05	ETA	CETA	05-3-132-03-345		01/24/85	PEORIA CSRT
05	ETA	CETA	05-3-136-03-345		11/09/84	TAZEWELL CO
05	ETA	CETA	05-3-162-03-345		12/06/84	SOUTHWESTERN INDIANA MANPOWER CSRT
05	ETA	CETA	05-3-185-03-345		11/16/84	FRANKLIN CO
05	ETA	CETA	05-3-215-03-345		10/22/84	ILLINOIS DEPT OF COMMUNITY AFFAIRS
05	ETA	CETA	05-3-237-03-345		11/05/84	HAMMOND, CITY OF
05	ETA	CETA	05-3-238-03-345		03/15/85	LAPORTE CO COMMISSIONERS
05	ETA	CETA	05-4-016-03-345		10/15/84	ROCKFORD CSRT
05	ETA	CETA	05-4-039-03-345		10/25/84	VIGO CO PRIVATE INDUSTRY CNCL
05	ETA	CETA	05-4-044-03-345		11/07/84	TOLEDO AREA CSRT

REGION ¹	AGENCY ²	PROGRAM ³	REPORT	AUDIT NUMBER	DATE SENT TO PROGRAM AGENCY	NAME OF AUDIT/AUDITEE
05	ETA	CETA	05-4-049-03-345		02/13/85	DELAWARE BLACKFORD EMPLOYMENT & TRNG CENTER
05	ETA	CETA	05-4-061-03-345		10/09/84	SHAWNEE CSRT
05	ETA	CETA	05-4-067-03-345		01/18/85	DETROIT, CITY OF, LIMITED SCOPE INDIRECT COST
05	ETA	CETA	05-4-086-03-345		02/19/85	OHIO DEPT OF ADMINISTRATIVE SERVS
05	ETA	CETA	05-4-124-03-345		10/03/84	BUTLER CO
05	ETA	CETA	05-4-125-03-345		10/03/84	CHICAGO, CITY OF
05	ETA	CETA	05-4-126-03-345		10/03/84	CLEVELAND, CITY OF
05	ETA	CETA	05-4-127-03-345		10/02/84	DAYTON, CITY OF
05	ETA	CETA	05-4-128-03-345		12/27/84	DETROIT, CITY OF
05	ETA	CETA	05-4-129-03-345		10/01/84	DULUTH, CITY OF
05	ETA	CETA	05-4-130-03-345		10/02/84	INDIANAPOLIS, CITY OF
05	ETA	CETA	05-4-131-03-345		10/01/84	MINNEAPOLIS, CITY OF
05	ETA	CETA	05-4-132-03-345		10/01/84	OAKLAND ETD
05	ETA	CETA	05-4-133-03-345		10/02/84	SHAWNEE CSRT
05	ETA	CETA	05-4-134-03-345		10/03/84	ST CLAIR CO
05	ETA	CETA	05-4-135-03-345		10/01/84	ILLINOIS BOS
05	ETA	CETA	05-4-136-03-345		10/01/84	MICHIGAN BOS
05	ETA	CETA	05-4-137-03-345		12/14/84	WISCONSIN BOS
05	ETA	CETA	05-4-141-03-345		01/02/85	BUTLER CO
05	ETA	CETA	05-4-143-03-345		01/18/85	ASHTABULA CO
05	ETA	CETA	05-4-145-03-345		01/15/85	CANTON STARK WAYNE CSRT
05	ETA	CETA	05-4-147-03-345		01/24/85	ST PAUL, CITY OF, DIVISION OF MANPOWER PROGRAMS
05	ETA	CETA	05-4-150-03-345		01/16/85	CINCINNATI, CITY OF, EMPLOYMENT & TRNG
05	ETA	CETA	05-4-151-03-345		11/05/84	LIVINGSTON CO EMPLOYMENT & TRNG
05	ETA	CETA	05-4-152-03-345		12/06/84	MID COUNTIES EMPLOYMENT & TRNG
05	ETA	CETA	05-4-157-03-345		10/23/84	CLARK CO
05	ETA	CETA	05-4-161-03-345		11/09/84	KANE CO
05	ETA	CETA	05-4-162-03-345		12/19/84	MCHENRY CO EMPLOYMENT & TRNG

REGION ¹	AGENCY ²	PROGRAM ³	REPORT NUMBER	AUDIT NUMBER	DATE SENT TO PROGRAM AGENCY	NAME OF AUDIT/AUDITEE
05	ETA	CETA	05-4-163-03-345		01/09/85	MACOMB CO
05	ETA	CETA	05-4-165-03-345		01/24/85	MONTGOMERY PREBLE CSRT
05	ETA	CETA	05-4-167-03-345		10/15/84	PORTAGE CO COMMISSIONERS ETA
05	ETA	CETA	05-4-168-03-345		11/16/84	REGION II EDUCATION & TRNG
05	ETA	CETA	05-4-172-03-345		10/15/84	NORTHWEST WISCONSIN CEP INC
05	ETA	CETA	05-4-180-03-345		02/12/85	INDIANAPOLIS, CITY OF
05	ETA	CETA	05-4-182-03-345		01/29/85	MADISON, CITY OF
05	ETA	CETA	05-4-188-03-345		03/11/85	MILWAUKEE CO
05	ETA	CETA	05-4-192-03-345		10/09/84	ROCK CO
05	ETA	CETA	05-4-193-03-345		11/09/84	WINNEFOND CSRT
05	ETA	CETA	05-4-198-03-345		02/28/85	MICHIGAN BOS
05	ETA	CETA	05-4-203-03-345		10/15/84	CENTRAL OHIO RURAL CSRT
05	ETA	CETA	05-4-206-03-345		10/22/84	LAKE CO EMPLOYMENT & TRNG
05	ETA	CETA	05-4-207-03-345		11/19/84	RICHLAND MORROW EMPLOYMENT & TRNG
05	ETA	CETA	05-4-214-03-345		01/18/85	WARREN, CITY OF
05	ETA	CETA	05-4-223-03-345		11/29/84	LIVONIA, CITY OF, EMPLOYMENT & TRNG
05	ETA	CETA	05-4-234-03-345		10/09/84	SHAWNEE CSRT
05	ETA	CETA	05-4-235-03-345		10/22/84	OHIO DEPT OF EDUCATION
05	ETA	CETA	05-5-004-03-345		12/03/84	DOWNRIVER COMMUNITY CONFERENCE
05	ETA	CETA	05-5-006-03-345		11/09/84	HAMMOND, CITY OF
05	ETA	CETA	05-5-008-03-345		12/07/84	GREATER EGYPT REGIONAL PLNG & DEV COMMISSION
05	ETA	CETA	05-5-019-03-345		12/14/84	KALAMAZOO CO
05	ETA	CETA	05-5-020-03-345		12/19/84	ST JOSEPH CO INDIANA
05	ETA	CETA	05-5-021-03-345		12/19/84	WISCONSIN BOARD OF VOC TECHN & ADULT EDUCATION
05	ETA	CETA	05-5-022-03-345		02/25/85	GRAND RAPIDS AREA EMPLOYMENT & TRNG CSRT
05	ETA	CETA	05-5-033-03-345		01/31/85	OAKLAND CO MICHIGAN
05	ETA	CETA	05-5-036-03-345		01/30/85	ELKHART CO
05	ETA	CETA	05-5-042-03-345		02/28/85	WARSAW, CITY OF

REGION ¹	AGENCY ²	PROGRAM ³	REPORT	AUDIT NUMBER	DATE SENT TO PROGRAM AGENCY	NAME OF AUDIT/AUDITEE
05	ESA	FECA	05-3-032-04-431		11/02/84	FECA/TVA COMPUTER CROSSMATCH
05	OASAM	DPGM	05-4-084-07-740		01/15/85	PROCUREMENT BUDGETING ISSUE PAPER
05	OASAM	OCD	05-4-076-07-742		01/08/85	SACRAMENTO CENTRAL SERV COST ALLOCATION PLAN
05	OASAM	OCD	05-4-092-07-742		03/15/85	SINGER CO CAREER DEV DIV INDIRECT COST
05	OASAM	OCD	05-4-097-07-742		10/22/84	SCRANTON, CITY OF, INDIRECT COST RATE
05	OASAM	OCD	05-4-099-07-742		01/08/85	RURAL MISSOURI, INC INDIRECT COST RATE
05	OASAM	OCD	05-4-104-07-742		10/22/84	LONG BEACH CENTRAL SERV COST ALLOCATION PLAN
05	OASAM	OCD	05-4-107-07-742		10/22/84	UTAH INDUSTRIAL COMMISSION INDIRECT COST RATE
05	OASAM	OCD	05-4-111-07-742		10/22/84	CORPUS CHRISTI CENTRAL SERV COST ALLOCATION PLAN
05	OASAM	OCD	05-4-112-07-742		10/22/84	ST LOUIS URBAN LEAGUE INDIRECT COST RATE
05	OASAM	OCD	05-4-115-07-742		10/22/84	GENESEE CO CENTRAL SERV COST ALLOCATION PLAN
05	OASAM	OCD	05-4-116-07-742		01/15/85	BATON ROUGE CENTRAL SERV COST ALLOCATION PLAN
05	OASAM	OCD	05-4-189-07-742		03/15/85	INDIRECT COST AUDIT OF MANAGEMENT TRNG CENTER
05	OSHA	OSHAG	05-3-114-10-101		03/13/85	INDIANA DIVISION OF LABOR
06	ETA	UIS	06-4-814-03-315		02/28/85	LOUISIANA FEDERAL SHARE OF UC
06	ETA	SESA	06-4-633-03-325		10/11/84	ARKANSAS EMPLOYMENT SECURITY DIVISION
06	ETA	SESA	06-5-502-03-325		01/14/85	SOUTH DAKOTA DEPT OF LABOR
06	ETA	SESA	06-5-503-03-325		01/15/85	KANSAS DEPT OF HUMAN RESOURCES
06	ETA	SESA	06-5-517-03-325		02/11/85	NORTH DAKOTA JOB SERV
06	ETA	WIN	06-4-632-03-335		10/11/84	ARKANSAS EMPLOYMENT SECURITY DIVISION
06	ETA	CETA	06-4-596-03-345		10/11/84	ADAMS CO PIT DIVISION

REGION ¹	AGENCY ²	PROGRAM ³	REPORT	AUDIT NUMBER	DATE SENT TO PROGRAM AGENCY	NAME OF AUDIT/AUDITEE
06	ETA	CETA	06-4-597-03-345		10/01/84	ALBUQUERQUE, CITY OF
06	ETA	CETA	06-4-598-03-345		10/09/84	CAMERON CO
06	ETA	CETA	06-4-599-03-345		10/11/84	DALLAS, CITY OF
06	ETA	CETA	06-4-600-03-345		10/11/84	EL PASO PIC INC
06	ETA	CETA	06-4-601-03-345		10/02/84	HOUSTON, CITY OF
06	ETA	CETA	06-4-602-03-345		10/09/84	KANSAS CITY, KANSAS/WYANDOTTE
06	ETA	CETA	06-4-603-03-345		10/11/84	NEW ORLEANS, CITY OF
06	ETA	CETA	06-4-604-03-345		10/11/84	ST LOUIS CO
06	ETA	CETA	06-4-606-03-345		11/21/84	COLORADO BOS
06	ETA	CETA	06-4-607-03-345		10/11/84	NEW MEXICO BOS
06	ETA	CETA	06-4-608-03-345		10/09/84	MISSOURI BOS
06	ETA	CETA	06-4-626-03-345		11/21/84	COLORADO BOS MANAGEMENT LETTER
06	ETA	CETA	06-4-629-03-345		11/21/84	COLORADO GOVERNORS JOB TRNG OFFICE
06	ETA	CETA	06-4-637-03-345		10/19/84	ST LOUIS CO-FEDERALLY ASSISTED PROGRAMS
06	ETA	CETA	06-4-638-03-345		10/23/84	PANHANDLE REGIONAL PLANNING COMMISSION
06	ETA	CETA	06-4-639-03-345		11/29/84	TARRANT CO
06	ETA	CETA	06-4-640-03-345		10/26/84	JEFFERSON CO
06	ETA	CETA	06-4-641-03-345		10/22/84	CENTRAL TEXAS MANPOWER CSRT
06	ETA	CETA	06-5-500-03-345		11/21/84	TEXAS EDUCATION AGENCY
06	ETA	CETA	06-5-501-03-345		02/12/85	COLORADO OFFICE OF RURAL JOB TRNG
06	ETA	CETA	06-5-504-03-345		01/16/85	OMAHA, CITY OF
06	ETA	CETA	06-5-505-03-345		01/10/85	SHREVEPORT, CITY OF
06	ETA	CETA	06-5-506-03-345		01/23/85	IOWA OFFICE OF PLANNING & PROGRAMING
06	ETA	CETA	06-5-507-03-345		01/05/85	COLORADO SPRINGS INDSTR L TRNG & HUMAN RESORC ADM
06	ETA	CETA	06-5-509-03-345		01/17/85	WICHITA, CITY OF
06	ETA	CETA	06-5-513-03-345		01/17/85	INDEPENDENCE, CITY OF
06	ETA	CETA	06-5-514-03-345		02/11/85	WELD CO
06	ETA	CETA	06-5-515-03-345		01/18/85	HARRIS CO

REGION ¹	AGENCY ²	PROGRAM ³	AUDIT REPORT NUMBER	DATE SENT TO PROGRAM AGENCY	NAME OF AUDIT/AUDITEE
06	ETA	CETA	06-5-516-03-345	02/11/85	TEXAS EDUCATION AGENCY
06	ETA	CETA	06-5-518-03-345	01/18/85	SPRINGFIELD, CITY OF
06	ETA	CETA	06-5-519-03-345	01/18/85	DAVIS CO
06	ETA	CETA	06-5-520-03-345	02/13/85	DALLAS, CITY OF
06	ETA	CETA	06-5-522-03-345	02/27/85	TULSA, CITY OF
06	ETA	CETA	06-5-524-03-345	03/01/85	FORT WORTH, CITY OF
06	ETA	CETA	06-5-534-03-345	03/14/85	WEST CENTRAL TEXAS CNCL OF GOVERNMENTS
06	ESA	FECA	06-4-611-04-431	10/02/84	TEXAS REHABILITATION COMMISSION
06	ESA	DLHWC	06-4-612-04-432	10/02/84	TEXAS REHABILITATION COMMISSION-LONG SHORE
06	MSHA	MSHAG	06-5-523-06-601	02/20/85	NEW MEXICO ENERGY & MINERAL DEPT
06	MSHA	MSHAG	06-5-535-06-601	03/20/85	COLORADO DEPT OF NATURAL RESOURCES
06	OSHA	OSHAG	06-4-609-10-101	10/02/84	BLDG-CONST TRADES CNCL CENTRAL/WESTERN KANSAS
06	OSHA	OSHAG	06-5-510-10-101	03/11/85	NEW MEXICO HEALTH & ENVIRONMENT
06	OSHA	OSHAG	06-5-511-10-101	01/17/85	IOWA BUREAU OF LABOR
06	OSHA	OSHAG	06-5-526-10-101	01/15/85	KANSAS DEPT OF HUMAN RESOURCES
06	BLS	BLSG	06-4-634-11-111	10/11/84	ARKANSAS EMPLOYMENT SECURITY DIVISION
06	BLS	BLSG	06-5-508-11-111	03/11/85	NEW MEXICO HEALTH & ENVIRONMENT
06	BLS	BLSG	06-5-512-11-111	01/17/85	IOWA BUREAU OF LABOR
09	ETA	SESA	09-3-757-03-325	11/02/84	WASHINGTON EMPLOYMENT SECURITY DEPT-ADMIN FUNDS
09	ETA	SESA	09-5-011-03-325	01/03/85	CALIFORNIA
09	ETA	SESA	09-5-503-03-325	02/20/85	IDAHO DEPT OF EMPLOYMENT SESA OPERATIONS
09	ETA	SESA	09-5-504-03-325	02/07/85	OREGON EMPLOYMENT DIV DEPT OF HUMAN RESOURCES

REGION ¹	AGENCY ²	PROGRAM ³	REPORT NUMBER	AUDIT NUMBER	DATE SENT TO PROGRAM AGENCY	NAME OF AUDIT/AUDITEE
09	ETA	CETA	09-3-765-03-345		01/09/85	LOS ANGELES, CITY OF
09	ETA	CETA	09-4-066-03-345		10/01/84	PHOENIX, CITY OF
09	ETA	CETA	09-4-071-03-345		12/31/84	OAKLAND, CITY OF, CASH BALANCE REVIEW
09	ETA	CETA	09-4-088-03-345		10/01/84	KERN CO
09	ETA	CETA	09-4-089-03-345		10/03/84	COMPTON, CITY OF
09	ETA	CETA	09-4-090-03-345		10/04/84	FRESNO CO
09	ETA	CETA	09-4-091-03-345		01/03/85	STANISLAUS CO
09	ETA	CETA	09-4-523-03-345		10/15/84	PORTLAND, CITY OF
09	ETA	CETA	09-4-525-03-345		10/01/84	MULTNOMAH-WASH E&T AGENCY
09	ETA	CETA	09-4-537-03-345		10/01/84	LANE CO DIVISION OF EMPLOYMENT & TRNG
09	ETA	CETA	09-5-010-03-345		12/28/84	MERCED CO
09	ETA	CETA	09-5-017-03-345		03/22/85	NORTHERN MARIANAS, COMMONWEALTH OF
09	ETA	CETA	09-5-500-03-345		12/17/84	ANCHORAGE, MUNICIPALITY OF
09	ETA	DFREP	09-5-014-03-365		01/09/85	NORTHWEST RURAL OPPORTUNITIES, INC
09	ETA	OJC	09-5-252-03-370		03/29/85	ELIBIBILITY DETERMINATION PROCESS
09	ETA	CT/EUW	09-4-058-03-391		12/05/84	CALIFORNIA EDD
09	OSHA	OSHAG	09-4-054-10-101		10/01/84	LONGSHORE & WAREHOUSE UNION
11	ETA	ADMIN	11-5-126-03-001		03/22/85	ABT ASSOCIATES, INC CONTRACT SETTLEMENT AUDIT
11	ETA	CETA	11-4-085-03-345		01/17/85	INTL UNION TILE MARBLE TERRAZZO FNSHRS & SHPMN
11	ETA	CETA	11-4-088-03-345		01/21/85	ENTERPRISES FOR NEW DIRECTIONS, INC
11	ETA	CETA	11-4-096-03-345		03/20/85	INTL UNION AUTO AERO AGRI IMP WRK
11	ETA	CETA	11-4-097-03-345		12/05/84	INTL UNION AUTO AERO AGRI IMP WRK APD

REGION ¹	AGENCY ²	PROGRAM ³	REPORT	AUDIT NUMBER	DATE SENT TO PROGRAM AGENCY	NAME OF AUDIT/AUDITEE
11	ETA	CETA	11-4-100-03-345		11/19/84	GOODWILL INDUSTRIES OF AMERICA
11	ETA	CETA	11-5-003-03-345		11/16/84	CSR, INC
11	ETA	CETA	11-5-064-03-345		02/20/85	COLORADO BOS
11	ETA	CETA	11-5-075-03-345		03/22/85	BALTIMORE CO
11	ETA	CETA	11-5-077-03-345		03/22/85	SITKA COMMUNITY ASSOCIATION
11	ETA	CETA	11-5-088-03-345		03/22/85	COEUR D'ALENE TRIBE OF IDAHO
11	ETA	CETA	11-5-090-03-345		03/22/85	COLORADO OFFICE OF PLANNING & BUDGET
11	ETA	CETA	11-5-092-03-345		03/27/85	CHEYENE RIVER SIOUX TRIBE - 1982
11	ETA	CETA	11-5-094-03-345		03/27/85	SUSSEX CO
11	ETA	OSPPD	11-3-172-03-350		03/13/85	AMERICAN CAMPING ASSOCIATION, INC
11	ETA	OSPPD	11-3-415-03-350		01/17/85	INSTITUTE FOR ADVANCEMENT IN HUMAN SERVS
11	ETA	OSPPD	11-3-434-03-350		03/20/85	DOE OAK RIDGE ASSOCIATED UNIVERSITIES INC
11	ETA	OSPPD	11-3-552-03-350		02/27/85	ATHLETES FOR BETTER EDUCATION
11	ETA	OSPPD	11-3-553-03-350		11/19/84	A PHILIP RANDOLPH EDUCATION FUND
11	ETA	OSPPD	11-4-019-03-350		01/17/85	AMALGAMATED CLOTHING & TEXTILE WORKERS UNION
11	ETA	OSPPD	11-4-020-03-350		01/21/85	GIANT STEP, INC
11	ETA	OSPPD	11-4-021-03-350		03/20/85	GRAD SCH OF URBAN RESOURCES & SOCIAL POLICY, INC
11	ETA	OSPPD	11-4-060-03-350		02/15/85	CONSULT, LTD
11	ETA	OSPPD	11-4-126-03-350		11/19/84	INTERNATIONAL ASSOC FIRE FIGHTERS
11	ETA	OSPPD	11-4-131-03-350		02/08/85	APPARELL JOB TRG & RESEARCH
11	ETA	OSPPD	11-4-134-03-350		03/27/85	ASSOCIATED MINORITY CONTRACTORS OF AMERICA, INC
11	ETA	OSPPD	11-4-144-03-350		03/20/85	OIC OF AMERICA
11	ETA	OSPPD	11-4-146-03-350		01/21/85	RTP, INC
11	ETA	OSPPD	11-4-246-03-350		11/14/84	NATIONAL URBAN LEAGUE INC - NY CETA III & IV
11	ETA	OSPPD	11-4-247-03-350		10/09/84	CLARK, PHIPPS, CLARK & HARRIS, INC
11	ETA	OSPPD	11-4-385-03-350		10/09/84	OFIELD DUKES & ASSOCIATES INC
11	ETA	OSPPD	11-4-387-03-350		01/17/85	SOUTHERN RAILWAY SYSTEM

REGION ¹	AGENCY ²	PROGRAM ³	REPORT	AUDIT NUMBER	DATE SENT TO PROGRAM AGENCY	NAME OF AUDIT/AUDITEE
11	ETA	OSPPD	11-4-416-03-350		03/22/85	HUMAN RESOURCES DEV INSTITUTE
11	ETA	OSPPD	11-5-002-03-350		11/23/84	SRC TECHNOLOGIES CONTRACT TERMINATION
11	ETA	OSPPD	11-5-033-03-350		11/20/84	JOSEPH OSORO CONSULTANT ASSOCIATES
11	ETA	DINAP	11-3-002-03-355		03/22/85	DENA AKA CORP
11	ETA	DINAP	11-3-160-03-355		10/01/84	NEZ PERCE TRIBE OF IDAHO
11	ETA	DINAP	11-4-171-03-355		03/25/85	INDIAN CENTER SAN JOSE INC
11	ETA	DINAP	11-4-180-03-355		03/22/85	INDIAN DEV DISTRICT OF ARIZONA, INC
11	ETA	DINAP	11-4-195-03-355		03/25/85	UNITED URBAN INDIAN CNCL
11	ETA	DINAP	11-4-197-03-355		03/25/85	DALLAS INTER-TRIBAL CENTER
11	ETA	DINAP	11-4-227-03-355		12/12/84	NON-TRIBAL FY84 QUALITY CONTROL--SUMMARY REPORT
11	ETA	DINAP	11-4-349-03-355		03/27/85	CHEYENNE RIVER SIOUX TRIBE OF SOUTH DAKOTA
11	ETA	DINAP	11-5-073-03-355		03/22/85	TURTLE MOUNTAIN BAND OF CHIPPEWA INDIANS
11	ETA	DINAP	11-5-076-03-355		03/22/85	WOKSACK INDIAN TRIBE
11	ETA	DINAP	11-5-079-03-355		03/27/85	MUSCOGEE (CREEK) NATION OF OKLAHOMA
11	ETA	DINAP	11-5-081-03-355		03/22/85	HOPI TRIBE
11	ETA	DINAP	11-5-083-03-355		03/22/85	CHICKASAW NATION OF OKLAHOMA
11	ETA	DINAP	11-5-084-03-355		03/22/85	COLORADO RIVER INDIAN TRIBES
11	ETA	DINAP	11-5-085-03-355		03/22/85	SNOHOMISH INDIAN TRIBAL COMMUNITY
11	ETA	DINAP	11-5-086-03-355		03/22/85	CONFEDERATED TRIBES OF THE WARM SPRINGS
11	ETA	DINAP	11-5-087-03-355		03/22/85	STANDING ROCK SIOUX TRIBE OF NORTH DAKOTA
11	ETA	DINAP	11-5-091-03-355		03/22/85	JICARILLA APACHE TRIBE
11	ETA	DINAP	11-5-099-03-355		03/22/85	SANTEE SIOUX TRIBE OF NEBRASKA
11	ETA	DINAP	11-5-100-03-355		03/27/85	TAOS PUEBLO OF NEW MEXICO
11	ETA	DINAP	11-5-103-03-355		03/27/85	CHEROKEE NATION OF OKLAHOMA
11	ETA	DINAP	11-5-107-03-355		03/27/85	ROSEBUD SIOUX TRIBE OF SOUTH DAKOTA
11	ETA	DINAP	11-5-132-03-355		03/27/85	MICCOSUKEE CORP MICCOSUKEE TRIBE OF INDIANS

REGION ¹	AGENCY ²	PROGRAM ³	REPORT	AUDIT NUMBER	DATE SENT TO PROGRAM AGENCY	NAME OF AUDIT/AUDITEE
11	ETA	DOWP	11-3-463-03-360		12/10/84	SURVEY OF OLDER WORKERS PROGRAMS
11	ETA	DOWP	11-4-430-03-360		11/06/84	KENTUCKY CABINET OF HUMAN RESOURCES
11	ETA	DOWP	11-5-028-03-360		11/06/84	TEXAS DEPT ON AGING
11	ETA	DOWP	11-5-030-03-360		11/06/84	ILLINOIS DEPT ON AGING
11	ETA	DOWP	11-5-032-03-360		11/06/84	SOUTH CAROLINA COMMISSION ON AGING
11	ETA	DOWP	11-5-072-03-360		03/22/85	WICOMICO CO CNCL
11	ETA	DOWP	11-5-082-03-360		03/22/85	FAIRFAX CO
11	ETA	DOWP	11-5-115-03-360		03/22/85	MESA CO
11	ETA	DOWP	11-5-122-03-360		03/27/85	WICOMICO CO MARYLAND DOT
11	ETA	DOWP	11-5-123-03-360		03/22/85	TEXAS DEPT ON AGING
11	ETA	DOWP	11-5-125-03-360		03/27/85	JEFFERSON CO COMMISSION ALABAMA
11	ETA	DFREP	11-3-443-03-365		03/20/85	RURAL NEW YORK FARMWORKER OPPORTUNITIES INC
11	ETA	DFREP	11-4-040-03-365		02/15/85	SELF HELP ENTERPRISES
11	ETA	DFREP	11-4-045-03-365		12/31/84	FLORIDA NON PROFIT HOUSING INC
11	ETA	DFREP	11-4-046-03-365		12/24/84	HOMES IN PARTNERSHIP INC
11	ETA	DFREP	11-4-047-03-365		03/13/85	UNITED FRONT INC
11	ETA	DFREP	11-4-048-03-365		12/31/84	HOMES CASES INC
11	ETA	DFREP	11-4-049-03-365		12/24/84	LA RAZA UNIDA INC
11	ETA	DFREP	11-4-050-03-365		03/13/85	SOUTHERN MUTUAL HELP ASSOCIATION INC
11	ETA	DFREP	11-4-051-03-365		03/13/85	CNCLIO CAMPESINO DEL SURESTE
11	ETA	DFREP	11-4-052-03-365		12/31/84	IXTLAN HOUSING CORPORATION
11	ETA	DFREP	11-4-054-03-365		03/20/85	TRI CO RURAL HOUSING CORP
11	ETA	DFREP	11-4-320-03-365		03/22/85	NORTH DAKOTA RURAL DEV CORPORATION
11	ETA	OJC	11-3-177-03-370		10/01/84	BRAC TRNG PROGRAM
11	ETA	OJC	11-3-198-03-370		01/17/85	HUBERT H HUMPHREY JOB CORPS CTR, TALLEY ED SER
11	ETA	OJC	11-3-446-03-370		10/01/84	NEW JERSEY JOB CORPS CENTER

REGION ¹	AGENCY ²	PROGRAM ³	REPORT	AUDIT NUMBER	DATE SENT TO PROGRAM AGENCY	NAME OF AUDIT/AUDITEE
11	ETA	OJC	11-4-023-03-370		11/02/84	ENVIRONMENTAL MANAGEMENT CONSULTANTS, INC
11	ETA	OJC	11-4-024-03-370		11/13/84	ENVIRONMENTAL MANAGEMENT CONSULTANTS, INC
11	ETA	OJC	11-4-025-03-370		01/21/85	LEO A DALY COMPANY
11	ETA	OJC	11-4-026-03-370		10/11/84	FACE ASSOCIATES, INC
11	ETA	OJC	11-4-056-03-370		01/21/85	LEO A DALY COMPANY
11	ETA	OJC	11-4-338-03-370		11/02/84	AFL-CIO APPALACHIAN CNCL INC
11	ETA	OJC	11-4-340-03-370		11/02/84	AFL-CIO APPALACHIAN CNCL INC
11	ETA	OJC	11-4-379-03-370		12/14/84	JOB CORPS CENTERS HEALTH & WELFARE FUNDS
11	ETA	OJC	11-5-071-03-370		02/22/85	PREAWARD AUDIT TSI
11	ESA	DLHWC	11-4-063-04-430		03/29/85	SPECIAL FUNDS FINANCIAL STATEMENTS
11	OASAM	DPGM	11-4-423-07-740		10/01/84	BERKOWITS, LOGUE ASSOCIATES
11	OASAM	OP	11-4-055-07-741		11/05/84	JAMES M BRIDGES, CPA'S
11	OASAM	OP	11-4-105-07-741		03/20/85	MILTON REPORTING INC
11	OASAM	OP	11-4-106-07-741		03/27/85	JOE GIMELLI COURT REPORTING INC
11	OASAM	OP	11-4-353-07-741		11/27/84	RODRIGUEZ ROACH & ASSOCIATES
11	OASAM	OP	11-4-355-07-741		03/20/85	LUCAS TUCKER & COMPANY
11	OASAM	OP	11-4-356-07-741		02/13/85	T R MCCONNELL & COMPANY
11	OASAM	OP	11-4-359-07-741		11/27/84	ASHBY, ARMSTRONG & COMPANY
11	OASAM	OP	11-4-361-07-741		03/20/85	S H MALIS
11	OASAM	OP	11-4-362-07-741		11/27/84	STEWART BENJAMIN & BROWN
11	OASAM	OP	11-4-364-07-741		11/06/84	ROGERS BRIGMAN PETERSON & COMPANY
11	OASAM	OP	11-4-365-07-741		11/03/84	DEMILLER DENNY WORD & COMPANY
11	OASAM	OP	11-4-366-07-741		03/22/85	HAZLETT LEWIS & BIETER
11	OASAM	OP	11-4-368-07-741		03/22/85	MUSTACCHIA WALENSKY KAPLAN & COMPANY
11	OASAM	OP	11-4-375-07-741		02/13/85	CHARLES MCBRIDE

REGION ¹	AGENCY ²	PROGRAM ³	REPORT	AUDIT NUMBER	DATE SENT TO PROGRAM AGENCY	NAME OF AUDIT/AUDITEE
11	OASAM	OP	11-4-376-07-741		11/27/84	WELENKEN HIMMELFARB
11	OASAM	OP	11-4-391-07-741		03/22/85	ACE FEDERAL REPORTERS INC
11	OASAM	OP	11-5-120-07-741		03/22/85	INTERNATIONAL BUSINESS SERVS INC
11	OSHA	OSHAG	11-4-101-10-101		02/20/85	INTL UNION AUTO AERO AGRI INP WRK OF AMER
11	BLS	BLSG	11-5-110-11-111		03/27/85	MASSACHUSETTS DIVISION OF EMPLOYMENT SECURITY
16	ESA	FECA	16-5-002-04-431		03/20/85	SYSTEM MONITORING FOR FECA LEVEL II DEV
<u>OTHER FEDERAL AGENCIES</u>						
03	HUD	OT AGY	03-5-020-98-599		01/14/85	READING, CITY OF
04	HUD	OT AGY	04-4-102-98-599		10/25/84	JEFFERSON CO
04	HHS	OT AGY	04-5-009-98-599		10/31/84	METROPOLITAN DADE CO
05	DOE	OT AGY	05-4-029-98-599		10/15/84	MICHIGAN DOL BUREAU OF COMMUNITY SERVS
09	COMM	OT AGY	09-5-509-98-599		02/15/85	ALASKA GOV OFFICE & DEPT OF COMM & REGNL AFFAIRS
11	DOE	OT AGY	11-4-099-98-599		02/27/85	MARK BATTLE ASSOC INC

FOOTNOTES USED IN LIST
OF FINAL AUDIT REPORTS ISSUED

¹The Regions are:

02	New York
03	Philadelphia
04	Atlanta
05	Chicago
06	Dallas
09	San Francisco
11	Washington
16	Division of Advanced Audit Techniques

²The Agencies are:

BLS	Bureau of Labor Statistics
ESA	Employment Standards Administration
ETA	Employment and Training Administration
MSHA	Mine Safety and Health Administration
OASAM	Office of the Assistant Secretary for Administration and Management
OSHA	Occupational Safety and Health Administration
SOL	Office of the Solicitor
COMM	Department of Commerce
DOE	Department of Energy
HHS	Department of Health and Human Services
HUD	Department of Housing and Urban Development

³The types of programs audited are:

ADMIN	Agency administration
BLSG	Bureau of Labor Statistics Grantees
CETA	Comprehensive Employment and Training Act
COMP	Comptroller
CT/EUW	Multiprogram audits of CETA, SESA, UIS and WIN
DCMWC	Division of Coal Mine Workers' Compensation
DFREP	Division of Farm and Rural Employment Programs
DINAP	Division of Indian and Native American Programs
DLHWC	Division of Longshore and Harbor Workers' Compensation
DMPS	Directorate of Management Policy and Systems
DPGM	Directorate of Procurement and Grant Management
DPM	Directorate of Personnel Management
DOWP	Division of Older Worker Programs
FECA	Federal Employees' Compensation Act programs
MSHAG	Mine Safety and Health Administration grantees
OCD	Office of Cost Determination
OJC	Office of Job Corps
OP	Office of Procurement
OSHAG	Occupational Safety and Health Administration grantees

OSPPD Office of Strategic Planning and Policy
Development
OT AGY Agency other than DOL
SESA State Employment Security Agency
UIS Unemployment Insurance Service
WIN Office of Work Incentive programs

DEPARTMENT OF LABOR
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