



# HIGHLIGHTS

April 1 - September 30, 2008 Volume 60

## A Message from the Inspector General

This Highlights edition provides a summary of selected noteworthy activities, accomplishments, and concerns that the Office of Inspector General (OIG) is reporting in its *Semiannual Report to Congress* for the six-month period ending September 30, 2008.

Our audits made significant recommendations addressing vulnerabilities in the Department's programs and operations. We issued 90 audit reports and questioned \$4.3 million in costs. In addition, our investigations continue to combat labor racketeering in the workplace and fraud against the Department's programs, particularly the Foreign Labor Certification programs. During this reporting period, our investigative work resulted in 292 indictments, 348 convictions, and \$36.6 million in monetary accomplishments.

The OIG remains committed to promoting economy, effectiveness, and efficiency in the Department's programs and operations while also protecting their integrity. I would like to express my sincere gratitude to a professional and dedicated OIG staff for their contributions to assisting the Department in improving its programs and operations during the past six months.

Gordon S. Heddell, Inspector General

## Selected Statistics

Investigative monetary accomplishments.....	\$36.6 million
Questioned costs.....	\$4.3 million
Audit and other reports issued .....	90
Indictments.....	292
Convictions.....	348
Investigative cases opened.....	166
Investigative cases closed.....	257
Investigative cases referred for prosecution.....	143
Investigative cases referred for administrative/civil action.....	106
Debarments.....	20

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# High Growth Job Training Grants



The High Growth Job Training Initiative is a Presidential initiative established to help workers obtain the skills necessary for jobs in high-growth industries such as information technology and advanced manufacturing. The Department continues to face challenges in ensuring that discretionary grants are properly awarded and that grants are achieving their intended objectives.

Our audit of ten grants awarded under the high-growth initiative, conducted at the request of the Chairman of the Senate Appropriations Subcommittee on Labor, Health and Human Services, Education and Related Agencies, found significant weaknesses in how the Department managed these grants. We found that ETA did not determine whether grant products and strategies developed through these grants were useful before disseminating them. As a result, unproven strategies and products were disseminated. Disseminating these products and strategies without first assessing their effectiveness undermines the objectives of the high growth

initiative. The OIG believes that ETA can learn from the shortcomings we identified in the high-growth initiative that it can carry forward to improve its grant programs.

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## Foreign Labor Certification

OIG investigations continue to reveal that the Department's Foreign Labor Certification process is compromised by unscrupulous attorneys, labor brokers, employers, and others. In one case, a business owner was sentenced to 18 months incarceration for his role in a fraud scheme involving the submission of over 1,400 fraudulent labor certifications. He was one of nine defendants in this case which resulted in a total forfeiture of \$4.6 million. In another case, an individual who conspired with others to submit fraudulent labor certification applications and supporting documentation was sentenced to 33 months in prison and ordered to forfeit \$300,000.

We also conducted an audit of the Department's Program Electronic Review Management audit process which was intended to ensure that applications to the Foreign Labor Certification Program met eligibility requirements. We found that the Department may have certified fraudulent applications and ineligible applications after it discontinued certain types of audits in December 2005. Certifying labor applications for foreign workers who were not eligible for employment could negatively affect the U.S. workforce by reducing the number of jobs available for American workers.



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# Labor Racketeering

Labor racketeering continues to have a negative impact on American workers, employers, and the public through reduced wages and benefits, diminished competitive business opportunities, and increased costs for goods and services. The OIG has exclusive authority within the Department to conduct labor racketeering and organized crime investigations and is recognized nationally as experts in these investigations. The OIG's labor racketeering investigations continue to yield extraordinary results.



Between July and September 2008, 60 of the 62 previously-indicted Gambino Organized Crime Family members and associates pled guilty, and 36 were sentenced as a result of charges that include: racketeering conspiracy; embezzlement of union funds; and murder conspiracy. This New York investigation exposed the Gambino Organized Crime Family's strong hold over one of the largest construction markets in the nation. In another case, a member of the Genovese Organized Crime Family

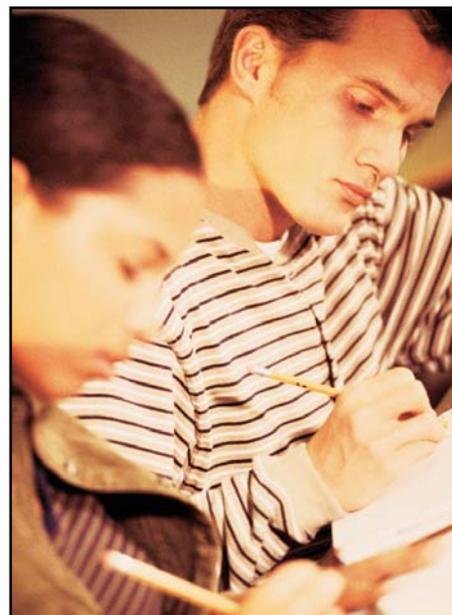
was sentenced to 57 months incarceration and ordered to pay \$255,000 in restitution, forfeiture, and fines. He pled guilty to RICO charges related to extortion and unlawful payments from bus company owners servicing New York City schools.

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## Job Corps

The primary purpose of the Job Corps, a national, primarily residential program is to assist at-risk young people to become employable and independent and place them in meaningful jobs or further education. Our audits continue to reveal that some Job Corps Center operators overstate their performance and, as a result, may receive performance-based financial incentives based on inaccurate performance data.

During this reporting period, our performance audits of seven Job Corps Centers operated by three different contractors/operators found inaccurate performance data had been reported for student attendance, vocational completion rates, and on-board strength. In addition, at a Center in New Haven, Connecticut, we found unsafe and unhealthy conditions including collapsing ceiling tiles, mold on student dormitory walls, and missing or inoperable emergency exit signs. We also found that Center officials did not correct these problems quickly after they were identified in safety inspections.



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# Information Technology Security

It is essential for the Department to ensure that its information technology (IT) systems, which contain vital information that is central to the Department's mission and effective administration of its programs, are secure. We found that the Department has not fully implemented minimum IT security controls required by the Federal Information Security Management Act. For example, we found vulnerabilities in access controls which allowed former Department employees access to departmental information systems. We also conducted an audit of the Department's publicly-accessible Web applications after the Department discovered that one of its information databases had been defaced by external hackers. Our audit disclosed that the Department was not effectively managing security over its Web applications and that the agencies we sampled did not ensure compliance with DOL policies and procedures. Finally, we conducted an audit of the IT contingency plans for four State Workforce Agencies. We found that three of the four agencies may not be able to recover the systems necessary to continue paying unemployment insurance benefits in the event of a natural disaster or other situation that disrupts normal operations.



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# Miner Safety and Health

The Department's Mine Safety and Health Administration (MSHA) is charged with administering programs to protect the safety and health of the nation's miners. The OIG's work has consistently revealed a pattern of weak oversight, inadequate policies, and lack of accountability by MSHA, which has been exacerbated by years of resource shortages. Congress has increased MSHA's funding and MSHA has hired hundreds of additional enforcement personnel, but it will take some time for these new resources to be fully functional.



During this reporting period, MSHA took significant steps to address our recommendations to improve its process for approving roof control plans, to strengthen its peer review process for mine safety inspections, and to revise procedures regarding its process for determining whether fatalities are mining related. The OIG believes

that MSHA's actions to implement our recommendations represent important progress toward protecting miners.