



HIGHLIGHTS

October 1, 2008 - March 31, 2009 Volume 61

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 March 31, 2009.

Our audits made significant recommendations addressing vulnerabilities in the Department's programs and operations. We issued 30 audit and other reports and questioned \$14.7 million in costs. In addition, our investigations continue to combat labor racketeering in the workplace and fraud against the Department's programs. During this reporting period, our investigative work resulted in 228 indictments, 238 convictions, and \$79.3 million in monetary accomplishments.

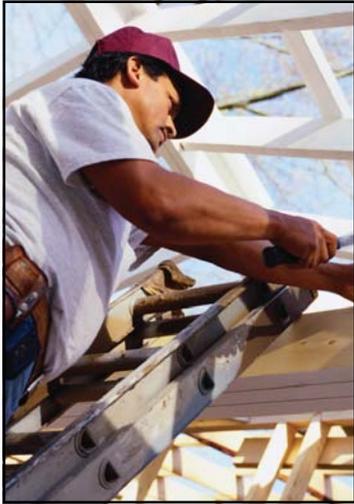
The OIG remains committed to promoting efficiency, effectiveness, and economy in the Department's programs and operations while protecting their integrity. I would like to express my sincere gratitude to the professional and dedicated OIG staff for their contributions in assisting the Department in improving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

Gordon S. Heddell, Inspector General

Selected Statistics

Investigative monetary accomplishments.....	\$79.3 million
Questioned costs.....	\$14.7 million
Audit and other reports issued	30
Indictments.....	228
Convictions.....	238
Investigative cases opened.....	206
Investigative cases closed.....	232
Investigative cases referred for prosecution.....	151
Investigative cases referred for administrative/civil action.....	80
Debarments.....	24

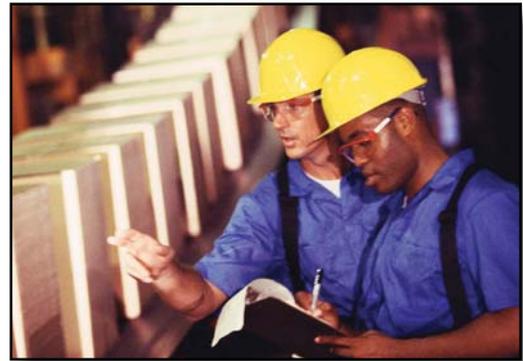
OSHA's Enhanced Enforcement Program



A core mission of the Department is to “promote the safety and health of America’s working men and women.” It is imperative for the Department to ensure that its Occupational Safety and Health Administration (OSHA) fulfills this critical mission.

We conducted an audit of OSHA’s Enhanced Enforcement Program (EEP) - a program designed to identify high-risk employers and subject their worksites to additional enforcement to prevent workplace injuries and fatalities. Our audit disclosed significant shortcomings in the program including failure to properly designate employers for the program, lack of follow-up inspections, and failure to inspect related worksites of employers cited for hazardous conditions.

We found that OSHA had not placed the appropriate management emphasis and resources on the EEP to ensure that employers were properly designated for the program and to conduct additional enforcement at those employers’ worksites. The audit concluded that full and proper application of EEP procedures may have deterred and abated workplace hazards at the worksites of 45 employers where 58 fatalities occurred. It is essential for OSHA to target its limited resources to inspect workplaces with the highest risk of hazardous conditions that may cause injuries or deaths.

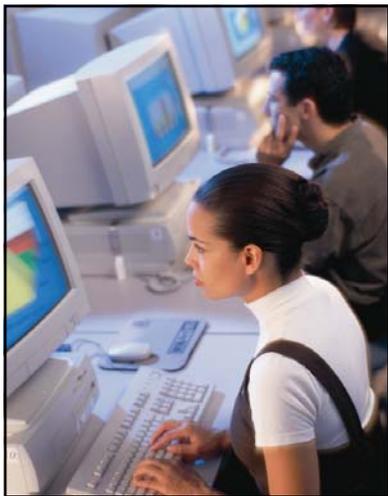


Procurement Integrity



It is essential for the Department to maintain integrity in its procurement activities to ensure that the government is receiving the best value and services. Our work continues to identify violations of Federal procurement regulations, preferential treatment in awards, and conflicts of interest in awards. During this reporting period, we found that OSHA violated procurement requirements in administering a Blanket Purchase Agreement when it could not demonstrate that it received any work products for nearly \$700,000 paid to a consultant and did not ensure that time invoiced reflected work that was performed.

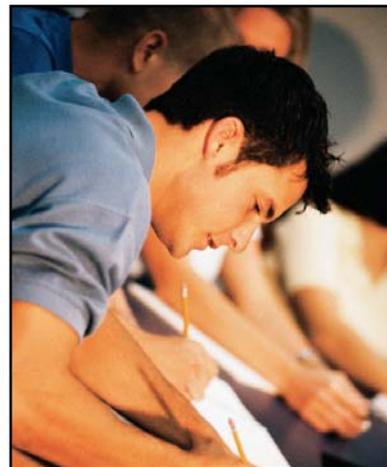
Job Corps



Job Corps is the nation's largest and most comprehensive residential education and job training program for at-risk youth, ages 16 through 24. It is essential for Job Corps to maintain a safe environment for students, and to provide skills and training to enable students to obtain meaningful employment or to pursue further education.

Our audits of two centers operated by a contractor, which operates 25 centers, revealed health and safety deficiencies at both centers. We also found that these centers reported inaccurate performance

results by overstating how many students were in the program, as well as how many students completed vocational training. These deficiencies occurred partly because the contractor did not accurately monitor conditions at the centers. It is critical for center operators to ensure that students are protected through timely identification and correction of unsafe and unhealthy conditions.



Foreign Labor Certification

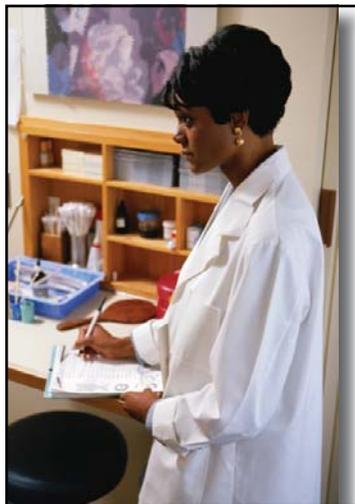
The Department's Foreign Labor Certification programs provide U.S. employers with access to foreign labor to meet worker shortages under terms and conditions that will not adversely affect U.S. workers. Our investigations continue to



document fraud against these programs by unscrupulous immigration brokers, dishonest attorneys and employers, organized crime groups, and others. Our investigative results during the past six months included indictments of 22 individuals who filed fraudulent labor documents, indictments of officials of two IT companies that illegally sponsored workers under the H-1B program, and a guilty plea by a paid recruiter to charges that he knowingly produced fraudulent employment documents.



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 the unique programmatic responsibility for investigating corruption in union-sponsored benefit plans, internal unions, and labor-management relationships. The OIG's labor racketeering investigations continue to yield extraordinary results.



For example, six defendants, who were associated with the American Institute of Allergy, pled guilty in October 2008 for their roles in a health care fraud scheme involving the submission of approximately \$5 million in fraudulent medical claims to more than 25 different union health and welfare funds and several insurance companies located in Illinois and Indiana.

Another OIG investigation resulted in the January 2009 sentencing of the former business manager of Local 825 of the International Union of Operating Engineers to 46 months in prison for embezzling from the union and taking bribes from contractors. He was also fined \$40,000 and ordered to pay \$247,655 in restitution to Local 825.

LOOKING FORWARD: Accountability in Recovery Act Spending

The Department received more than \$40 billion in new funding from the American Recovery and Reinvestment Act in the areas of employment and training, Job Corps, and unemployment benefits. Stringent oversight and accountability are essential to ensure that these funds are used as intended to spur economic growth.

The OIG has developed a three-phase plan for oversight of Recovery Act funds. The first phase will focus on the Department's plan to administer the funding; the second phase will address how the Department awards funds, and the final phase will assess performance to determine whether funding objectives have been met. The OIG's September 2009 *Semiannual Report to Congress* will present our initial findings.