

HIGHLIGHTS

April 1 – September 30, 2013 Volume 70

A Message from the Inspector General

After being confirmed by the United States Senate, I assumed the position of Inspector General for the U.S. Department of Labor (DOL) on November 4, 2013. I am honored to lead the Office of Inspector General (OIG) and to work to improve DOL programs and operations.

This Highlights edition provides a summary of selected activities, accomplishments, and concerns reported in the Semiannual Report to Congress for the six-month period ending September 30, 2013. During this reporting period, the OIG issued 30 audit and other reports that, among other things, recommended that \$440.4 million in funds be put to better use. The OIG also questioned approximately \$8.4 million in costs relating to DOL programs. The OIG's investigative work also yielded impressive results, with a total of 257 indictments, 293 convictions, and \$36.8 million in monetary accomplishments.

I look forward to working with the Department and Congress to ensure the effectiveness, efficiency, and integrity of DOL programs and operations, and to combat labor racketeering in all its forms.



Scott S. Dahl, Inspector General

Selected Statistics

Investigative monetary accomplishments	\$36.8 million
Investigative cases opened	248
Investigative cases closed	253
Investigative cases referred for prosecution	204
Investigative cases referred for administrative/civil action	106
Indictments	257
Convictions	293
Debarments	14
Audit and other reports issued	30
Total questioned costs	\$8.4 million
Funds recommended for better use*	\$440.4 million
Outstanding questioned costs resolved during this period	\$1.2 million

* See definition on page 4

The complete *Semiannual Report to Congress* can be viewed on the OIG's Web site: www.oig.dol.gov

Employment and Training Programs

Our audit oversight of Job Corps program operations continues to identify management lapses and insufficient monitoring on the part of the program.

- An audit into cost overruns in the Job Corps program found that ETA needed to strengthen its management oversight and internal controls over Job Corps funds and expenditures.
- An audit of Job Corps' national contracting showed that ETA needed to ensure that contracts are awarded based on the best value to the government and that all costs are reviewed and supported as required.

OIG audits have also identified issues in the Department's Workforce Investment Act (WIA) Adult, Dislocated Worker, Youth, and Native American programs, which are administered by the Employment and Training Administration. Examples of our work include the following:

- An audit of the Northwest Pennsylvania Workforce Investment Board's WIA Title 1B programs found that it needed to ensure that staff documented the services provided to participants and that it should attempt to develop strategies to increase the number of participants who obtain training-related employment.
- An audit found that the Navajo Nation did not adequately manage \$16.5 million in WIA grant funds and could have served more participants with available unspent funds.

Worker Safety, Health, and Workplace Rights

OIG audits continue to identify weaknesses in DOL programs involving Worker Safety, Health, and Workplace Rights. Examples of our work during this reporting period include the following:

Mine Safety and Health Administration (MSHA)

- An audit found that MSHA's lack of management oversight of mine rescue contests resulted in MSHA spending excessive, unnecessary and potentially unallowable funds, and exposed the agency to significant legal and financial liabilities.
- The former president of Massey Energy Company's Green Valley Resource Group was sentenced in West Virginia to 42 months of incarceration for his role in conspiring to impede MSHA inspections and to violate mine safety and health laws.

Occupational Safety and Health Administration (OSHA)

- A Louisiana woman was sentenced to 57 months in prison for creating false identification documents and impersonating a federal Occupational Safety and Health Administration trainer in the wake of the Deepwater Horizon oil spill.

Worker and Retiree Benefit Programs

During this reporting period, we conducted several audits and dozens of investigations involving worker benefit programs, including the Department's Federal Employees' Compensation Act (FECA) benefit program and the Unemployment Insurance (UI) program. Highlights of our work in these areas include the following:

Employee Benefit Plans

- An audit determined that the Employee Benefits Security Administration needed to provide additional guidance and oversight to ensure plan administrators properly identify and value hard-to-value alternative investments estimated to total as much as \$1 trillion.

Unemployment Insurance Programs

- A New Jersey man was sentenced to 27 months in prison and ordered to pay restitution of more than \$1.6 million for his role in a UI fraud scheme. He fraudulently submitted UI benefits on behalf of more than 233 individuals who then paid him for a portion of each UI check received.

FECA Program

- A medical biller in New York was sentenced to 12 months in prison and ordered to pay a fine of more than \$1.88 million, reimburse the United States \$1 million, and pay OWCP restitution in the amount of \$120,000, for her role in a scheme to commit health care fraud. She fraudulently billed DOL for unnecessary medical evaluations and services not rendered.
- A former U.S. Postal Service letter carrier in Texas was sentenced to 24 months in prison and ordered to pay more than \$171,000 in restitution for fraudulently claiming expenses for medical appointments she did not attend.

Labor Racketeering

The OIG has statutory authority to investigate labor racketeering activities involving labor unions, employee benefit plans, and labor-management relations. During this reporting period, we conducted 55 labor racketeering investigations that yielded significant results. Examples include the following:

- The founder and former president of the National Association of Special Police and Security Officers in Washington, D.C., was sentenced to 76 months in prison and ordered to pay restitution of more than \$252,000 for stealing funds from the union's pension plan.
- A former business manager for the Yuba City Plumbers Union in California and his wife were sentenced to 3 months in prison and ordered to cumulatively pay \$120,000 in restitution for embezzling labor union funds.
- An Ohio businessman was sentenced to 97 months in federal prison and ordered to pay over \$136,000 in restitution and to forfeit \$900,000 for his role in schemes to bribe multiple Ohio county officials to obtain financing for several government-funded projects.

Legislative Recommendations

The OIG continues to believe that the following legislative actions are necessary to increase the efficiency and integrity of Departmental programs and functions.

- Allow DOL access to wage records to reduce overpayments in employee benefit programs, including UI, FECA, and Disaster Unemployment Assistance.
- Amend pension protection laws by (a) expanding the authority of EBSA to require correcting substandard benefit plan audits; (b) requiring direct reporting of ERISA violations to DOL; and (c) strengthening criminal penalties in Title 18 of the US Code.
- Repeal ERISA's limited-scope audit exemption, which prevents independent public accountants who audit pension plans from rendering an opinion on the plans' financial statements.
- Provide DOL with the authority to ensure the integrity of the foreign labor certification process, including the ability to verify the accuracy of information provided on labor condition applications.
- Improve the integrity of the FECA program by reassessing the benefit rate structure and determining an appropriate benefit for those beneficiaries who remain on the FECA rolls into retirement, and granting authority to DOL to directly access Social Security Administration records.
- Clarify MSHA's authority to issue verbal mine closure orders.

OIG Hotline

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

Phone: 202.693.6999 or 800.347.3756

Fax: 202.693.7020

Email: hotline@oig.dol.gov

* The term "recommendation that funds be put to better use" means a recommendation by the OIG that funds could be used more efficiently or achieve greater program effectiveness if management took actions to implement and complete the recommendation. This term is defined by the Inspector General Act and includes, among other things: reductions in future outlays; deobligation of funds from programs or operations; costs not incurred in the future by implementing recommended improvements related to the operations of the establishment, a contractor, or grantee; and any other savings specifically identified, including reverting funds to the U.S. Treasury to be used for other purposes.