



Semiannual Report to Congress

Office of Inspector General for the U.S. Department of Labor



A Message from the Inspector General

I am pleased to submit to Congress and the Department this *Semiannual Report*, which highlights the most significant activities and accomplishments of the U.S. Department of Labor (DOL), Office of Inspector General (OIG) for the six-month period ending March 31, 2017. Our audits and investigations continue to assess the effectiveness, efficiency, economy, and integrity of DOL's programs and operations. We also continue to investigate the influence of labor racketeering and organized crime in internal union affairs, employee benefits plans, and labor-management relations, and have partnered with other law enforcement agencies on human trafficking matters.

During this reporting period, the OIG issued 11 audit and other reports that, among other things, identified \$26 million in monetary impact. Among our many significant findings, we reported the following:

- For the period January 1, 2014, to June 30, 2015, 11 of the 12 Job Corps centers reviewed did not contact law enforcement for 42 percent of potentially serious criminal misconduct incidents. At all 12 centers, we identified significant incidents that had not been reported to Job Corps. We also observed physical security weaknesses, such as inoperable closed-circuit television cameras and damaged or no fencing along center perimeters. Finally, Job Corps required pre-employment background checks for only a few center positions.
- The Mine Safety and Health Administration's oversight of emergency response plans was insufficient in that all the plans we reviewed contained inaccuracies or omissions, placing miners at unnecessarily increased risk during an emergency.
- The Occupational Safety and Health Administration did not ensure employers took adequate and timely actions to correct hazards identified during inspections for an estimated 16 percent of the citations the agency issued in FY 2015.
- The Employee Benefits Security Administration did not have the ability to protect the estimated 79 million plan participants in self-insured health plans from improper denials of health claims, due to a lack of knowledge of claim denials in the plans under its oversight.

During this reporting period the OIG's investigative work yielded impressive results, with a total of 45 indictments, 116 convictions, and more than \$41 million in monetary accomplishments. Highlights of our work include the following:

- Executives of a physical therapy company in Texas were convicted of health care fraud, and other charges, for their roles in a scheme to bill DOL's Office of Workers' Compensation Programs more than \$9.5 million for services that were not provided.
- The chief executive officer of a Maryland contracting company was sentenced to 68 months in prison for stealing \$1.7 million from Local 657 of the Laborers' International Union of North America.
- A union business agent was sentenced to 41 months in prison and ordered to pay more than \$1 million in restitution to International Longshoremen's Association Local 970 for unlawfully withdrawing dues payments and new member initiation fees.
- A New Jersey woman was sentenced to 84 months in prison for collecting more than \$300,000 in unemployment insurance from the New Jersey Department of Labor and Workforce Development for filing false applications.

These are some of the examples of the exceptional work done by our dedicated OIG staff. I would like to express my gratitude to them for their significant achievements during this reporting period. We continue to work on many important audits. For more details, I invite you to review our audit work plan for Fiscal Year 2017, which can be found in the appendix of this report. I look forward to continuing to work constructively with the Department and the Congress on our shared goals of identifying improvements to DOL programs and operations, and protecting the interests and benefits of workers and retirees.



Scott S. Dahl
Inspector General

OIG FY 2015–2019 Strategic Plan

OIG Mission

We serve the American workforce, the Department of Labor, and the Congress by providing independent and objective oversight of departmental programs through audits and investigations, and by combating the influence of labor racketeering in the workplace.

OIG Core Values

Excellence

We deliver relevant, quality, timely, high-impact products and services through a workforce committed to accountability and the highest professional standards.

Integrity

We adhere to the highest ethical principles and perform our work in an honest and trustworthy manner.

Independence

We are committed to being free of conflicts of interest through objectivity and impartiality.

Service

We are a unified team, vigilant to duty through dedicated public service.

Transparency

We promote an environment of open communication through information sharing, accountability, and accurate reporting.

OIG Strategic Goals

Goal 1: Deliver timely, relevant, and high-impact results.

Goal 2: Combat the influence of transnational and national organized criminal enterprises, labor racketeering, and workforce exploitation in the American workplace.

Goal 3: Foster an internal OIG culture that drives high performance and engagement.

Goal 4: Promote responsible stewardship of OIG's financial and nonfinancial resources.

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Selected Statistics

Investigative recoveries, cost-efficiencies, restitutions, fines and penalties, forfeitures, and civil monetary action	\$41 million
Investigative cases opened	126
Investigative cases closed/reports issued	139
Investigative cases referred for prosecution.....	119
Investigative cases referred for administrative/civil action.....	42
Indictments	45
Convictions	116
Statutory debarments	12
Audit and other reports issued.....	11
Other monetary impact.....	\$26 million

Significant Concerns

The OIG has identified the following areas of significant concern that cause the Department to be at particular risk of mismanagement, error, fraud, waste, or abuse. Most of these issues appear in our annual Top Management and Performance Challenges report, which can be found in its entirety at www.oig.dol.gov.

Ensuring the Safety of Students and Staff at Job Corps Centers

The OIG remains concerned about the ability of the Job Corps program to provide a safe environment for students and staff. Job Corps centers have been challenged by violence and other criminal behavior for years, as some center operators have not been enforcing disciplinary policies. In 2015, two students were murdered at or near two different Job Corps centers, allegedly by fellow students. Before these serious incidents, OIG audits disclosed that some Job Corps centers failed to report and investigate serious misconduct, such as drug abuse and assaults, or downgraded incidents of violence to lesser infractions, creating an unsafe environment for students and staff. Our recent follow-on review of center safety and security found problems with centers not contacting law enforcement to report serious, potentially criminal misconduct incidents, and continuing problems with centers not reporting such incidents to Job Corps. We also observed physical security weaknesses, such as inoperable closed-circuit television cameras and damaged or no fencing along center perimeters. Finally, Job Corps required pre-employment background checks for only a few center positions.

Monitoring and Managing Compounded Drug Medications in the FECA Program

The Federal Employees' Compensation Act (FECA) program, along with other federal government workers' compensation programs, has experienced a dramatic increase in medical provider abuse and costs of compounded drugs, particularly pain relief creams. Reported costs for compounded drugs in the FECA program rose from approximately \$2 million in FY 2011 to \$263 million in FY 2016, more than a hundredfold increase. During FY 2015 alone, reported compounded drug costs jumped from \$80 million to \$214 million. The \$214 million spent on compounded drugs was more than the cost (\$199 million) of all other types of drugs billed to FECA. In addition, billings for these medications are highly susceptible to abuse and fraud. Our current investigations are focusing on collusion between prescribing physicians and dispensing pharmacies. In one case alone, we have identified potential fraud involving nearly \$158 million. The Department needs to ensure that any compounded drugs reimbursed are medically necessary, effective, and safe. The Department also needs to ensure it pays a fair and reasonable price for these medications.

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Maintaining the Integrity of Foreign Labor Certification Programs

The Department's administration of the foreign labor certification programs, which are intended to permit U.S. businesses to hire foreign workers when necessary to meet their workforce needs while protecting the jobs and wages of U.S. workers, has been an ongoing concern to the OIG since the mid-1990s. OIG investigations have shown these visa programs, in particular the H-1B program, to be susceptible to significant fraud and abuse, often by dishonest immigration attorneys, labor brokers, employers, and organized criminal enterprises. DOL is statutorily required to certify H-1B applications unless it determines them to be "not properly completed or contains obvious inaccuracies." Given this fact, it is not surprising that OIG investigations have revealed schemes where fraudulent applications were filed with DOL on behalf of individuals, fictitious companies, and dishonest businesses seeking to acquire foreign workers. As part of our investigations, we have also uncovered numerous instances of unscrupulous employers misusing foreign labor certification programs to engage in human trafficking, with victims often exploited for economic gain. To combat abuse of the foreign labor certification programs, we recommended the Department determine and document the appropriateness of debaring individuals convicted of foreign labor certification violations as a result of OIG investigations, and report foreign labor certification program suspensions and debarments on the government-wide exclusion system. We also have a long-standing legislative recommendation to provide DOL the statutory authority to ensure the integrity of the H-1B program, including the ability to verify the accuracy of information provided on labor condition applications.

Protecting the Safety and Health of Workers

With more than 9 million establishments under the oversight of the Occupational Safety and Health Administration (OSHA), the OIG remains concerned with OSHA's ability to best target its compliance activities to those areas where they can have the greatest impact. OSHA carries out its enforcement responsibilities through a combination of self-initiated and complaint investigations but can reach only a fraction of the entities it regulates. Consequently, OSHA must strive to target the most egregious and persistent violators and protect the most vulnerable worker populations. The OIG is also concerned with OSHA's ability to measure the impact of its policies and programs and those of the 27 OSHA-approved State Plans for occupational safety and health. Finally, we are concerned that some employers do not take adequate and timely actions to correct hazards cited by OSHA. Our recent audit found problems related to the timeliness of abatement actions, abatement of citations in the construction industry, and OSHA's issuance of citations for repeat or willful violations.

Protecting the Safety and Health of Miners

The ability of the Mine Safety and Health Administration (MSHA) to effectively manage its resources to help ensure the safety and health of miners is a concern for the OIG. Given the significant decline in coal production and closings of coal mines in the last year, MSHA is challenged to appropriately redeploy resources where needed. MSHA is also challenged by the underreporting of occupational injuries and illnesses by mine operators. This underreporting hinders MSHA's ability to focus its resources on the most dangerous mines. We are also concerned that MSHA lacks a

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consistent approach to logging and to assessing and responding to complaints of hazardous mine conditions. Furthermore, the agency has not provided sufficient oversight to ensure coal mine operators' emergency response plans provide the critical information needed to help miners survive a mine catastrophe.

Improving the Performance Accountability of Job Training Program Results

Another area of concern for the OIG is the Department's ability to ensure that its job training programs are successful in training and placing participants in suitable employment. Critical to this task is the Department's ability to obtain accurate and reliable data by which to measure, assess, and make decisions regarding the performance of grantees, contractors, and states in meeting the programs' goals. As the Government Accountability Office reported in March 2016, state program officials have identified several challenges related to performance reporting under the Workforce Innovation and Opportunity Act (WIOA), including the cost and complexity of integrating data systems, limited staff expertise, and antiquated information technology systems. The Department also faces challenges in assuring that the credentials participants obtain from its training programs are industry recognized and actually help participants obtain jobs in those industries. Our work in the Job Corps program has found its graduates often placed in jobs unrelated to the occupational certifications and skills training they received or in jobs that required little or no training.

Improving the Black Lung Claims Process

The Black Lung program was created to provide compensation not only to coal miners who are totally disabled due to pneumoconiosis, or black lung disease, but also to their eligible survivors. This debilitating condition often leads to lung impairment, disability, and premature death. The challenge for the Black Lung program centers on the quality and timeliness of the Department's disability claims decisions. Our recent review noted significant differences in the level of detail and comprehensiveness of documentation among medical reports, with the Department's claims examiners stating that the reports provided by medical providers hired by the Department were generally not as detailed or clearly written as the medical reports presented by mine operator-paid physicians. Timeliness issues focused on the delays experienced in conducting hearings and issuing decisions at the Office of Administrative Law Judges (OALJ). OALJ reported it had 2,690 pending black lung cases at the end of FY 2016, a decline from the 3,137 cases pending at the end of FY 2015.

Ensuring the Solvency of the Black Lung Disability Trust Fund

Miners and their survivors who have been awarded benefits as a result of black lung claims receive lifetime benefits. These benefits are paid by a mine operator when a responsible operator can be located or by the Black Lung Disability Trust Fund (BLDTF) when no responsible operator can be found or when a responsible operator and its insurers can no longer pay. As of the end of FY 2016, the BLDTF was carrying a \$5.6 billion deficit balance. The BLDTF is funded primarily by an excise tax levied on domestic sales of coal

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mined in the United States (coal exports and lignite, often referred to as brown coal, are not subject to the coal excise tax). U.S. domestic coal production has declined in recent years, although the U.S. Energy Information Agency projects slight increases in production for CY 2017 and CY 2018. Overall, reduction in coal production results in reduced excise tax collections and cash inflows to the BLDTF. In addition, the downturn in the coal industry has resulted in several coal mine operators filing for bankruptcy. Although some have emerged from bankruptcy, others, along with their many subsidiaries, have gone out of business. If these operators were self-insured, the BLDTF will be responsible in some instances for benefit payments previously made by the mine operators. Finally, the current excise tax rate is due to expire on December 31, 2018, when it will be reduced by 55 percent. If Congress does not renew the tax rate, the BLDTF will incur additional debt and the fund deficit balance may increase.

Protecting the Security of Employee Benefit Plan Assets

The OIG remains concerned with DOL's ability to administer and enforce Employee Retirement Income Security Act (ERISA) requirements that protect the benefit plans of approximately 143 million plan participants and beneficiaries, particularly in light of statutory limitations on DOL's authority. One challenge facing the Employee Benefits Security Administration (EBSA) over the past couple of decades has been the fact that ERISA allows billions in pension assets held in otherwise regulated entities, such as banks, to escape full audit scrutiny. These concerns were renewed by recent audit findings that as much as \$3.3 trillion in pension assets, including an estimated \$800 billion in hard-to-value alternative investments, received limited-scope audits that

provided few assurances to participants regarding the financial health of their plans. In addition, given the number of benefit plans that the agency oversees relative to the number of investigators, EBSA needs to focus its available resources on investigations it believes will most likely result in the deterrence, detection, and correction of ERISA violations.

Securing and Protecting Information Management Systems

For many years, we have reported on long-standing information security deficiencies, including weaknesses in third-party oversight, incident response and reporting, risk management, and continuous monitoring. These deficiencies represent ongoing, unnecessary risks to the confidentiality, integrity, and availability of DOL's information.

We have recommended that the Department place greater emphasis and prioritize available resources to address these deficiencies. We likewise recommended realigning the position of the Chief Information Officer (CIO) to report directly to the Deputy Secretary to give the CIO greater independence and authority for implementing and maintaining an effective information security program.

Reducing Improper Payments

The Department's ability to measure, report, and reduce improper payments in its Unemployment Insurance (UI) and Federal Employees' Compensation Act (FECA) programs continues to be a concern for the OIG. According to the Office of Management and Budget (OMB), in 2016 the UI program had the seventh-highest amount of reported improper payments (\$3.9 billion) among all federal programs. The UI improper payment rate

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increased to 11.65 percent in FY 2016 from 10.7 percent in FY 2015 and remained above OMB's threshold of 10 percent. Fraud continues to be a significant threat to the integrity of the UI program, as identity thieves and organized criminal groups have found ways to exploit program weaknesses. OIG continues to have concerns regarding the completeness of the claims universe used in DOL's published FECA improper payment estimates for FY 2015. DOL's estimation methodology excluded initial payments made in the first 90 days of compensation and compensation payments for non-imaged cases but did not determine and report the full effect of those exclusions on its estimates. Also, DOL needs to identify the FECA improper payment issues identified by fraud investigations and estimate the extent to which these issues exist in the payment population.

Managing Information Technology Investments

Ensuring proper management of multimillion-dollar information technology systems is also of concern to the OIG. Most significantly, the Department has encountered difficulties in managing its financial system due to the sudden legal and bankruptcy issues faced by the private-sector firm that was providing these services. In July 2014 the Department procured the financial system assets and entered into an interagency agreement for a federal shared services provider to assume operations and maintenance of the system at a cost of more than \$2 million per month. The Department continued to operate under a time-and-materials contract to run and maintain the financial system for two years. In July 2016, the Department entered into a delivery order contract with some fixed-price line items. The Department needs to continue its efforts to better define its requirements so that it

can move more of the services provided by the contractor to a fixed-price structure.

Ensuring the Equitable Release of Economic Data

The Department issues a number of reports and statistics that include "leading economic indicators," such as the Unemployment Insurance Weekly Claims Report and the Producer Price Index. Because the data in these reports have the potential to move financial markets, the Department protects these data via an embargo, meaning the data cannot be disseminated or used in any unauthorized manner before their release to the public. The Department allows prerelease access to approved news organizations 30 minutes prior to the official release time with the objective of improving the accuracy of initial news reports about the information. News organizations' use of preformatting and data-queuing software to transmit the data positions their paying clients to trade on these data faster than the Department can post the information to its website for the general public to access it once the embargo is lifted. Even fractions of a second can provide a significant trading advantage to these clients over individuals and other organizations not permitted in the lockup. To ensure an equitable release of such data, the Department must eliminate this competitive advantage either through changes to the lockup process or the elimination of these optional lockups. The Department has been in consultation with other federal agencies that conduct similar press lockups since we first reported on this in January 2014; however, no action has been taken to resolve this issue. The Department's Office of Public Affairs stated it is exploring whether the Department should create a formal process during FY 2017 that brings all the news organizations participating in

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the lockup into collaboration on the prohibition or modification of data-queueing software.

Providing Access to DOL Electronic Data

The Department's ability to provide timely access to its many electronic data systems is a concern for the OIG. This challenge has been particularly acute for systems owned or operated by third parties. As the Department pushes its information to the cloud, the management and control of these systems and the data they contain become even more crucial. The Department needs to ensure that contract language for third-party systems specifically allows the Department, along with its Inspector General, to have unfettered access to those systems and the data they contain. It also needs to continue to facilitate the OIG's access to all systems. To make this happen throughout the Department, top leaders will need to clearly communicate this requirement as critical to the Department's efforts to combat fraud, waste, and abuse.

DATA Act Implementation

The Digital Accountability and Transparency Act of 2014 (DATA Act) was enacted May 9, 2014, to establish government-wide financial data standards and increase the availability, accuracy, and usefulness of federal spending information. It requires federal agencies to report financial and spending data in accordance with data standards established by the Treasury and OMB and make the data available on a public website developed by the Treasury by May 2017. The website increases transparency in federal spending by linking grant, contract, loan, and other financial data. We are concerned the Department may not be on track to effectively implement the DATA Act requirements by May 2017 because it has not been able to demonstrate that key tasks have been completed. As of March 2017, the Department reported to OMB that it had not completed mapping of elements from agency data to the DATA Act schema, testing data extracts in the Treasury broker, or revising extracts to correct for errors generated by the broker. Also, the Department reported it had not yet tested the submission process to Treasury.

Employment and Training Programs



Job Corps

The Job Corps program provides education, training, and support services to more than 60,000 disadvantaged, at-risk youths, ages 16–24, at 125 Job Corps centers nationwide, both residential and nonresidential. The goal of this \$1.7 billion program is to offer an intensive intervention to members of this targeted population as a means to help them learn vocational skills, earn a high school diploma or GED, and find and keep a good job.

Review of Job Corps Center Safety and Security

In response to two student homicides at Job Corps centers in 2015, and as follow-on to a prior audit, the OIG's Office of Audit and Office of Investigations conducted a joint review of Job Corps' actions in response to potentially serious criminal misconduct, center physical security, and efforts to mitigate center violence and other serious crimes. We found weaknesses in each of the areas of our review.

Our analysis of data from 12 centers for the 18-month period from January 1, 2014, to June 30, 2015, found 11 centers did not contact law enforcement for 42 percent of potentially serious criminal misconduct incidents (146 of 348). At all 12 centers, we identified significant incidents that had not been reported to Job Corps. The lack of law enforcement involvement in such matters could compromise center and community safety, as students are not being held legally accountable. Not reporting significant incidents to Job Corps hinders the Employment and Training Administration's (ETA) ability to gauge the security risks at centers and exercise appropriate oversight.

In our on-site visits to 12 centers, we observed physical security weaknesses such as inoperable closed-circuit television cameras and damaged or no fencing along center perimeters. These weaknesses compromised Job Corps' ability to ensure that students have a physically secure environment in which to achieve their educational and career goals.

Finally, since our 2015 audit, Job Corps has made program-wide efforts to mitigate violence and other serious crimes at centers; however, insufficient time has passed to determine the effectiveness of these efforts. Steps taken have included developing a Risk Management Dashboard that allows for targeted interventions at centers with indications of safety or security concerns, revising its Zero Tolerance Student Conduct policy, and implementing a new toll-free student safety hotline and national criminal background check process of potential students. However, Job Corps had not addressed the need for a comprehensive policy defining center employment positions that should be subject to background checks or how the results of such background checks should be evaluated.

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To better protect students and staff, Job Corps needs to ensure center operators respond appropriately to potentially serious criminal misconduct, strengthen the physical security of its campuses, and determine what additional positions require background checks.

For more details, go to www.oig.dol.gov/public/reports/oa/2017/26-17-001-03-370.pdf (Report Number 26-17-001-03-370, March 31, 2017).



Employment and Training Administration Programs

The Department's Employment and Training Administration (ETA) provides employment assistance, labor market information, and job training through the administration of programs authorized by the Workforce Investment Act of 1998 (WIA) for adults, youth, dislocated workers, and other targeted populations. WIA grant funds are allocated to state and local areas based on a formula distribution and through competitive grant awards to governmental and private entities. The Workforce Innovation and Opportunity Act (WIOA) went into effect on July 1, 2015. WIOA does not make drastic structural changes to the workforce system established under WIA, but it does include provisions that streamline programs, strengthen the emphasis on serving local employers, increase the transparency of training providers, and create more consistent performance accountability standards.

Job Training Grants to Colleges: Despite Follow-Up Difficulties, Most Participants Were Placed in Training-Related Jobs

Our audit of Recovery Act funds that ETA awarded to postsecondary schools to train participants for jobs in health care and other high-growth and emerging industries found that more than half the participants gained employment in training-related fields. However, due to difficulties grantees encountered in following up with participants, they may have underreported the number of participants who entered employment after exiting the program.

We identified several best practices used by grantees that ETA could expand to its other grant programs. San Jacinto Community College in Texas was successful in finding training-related employment for participants mainly because it worked directly with employers to provide training geared toward their specific needs instead of generalized training. The University of Texas Medical Branch was successful in maintaining

contact with participants after they exited the program by requiring them to sign a responsibility agreement upon entering the program. The agreement required the participant to contact a program counselor at least once every two weeks for the duration of their training.

While we found that sampled grantees claimed costs in accordance with the grant agreement, we identified isolated issues related to tracking and tagging equipment purchased with grant funds, classifying costs across budget categories, documenting support for sole-source purchases, classifying administrative costs, and complying with budget line-item limits. These exceptions were due, in part, to the lack of consistent oversight of these new grantees by ETA.

ETA needs to expand the use of grantee best practices to improve performance outcomes and participant follow-up, and explore ways to obtain more complete placement and retention data for participants. ETA also needs to place more emphasis on identifying and correcting financial and

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programmatic issues that new grantees commonly experience.

For more details, go to www.oig.dol.gov/public/reports/oa/2017/18-17-001-03-390.pdf (Report Number 18-17-001-03-390, March 2, 2017).

City of Atlanta Enters into a \$1.86 Million Settlement Agreement to Resolve False Claims Act Allegations; Employer Pleads Guilty to Stealing Job Training Funds

On October 20, 2016, the U.S. Department of Justice, on behalf of DOL, entered into a \$1.86 million settlement agreement with the City of Atlanta to resolve allegations that the Atlanta Workforce Development Agency (AWDA) made false certifications to DOL in relation to its expenditure of WIA funds in connection with a local AWDA on-the-job training (OJT) program. On December 13, 2016, Kevin Edwards, owner of multiple companies that had agreements with AWDA to provide OJT services, pled guilty to fraudulently obtaining WIA funds from the AWDA between 2010 and 2012.



Atlanta Workforce Development Agency building where WIA grant funds were distributed fraudulently

Between 2010 and 2014, the AWDA disbursed WIA funds to city and local-area employers, including

Edwards, knowing that employers were not using the funds to attract and train new job seekers in the local community, as is the intent of OJT services. Instead, the employers used the funds to pay existing employees and to hire and pay new employees who were already highly skilled and/or professionally licensed in their trades.

This is a joint investigation with the FBI and the IRS Criminal Investigation Division (IRS-CID). *United States v. Kevin Edwards* (N.D. Georgia)

Foreign Labor Certification Programs

The Employment and Training Administration (ETA) administers a number of foreign labor certification programs that allow U.S. employers to employ foreign workers to meet American worker shortages. The H-1B visa specialty workers' program requires employers that intend to employ foreign specialty-occupation workers on a temporary basis to file labor condition applications with ETA stating that the employer will pay the applicable wage rates and will meet other conditions of employment required by statute. The H-2B program establishes a means for U.S. nonagricultural employers to bring foreign workers into the United States on a temporary basis to address a shortage of available, qualified United States workers. The H-2A temporary agricultural program allows agricultural employers who establish that there is a shortage of domestic workers to bring nonimmigrant foreign workers to the United States to perform agricultural labor or services of a temporary or seasonal nature. The Permanent Foreign Labor Certification program allows an employer to hire a foreign worker to work permanently in the United States.

Virginia Attorney and New Jersey Man Plead Guilty for Conspiring to Commit Visa Fraud and Obstruct Justice

Sunila Dutt, a Virginia attorney, and Hari Karne, an employee of IT staffing and consulting companies SCM Data (SCM) and MMC Systems (MMC), pled guilty on October 17, 2016, and December 16, 2016, respectively, to charges that they engaged in an H-1B visa fraud conspiracy and then obstructed justice in an effort to cover up their wrongdoing.

Defendants Dutt, Karne, and their co-conspirators falsely represented in SCM and MMC paperwork submitted to the U.S. Citizenship and Immigration Services (USCIS) that foreign workers had full-time "in-house" positions and would be paid an annual salary, as required to secure H-1B visas. The conspiracy included the submission of labor condition applications to DOL and USCIS falsely representing that SCM and MMC had a temporary need for full-time in-house workers and that it would pay the foreign workers for all hours worked

and for any nonproductive time. Contrary to these representations and in violation of the H-1B visa program, SCM and MMC paid the foreign workers only when the foreign workers were placed at third-party jobs, or when a company entered into a contract for services with SCM and MMC.

In some instances, Karne advised foreign workers to pay SCM in cash the approximate amount they were supposed to be paid by SCM and MMC in order to generate the false payroll records. Karne told the workers that these payments were necessary for them to maintain their H-1B visas. False payroll records were then generated to create the appearance that the foreign workers were being paid full-time wages and to unlawfully maintain their worker status.

When USCIS inquired about the status of one of the workers, Dutt, Karne, and their co-conspirators engaged in a scheme to obstruct that inquiry by instructing the worker to lie about his residency, providing fictitious documentation as to that residency, and providing fictitious payroll information to the worker to present to USCIS. In

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addition, when DOL conducted an audit of SCM and MMC, Karne, Dutt, and their co-conspirators engaged in a scheme to obstruct that audit by making it appear as though the benched workers were on leave through the generation of fictitious leave slips. Benching is the practice of placing workers in a nonproductive status by an employer.

This is a joint investigation with DHS-HSI and the IRS. *United States v. Dutt* and *United States v. Karne* (D New Jersey)

International Conspirators Sentenced in Immigration Fraud and Money Laundering Scheme

Between October 2016 and February 2017, Omer Gur and six of his co-conspirators were sentenced for their involvement in a scheme affecting DOL's H-2B visa program. Gur, of Virginia Beach, was sentenced to 78 months in prison, fined \$25,000, and ordered to forfeit more than \$3.1 million in cash and real property. His co-conspirators were sentenced as follows:

- Eyal Katz was sentenced to 84 months in prison, fined \$20,000, and ordered to forfeit his interests in numerous real property assets he acquired while working for Rasko;
- Guy Mazon was sentenced to 6 months in prison;
- Boaz Ben Cnaan was sentenced to 60 months in prison and was ordered to forfeit \$2.8 million;
- Zion Sason was sentenced to 60 months in prison and was ordered to forfeit \$1.6 million;

- Ido Rodes was sentenced to 7 months in prison; and,
- Shimon Mizrahi was sentenced to 9 months in prison.

Gur and his co-conspirators operated an Israeli-based company called Rasko, which operated in the United States through several subsidiaries owned by Gur. Gur and Katz, who operated from an office in Tel Aviv, Israel, illegally recruited foreign nationals to enter the United States from Israel for employment purposes under B-2 visitor visas. Prior to 2011, Rasko had used the H-2B visa program (for temporary nonagricultural workers) to staff its U.S. workforce. However, beginning in or about 2012, Gur and his co-conspirators instead began to fraudulently employ B-2 visa holders who were not authorized to work in the United States. Between 2012 and 2016, Gur, Katz, and their co-conspirators employed more than 140 B-2 visa holders to work at mall-based kiosk businesses in the Mid-Atlantic region where they sold cosmetic products. Workers were housed together in leased apartments under the control of Gur and Katz, transported to and from work, and paid in cash and through wire transfers so that Gur and others could avoid reporting them and their earnings to employment and taxing authorities.

This is a joint investigation with the FBI, The Department of Homeland Security—Homeland Security Investigations (DHS-HSI, and the Diplomatic Security Service. *United States v. Gur et al.* (E.D. Virginia)

Employment and Training Programs

Labor Recruiters and Farm Owner Sentenced in Minnesota Visa Fraud Scheme

On January 25, 2017, labor recruiter Sandra Lee Bart was sentenced to 60 months in prison and ordered to pay more than \$260,000 in restitution for her role in an H-2A visa fraud scheme. Her sentencing was preceded by that of co-conspirator John Svihel, who was sentenced on January 23, 2017, to 6 months' incarceration and ordered to pay more than \$200,000 in restitution following his conviction of conspiracy to commit fraud in foreign labor contracting. A third co-conspirator, Wilian Cabrera, was sentenced on December 1, 2016, to 26 months in prison and ordered to pay more than \$260,000 in restitution.

From 2010 to May 2015, Bart and Cabrera operated an unregistered business called Labor Listo. Through Labor Listo, Bart and Cabrera recruited employers like Svihel, who operated Svihel Vegetable Farm in Foley, Minnesota, to hire seasonal workers from the Dominican Republic on H-2A visas. The H-2A visa program requires employers to pay for workers' housing and travel expenses to and from their home country, and prohibits employers from collecting recruitment fees or wage kickbacks. Nevertheless, Bart, Cabrera, and Svihel devised and executed a scheme to collect cash kickbacks from Svihel's H-2A workers, including a wage kickback for every hour worked and a kickback equal to the cost of flights to and from the United States. As part of his plea agreement, Svihel also agreed to pay more than \$570,000 in civil monetary penalties for unpaid wages to Svihel Vegetable Farm H-2A workers.

This was a joint investigation with the Wage and Hour Division, DHS-HSI, and the Department of State-Diplomatic Security Service (DSS). *United States v. Cabrera* (D. Minnesota)

Indian National Pleads Guilty to H-1B Visa Fraud

On January 19, 2017, George Mariadas Kurusu, an Indian national, pled guilty to wire fraud, fraud in foreign labor contracting, false statements in an immigration matter, and witness tampering for perpetrating a scheme to defraud the H-1B visa program. As part of his plea agreement, Kurusu agreed to pay more than \$53,000 in restitution to four victims of his scheme prior to sentencing.



Fort Stockton Public High School where George Kurusu taught and recruited teachers to work.

Kurusu entered the United States as an H-1B visa employee of the Fort Stockton, Texas, Independent School District (FSISD). Kurusu quickly violated the terms of his H-1B visa by establishing a labor recruiting business called Samaritan Educational Services. Kurusu successfully recruited numerous Indian nationals and secured H-1B visas for them to enter the United States to work for the FSISD. When they arrived, Kurusu required them to set up bank accounts and automatic recurring fund transfers, whereby 15 percent of their gross monthly pay was wired to Kurusu's business account. When Kurusu's victims questioned these illegal fees, Kurusu warned them that nonpayment would result in losses of their jobs and H-1B visas. Kurusu also warned victims not to complain to the FSISD, as doing so would jeopardize all FSISD H-1B workers. When he became aware of the DOL-

Employment and Training Programs

OIG joint criminal investigation, Kurusu threatened his victims with deportation should they decide to speak with law enforcement.

This is a joint investigation with the Department of State–DSS and DHS–U.S. Customs and Border Protection. *United States v. Kurusu* (W.D. Texas)

South Florida Doctor Pleads Guilty to Misuse of Visa

On March 29, 2017, Juan Carlos Pinzon Galvis, a medical doctor, pled guilty to one count of fraud and misuse of visas, permits, and other documents. In August 2012, a petition for an H-1B visa was submitted on behalf of Pinzon Galvis by M.J.C. International Group LLC (MJC). According to documents filed with the State of Florida, an individual other than Pinzon Galvis was listed as MJC’s registered agent and manager. In reality, Pinzon Galvis owned and operated MJC and submitted the H-1B petition on his own behalf. The petition made material misrepresentations in that Pinzon Galvis would serve in a managerial role at MJC, when, in fact, Pinzon Galvis intended to come to the United States to perform plastic surgery. Pinzon Galvis violated the terms of his H-1B visa by working for an employer other than MJC and by performing duties not mentioned in his related H-1B petition. Specifically, from his entry into the United States, Pinzon Galvis worked at Health and Beauty Cosmetic Surgery (HBCS), another company that he owned and operated in West Palm Beach, Florida. At HBCS, Pinzon Galvis performed medical procedures, such as surgeries, liposuction, facial filler injections, and surgical consultations. This is a joint investigation with DHS-HSI and the Department of State–DSS. *United States v. Pinzon Galvis* (S.D. Florida)

Canadian Immigration Firm Vice President and Kansas Farm Owner Plead Guilty in Visa Fraud Scheme

On November 9, 2016, Kenby Clawson, owner of KLC Farm in Kansas, pled guilty to aiding and abetting the smuggling of illegal aliens. On February 15, 2017, Iram Jafri, vice president of the Canadian immigration firm AJ Associates, pled guilty to alien smuggling for purposes of financial gain.

The scheme involved Clawson paying Jafri to obtain fraudulent H-2A visas for undocumented farm employees. Once the fraudulent visas were obtained, Jafri facilitated the transport of the undocumented farm employees from the United States to Canada. Jafri then arranged for the workers’ readmission into the United States under the fraudulent H-2A visas, returning them to employment at KLC farms. In addition, Jafri admitted that, in one instance, she was paid over \$9,000 to obtain a false H-2A visa for an undocumented worker who was already working in the United States. Jafri helped that worker leave the United States, then return into the United States under the false H-2A visa.

This is a joint investigation with DHS-HSI and the Department of State–DSS. *United States v. Jafri et al.*, *United States v. Clawson* (E.D. Michigan)

Worker Safety, Health, and Workplace Rights



Mine Safety and Health Administration

The federal Mine Safety and Health Act of 1977 (Mine Act), as amended by the Mine Improvement and New Emergency Response Act of 2006 (MINER Act), charges the Mine Safety and Health Administration (MSHA) with setting and enforcing standards to protect the health and safety of approximately 350,000 men and women working in our nation's mines.

MSHA Needs to Provide Better Oversight of Emergency Response Plans

In our audit of MSHA's oversight of emergency response plans (ERP), we found the agency's oversight was insufficient in that all the ERPs we reviewed contained inaccuracies or omissions, which placed miners at unnecessarily increased risk during an emergency.

We dialed 779 emergency contact phone numbers listed in a sample of 51 ERPs and identified 177 that were either disconnected or belonged to someone other than the party listed. We deemed another 83 numbers "undeterminable" because either no one answered our multiple calls or a generic voicemail message played that did not identify the owner of the number.

We found all 116 of the ERPs we reviewed lacked one or more required elements, as shown in the table below. The omissions occurred partly because MSHA had not standardized its review and approval processes across districts by developing a standardized ERP template and keeping review checklists up to date.

Examples of Missing Elements in ERPs

Missing Element	Instances	Percent*
Self-contained self-rescuer (SCSR) training provisions (SCSRs are breathing masks that are critical in an underground emergency.)	31	27%
Procedures for coordinating with local emergency responders	38	33%
Translation services for non-English-speaking miners and their families	116	100%
"Lifelines" section (Lifelines are cables placed about shoulder height along tunnel walls, with directional cues intended to help guide miners to safety in reduced-visibility conditions.)	56	48%
Incorrect MSHA district contact information and inaccurate language about emergency communications equipment the mine operator was required to install	3	3%

* Percentages add up to more than 100 because many ERPs were missing more than one element.

Worker Safety, Health, and Workplace Rights

Finally, MSHA's review processes were inconsistent among its districts, and its ERP guidance had gaps. These issues led to inconsistent and incomplete data in MSHA's ERP tracking system and made it unclear when new mines were required to submit ERPs and whether they could exclude certain information.

MSHA needs to improve its processes, guidance, and training for the ERP program, as well as its oversight.

For more details, go to www.oig.dol.gov/public/reports/oa/2017/05-17-002-06-001.pdf (Report Number 05-17-002-06-001, March 31, 2017).



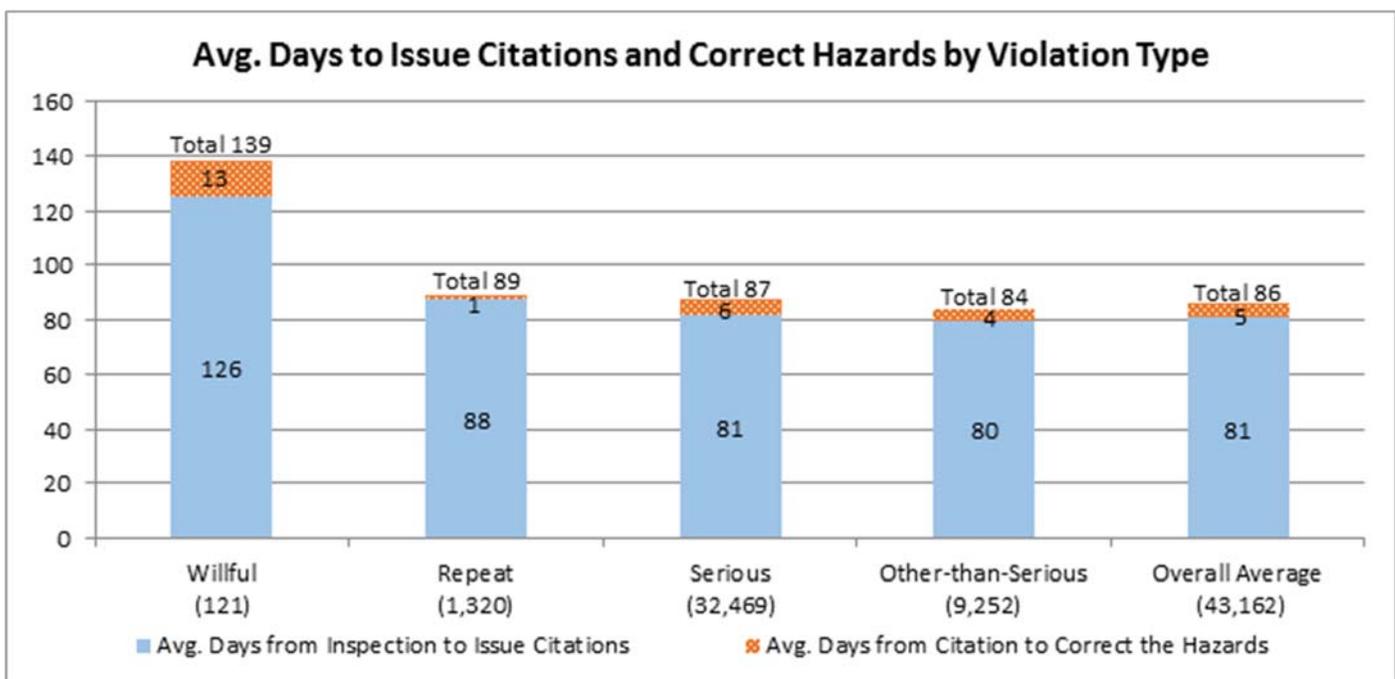
Occupational Safety and Health Administration

The Occupational Safety and Health Administration's (OSHA) mission is to ensure that every working man and woman in America has safe and healthy working conditions. OSHA does this by setting and enforcing workplace safety and health standards; investigating whistleblower complaints; providing training, outreach, and education; and encouraging continuous improvement in workplace safety and health.

OSHA Could Do More to Ensure Employers Correct Hazards Identified During Inspections

In our audit to determine whether OSHA ensured employers took adequate and timely abatement action in response to violations cited during inspections, we estimated OSHA did not do so for 12,808, or 16 percent, of the safety or health violations it cited in FY 2015.

OSHA issued 80,825 citations in FY 2015 for violations of safety and health standards that impacted approximately 950,000 workers. For approximately one-third of all citations, employers abated the identified hazard either during the inspection or within 24 hours of OSHA identifying it. However, for hazards not abated immediately, OSHA took an average of 81 days from the inspection date to issue a citation. Employers are not required to take action to abate the hazard until they receive a citation, although some employers chose to abate the hazard before OSHA issued the citation. As a result, hazards were not abated for an average of 86 days after the inspection date, during which time workers may have faced continued exposure to hazards or unhealthful conditions. Other factors contributing to the lack of adequate and timely abatement included OSHA's failure to obtain properly completed abatement certification forms and acceptable documentation.



Worker Safety, Health, and Workplace Rights

We also found one-third of 200 sampled citations lacked evidence that OSHA had conducted the required history searches of past violations to determine whether to issue a citation for a repeat or willful violation. These violations require the employer to provide additional documentation of abatement, such as photographs or other proof equipment has been repaired. Fifteen percent of the citations that lacked a history search were associated with employers who had prior violations, but to whom OSHA did not issue citations for repeat or willful violations.

Finally, abatement of hazards identified at construction sites remained a challenge for OSHA. The agency closed 16 percent of sampled citations related to construction site safety issues not because employers had corrected the hazards but because the construction projects had ended. As a result, OSHA had no assurance the cited construction companies had corrected the identified hazards on subsequent construction sites.

It is critical that OSHA ensures employers take action promptly to address the dangers it identifies. To accomplish this, OSHA needs to adjust or better enforce its policies on time frames for issuing citations, abatement documentation, documentation of employer history searches, and abatement verification at smaller construction sites.

For more details, go to www.oig.dol.gov/public/reports/oa/2017/02-17-201-10-105.pdf (Report Number 02-17-201-10-105, March 31, 2017).

Worker and Retiree Benefit Programs



Unemployment Insurance Programs

Enacted more than 80 years ago as a federal—state partnership, the Unemployment Insurance (UI) program is the Department's largest income-maintenance program. This multibillion-dollar program provides unemployment benefits to eligible workers who become unemployed through no fault of their own. Although the program's framework is determined by federal law, the benefits for individuals depend on state law and generally state funding of benefits, and are administered by State Workforce Agencies (SWA) in 53 jurisdictions covering the 50 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands, under the oversight of the Employment and Training Administration (ETA). The federal government pays the program's administrative expenses.

Better Strategies Needed to Increase Employer Participation in the State Information Data Exchange System

One of the leading causes of UI improper payments is overpayments due to claimant separation issues, which totaled \$464 million in FY 2016. Specifically, SWAs overpaid UI claimants when employers did not provide timely and accurate information on the reasons individuals separated from employment. Our audit of five SWAs' use of the State Information Data Exchange System (SIDES) to facilitate their timely receipt of UI claimants' job separation information found that SIDES contributed to a reduction in related UI improper payment rates; however, better strategies are needed to increase employer participation.

DOL provided \$43.4 million to 51 SWAs to build and integrate SIDES into their current systems and to market the benefits of SIDES to employers. We sampled UI claims of five SWAs that had received \$4.4 million in SIDES funding and found their separation-related improper payment rates generally declined from 2012 to 2016.

The five SWAs could have processed more UI claims using SIDES if employers that signed up had used the system to respond to every request, and if states had deployed more effective strategies for using SIDES marketing funds to increase employer participation. Our analysis showed if employers with 20 or more claims filed had used SIDES, the rate of UI claims processed would have been 23.6 percentage points higher for the five sampled SWAs collectively. Based on the level of decline in improper payments SWAs experienced when using SIDES, we estimated this 23.6 percentage point increase in participation could have decreased improper payments by up to an additional \$26 million.

We found ETA did not provide adequate support for the technical challenges the SWAs and employers experienced when using SIDES, such as problems in interpreting and responding to system-generated messages, and an overall lack of user friendliness. These technical challenges delayed the verification of UI claimants' separation information, which could have resulted in separation-related improper payments.

Worker and Retiree Benefit Programs

ETA needs to work with SWAs to increase the number of employers using SIDES and resolve SIDES's technical challenges.

For more details, go to www.oig.dol.gov/public/reports/oa/2017/04-17-003-03-315.pdf (Report Number 04-17-003-03-315, March 31, 2017).

New Jersey Woman Sentenced to 7 Years in Prison for Fictitious Employer Scheme

On December 2, 2016, Erica Rivera was sentenced to 84 months in prison and ordered to pay more than \$314,000 in restitution for defrauding the New Jersey Department of Labor and Workforce Development (NJLWD). The restitution figure does not include \$31,000 in fraud proceeds already recovered and applied to restitution.

Between September 2012 and June 2015, Rivera used Compassionate Financial Services, LLC (CFS), a defunct tax preparation business, to file false UI applications with NJLWD for more than 20 purported CFS employees, including herself. Rivera then continued to certify for UI benefits on these claims on more than 500 occasions. To perpetrate the fraud, Rivera used the identifying information of family members and other individuals with whom she had close personal relationships. As a result of these certifications, Rivera collected more than \$345,000 in fraudulently obtained UI benefits.

This was a joint investigation with the New Jersey Division of Criminal Justice and NJLWD. *State of New Jersey v. Erica Rivera*

Four Detroit Area Residents Sentenced and Two Additional Co-Defendants Plead Guilty in an Unemployment Benefit Fraud Scheme

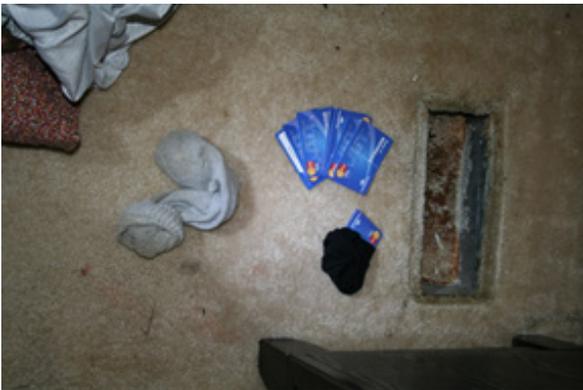
On December 12, 2016, and January 31, 2017, respectively, defendants Grady Whitaker Jr. and Joel Driscoll were sentenced for their roles in a fraudulent UI scheme involving aggravated identity theft and conspiracy to commit mail fraud. Whitaker was sentenced to 68 months in federal prison and Driscoll was sentenced to 57 months in federal prison for their involvement in the scheme. They were ordered to pay joint restitution with other co-defendants in the amount of \$400,000, and a \$400,000 forfeiture judgment was issued against Whitaker.

In addition, during February 2017, defendant Terence Gould was sentenced to serve 3 years of probation and ordered to pay \$9,127 in restitution and defendant Lashea Scott was sentenced to serve 1 year of probation and ordered to pay \$6,660 in restitution for their involvement in the fraud scheme. On November 1, 2016, defendant Devonte Cook pled guilty to conspiracy to commit mail fraud and aggravated identity theft. On December 13, 2016, defendant Deonta Holley pled guilty to conspiracy to commit mail fraud. Both Cook and Holley are awaiting sentencing.

Driscoll, Whitaker, and other co-conspirators were involved in a conspiracy to commit mail fraud and UI fraud from 2012 through 2015. Using personal identifying information belonging to unsuspecting victims, Driscoll and Whitaker filed UI claims with the State of Michigan Unemployment Insurance Agency. Driscoll, Whitaker, and their co-conspirators had the benefits deposited onto

Worker and Retiree Benefit Programs

debit cards in the name of the victims, which were then mailed via the U.S. Postal Service and other commercial interstate carriers. They then withdrew the funds using ATMs. Driscoll and Whitaker stole more than \$400,000 in fraudulent unemployment insurance benefits.



Photos from federal search warrant conducted at Devonte Cook's residence

This is a joint investigation with the FBI, the U.S. Postal Inspection Service, and the Michigan Unemployment Insurance Agency. *United States v. Driscoll et al.* (E.D. Michigan)

Kansas Identity Thief Pleads Guilty to Filing

Fraudulent UI Claims and Federal Tax Returns
On January 30, 2017, Raquel Odegbaro pled guilty to one count of conspiracy to defraud the government with respect to claims, one count of aggravated identity theft, and one count of conspiracy to commit mail fraud.

From approximately January 2011 through approximately February 2014, Odegbaro and co-conspirators created at least eight fictitious businesses and used stolen identities to create fake employees. Odegbaro and co-conspirators then fraudulently obtained UI benefits for these fake employees. The Kansas State Workforce Agency paid out more than \$210,000 in fraudulent UI benefits claims due to this scheme.

The investigation further revealed that Odegbaro and co-conspirators committed fraud against the IRS by filing false tax returns that resulted in fraudulent payments in excess of \$275,000.

This is a joint investigation with IRS CID, HUD-OIG, ED-OIG, USDA-OIG, Kansas Department of Labor, and Kansas Department for Children and Families. *United States v. Odegbaro et al.* (D. Kansas)

Employee Benefit Plans

The Department's Employee Benefits Security Administration (EBSA) is responsible for protecting the security of retirement, health, and other private-sector employer-sponsored benefit plans for America's workers and retirees and their families. EBSA is charged with protecting about 149 million workers, retirees, and family members who are covered by nearly 685,000 private retirement plans, 2.2 million health plans, and similar numbers of other welfare benefit plans that together hold estimated assets of \$9.3 trillion.

EBSA Did Not Have the Ability to Protect the Estimated 79 Million Plan Participants in Self-Insured Health Plans from Improper Denials of Health Claims

In our audit to determine EBSA's ability to protect participants in self-insured health plans from improper claim denials, we found the agency was not able to do so because it lacked primary knowledge of claim denials in the plans under its oversight.

Most self-insured group health plans subject to ERISA that cover fewer than 100 participants are exempt from the requirement to file an annual financial report (Form 5500) with the Department. EBSA has collected no information about denials of health benefit claims by these exempted plans, which cover about 79 million participants. Moreover, Form 5500, EBSA's primary information collection tool, did not capture information on denials of health benefit claims. Consequently, even plans that were required to report to EBSA were not required to provide any information on their denials of health benefit claims.

Under the Affordable Care Act, health plan participants whose claims are denied may request that an outside independent decision maker (independent review organization, or IRO) assess the case and decide whether to uphold or overturn the plan's decision. EBSA conducted only limited reviews of self-insured health plans to ensure their IROs were free from conflicts of interest and were properly contracted, and IRO benefit determinations were binding and implemented by the plans.

Improper claim denials can have catastrophic consequences for the health and financial well-being of participants, in that delays or refusals to pay legitimate claims can subject them to unexpected, large medical debt and, more significantly, deter them from receiving necessary, potentially lifesaving medical care. When an improperly denied claim is overturned on appeal, self-insured plans simply pay the benefit they should have paid had they properly processed the claim.

EBSA needs to revise its health plan reporting requirements and Form 5500, use claims data to focus investigations of benefit denials, and issue final guidance governing external reviews to establish reporting requirements and ensure enforcement of plans' external review requirements for IROs. For more details, go to www.oig.dol.gov/public/reports/oa/2017/05-17-001-12-121.pdf (Report Number 05-17-001-12-121, November 18, 2016).

Office of Workers' Compensation Programs

The Office of Workers' Compensation Programs (OWCP) administers four workers' compensation programs: the Energy Employees Occupational Illness Compensation Program, the Federal Employees' Compensation Act (FECA) program, the Longshore and Harbor Workers' Compensation Act program, and the Coal Mine Workers' Compensation program.

Federal Employees' Compensation Act Program

The FECA program provides workers' compensation coverage to approximately 2.8 million federal, postal, and certain other employees for work-related injuries and illnesses. Benefits include wage loss benefits, medical benefits, vocational rehabilitation benefits, and survivors' benefits for covered employees' employment-related deaths.

Medical Clinic Owner Convicted of Receiving Kickbacks for Referring OWCP Patients to Dallas Area Surgical Hospital

On February 17, 2017, Israel Ortiz pled guilty to one count of conspiracy to pay and receive health care bribes and kickbacks. Ortiz was 1 of 21 indicted individuals in this massive health care fraud conspiracy involving patient referrals to Forest Park Medical Center (FPMC).

Ortiz created a business called Kortmed that specialized in both state and federal workers' compensation injury claims. This company acted as a patient referral service. Kortmed received requests directly from patients and primary care physicians. Kortmed would refer patients to specialty doctors and hospitals for surgery. It also assisted with completing preauthorization documents for surgeries. FPMC was paying Kortmed to refer patients for surgery at its facility.

FPMC was an out-of-network hospital located in Dallas, Texas, that ceased operations in 2013. Founders and investors of the physician-owned FPMC, other executives at the hospital, and physicians, surgeons, and others affiliated with the hospital have been charged in a federal indictment with various felony offenses stemming from their payment and/or receipt of approximately \$40 million in bribes and kickbacks for referring certain patients to FPMC. As a result of the bribes, kickbacks, and other inducements, from 2009 to 2013, FPMC billed such patients' insurance plans and federal health care programs well over half a billion dollars and collected more than \$200 million in paid claims. *United States v. Beauchamp et al.* (N.D. Texas)

Worker and Retiree Benefit Programs

Texas Chief Executive Officer, Chief Financial Officer, and Company Vice President Convicted at Trial for \$9.5 Million Health Care Fraud

On October 17, 2016, Jeffrey Rose, chief executive officer of Team Work Ready (TWR), Pamela Rose, chief financial officer, and Frankie Sanders, vice president of clinic operations were convicted of conspiracy to commit health care fraud, health care fraud, and wire fraud, for their roles in a scheme to bill OWCP more than \$9.5 million for physical therapy services that they knew TWR had not provided. In addition, the jury convicted Jeffrey and Pamela Rose on money laundering charges for attempting to hide \$700,000 in illicit proceeds by moving the money into accounts of various shell companies they controlled.

On October 18, 2016, the same jury heard evidence on forfeiture matters and returned a special verdict forfeiting more than \$220,000 of assets belonging to the defendants, including bank accounts and real property.

This was a joint investigation with the U.S. Postal Service–OIG, IRS CID, U.S. Department of Veterans Affairs–OIG, and U.S. Department of Homeland Security–OIG. *United States v. Rose* (S.D. Texas)

Texas Pharmacy Owners Plead Guilty to Multi-Million Dollar Kickback Scheme

On November 9, 2016 and December 14, 2016, respectively, pharmacy owners Nermin A. El-Hadik and Brian Haney pled guilty for their roles in a \$17.9 million kickback scheme to defraud OWCP. El-Hadik and Haney were amongst several pharmacy owners who paid illegal kickbacks to Texas chiropractor Garry Craighead in exchange for Craighead's referrals of federally insured patients covered under FECA. El-Hadik, owner of Hope Pharmacy in Houston, admitted paying Craighead more than \$5.3 million kickbacks. Haney, a pharmacist who owned Vidor Pharmacy, LLC, admitted to making more than \$800,000 in illegal kickback payments to Craighead.

As part of the broader scheme, prescribers were encouraged to prescribe compounded medications, due to the high reimbursement rates offered by OWCP for such medications. OWCP ultimately paid more than \$17.9 million for prescriptions written by Craighead or his associates. Craighead was sentenced in June 2016 to a prison term of 168 months and ordered to pay more than \$17.9 million in restitution to OWCP.

This is a joint investigation with the U.S. Postal Service–OIG, the FBI, the Army Criminal Investigation Division, and IRS-CI. *United States v. Nermin Awad El-Hadik, United States v. Brian David Haney* (W.D. Texas)

Labor Racketeering



Labor Racketeering

The OIG is responsible under the Inspector General Act of 1978 for investigating labor racketeering and the influence of organized criminal enterprises involving unions, employee benefit plans, and labor-management relations.

Labor racketeering refers to the infiltration, exploitation, or control of a union, employee benefit plan, employer entity, or workforce, carried out through illegal, violent, or fraudulent means. OIG labor racketeering investigations focus largely on individuals and organized criminal enterprises engaged in embezzlement, extortion, violence against union members or employers, and other related criminal activities.

Our investigations also continue to identify complex financial and investment schemes used to defraud benefit fund assets, resulting in millions of dollars in losses to plan participants. OIG investigations have demonstrated that abuses involving service providers are particularly egregious, not only because of their potential for large dollar losses but also because the schemes often affect several plans simultaneously.

The following cases are illustrative of our work in helping to eradicate both traditional and nontraditional labor racketeering in the nation's labor unions, employee benefit plans, and workplaces.

Maryland Building Contractors and Union Official Sentenced for \$1.7 Million Embezzlement Scheme

On February 27, 2017, Gary Cooper, the owner and chief executive officer of STS General Contracting, LLC (STS), based in Greenbelt, Maryland, was sentenced to 68 months in prison. In November 2016, a jury found Cooper guilty of stealing \$1.7 million from Local 657 of the Laborers' International Union of North America (LIUNA), conspiracy to make unlawful labor payments, conspiracy to commit wire and honest services fraud, and money laundering.

In February 2017, Anthony Frederick and Christopher Kwegan were also sentenced for their roles in the scheme. Frederick, the former LIUNA Local 657 business manager, and Kwegan,

an official with STS, were sentenced to terms of incarceration of 48 months and 36 months, respectively. Cooper, Kwegan, and Frederick were each ordered to pay joint and several restitution of \$1.6 million to LIUNA and forfeiture of \$1.7 million.

From May 2013 to June 2014, Frederick directed \$1.7 million in Local 657 funds to STS for an unauthorized construction project without the knowledge or authorization of the Local 657 executive board or LIUNA officials. Cooper and Kwegan then directed part of the stolen funds from STS accounts toward a \$225,000 down payment and construction of a garage for a residential property Frederick acquired and gave Frederick's wife 50 percent ownership in a different construction corporation Cooper owned. Cooper and Kwegan also depleted an STS bank account containing only stolen Local 657 funds by

Labor Racketeering

withdrawing more than \$400,000 in cash, sending hundreds of thousands of dollars to third parties in Qatar, and using the remainder for personal items, entertainment, shopping trips, hotel stays, and overseas travel.



August 2016 photographs of LIUNA Local 657 training center in Washington, D.C., left unfinished due to embezzlement of more than \$1.7 million in union funds

This was a joint investigation with Office of Labor Management and Standards (OLMS) and the FBI. *United States v. Frederick et al.* (D. District of Columbia)

Former Union Official Sentenced to Prison for Embezzling More Than \$1 Million from Virginia ILA Local

On February 2, 2017, Robert Smith III, of Virginia Beach, was sentenced to 41 months in prison and ordered to pay more than \$1 million in restitution to International Longshoremen's Association (ILA) Local 970. Smith was the business agent and financial secretary for Local 970 from October 2002 until April 2016, when he resigned amid an ILA internal audit, which uncovered that Smith had been operating a secret bank account to divert union funds for his personal use.

Beginning in March 2006, Smith used a bank account that was unauthorized and undisclosed to Local 970 to deposit and withdraw nearly \$1.1 million in dues payments and new member initiation fees. He then used the money for personal purchases, including gas, food, clothing, shoes, toys, entertainment, and home improvement supplies. Over the course of his decade-long scheme, Smith attempted to hide his crime by not filing annual financial disclosure forms with DOL. He then lied to Office of Labor Management Standards (OLMS) officials who contacted him about the missing disclosure forms, by claiming that he intended to file them when in fact he never intended to do so.

This was a joint investigation with OLMS, the FBI, and the Norfolk Police Department. *United States v. Robert Smith* (E.D. Virginia)

Two New York Men Sentenced for Conspiracy to Embezzle from an Employee Benefit Plan

On March 15, 2017, Nicholas Farnsworth was sentenced to 3 years' probation in relation to his guilty plea for conspiracy to embezzle from an employee benefit plan. Farnsworth was ordered to pay restitution in the amount of \$1,000,000 (jointly and severally) to the International Brotherhood of Teamsters (IBT) Local 282 Health Care Plan. Toni Thompson was sentenced on January 23, 2017, to 3 years' probation and also ordered to pay \$1,000,000 (jointly and severally) in restitution to the IBT Local 282 health care plan.

Farnsworth, Thompson, and others were convicted for their roles in operating a scheme, which defrauded the IBT Local 282 benefits plans. Thompson was the named owner of Greenwood 2 Trucking, a union company. Farnsworth was the

Labor Racketeering

named owner of Rainbow Transportation and the son of John Farnsworth, who was the co-owner of Greenwood 2 Trucking, Rainbow Transportation Corp., Nicholas J LLC, and Marky OG LLC. The double-breasting scheme was perpetrated by officials at Rainbow Transport (nonunion company), Greenwood 2 (union company), Nicholas J LLC (nonunion company), and Marky OG LLC (nonunion company). Employees were paid in cash well below the proper union-scale wages. All the companies were actually owned, operated, and controlled by John Farnsworth for the purpose of circumventing obligations to the various Local 282 ERISA funds.

This was a joint investigation with the Department of Transportation–OIG, EBSA, and the New York City Business Integrity Commission. *United States v. Tripodi et al.* (E.D. New York)

New York Company Owner and Fund Trustee Sentenced for Kickback Scheme

On March 1, 2017, Robert Fabrizio was sentenced to 8 months' incarceration and 12 months' supervised release and was ordered to pay more than \$740,000 in restitution following his convictions for money laundering conspiracy and kickbacks to influence operations of an employee benefit plan.

Fabrizio owned and controlled Three Generations, a union contractor that signed a collective bargaining agreement with Local 8A-28A, Metal Polishers/Refinishers, Painters, Production and Novelty Workers, Sign Pictorial and Display, Automotive Equipment Painters Workers Union (Local 8A-28A). Fabrizio served as an employer trustee of the Local 8A-28A welfare fund. Fabrizio conspired to facilitate a kickback scheme whereby the third-party administrator (TPA) of the welfare

fund paid him in excess of \$740,000 over several years, through a shell company he controlled, to ensure the TPA maintained his contract with the fund. Fabrizio shared these proceeds with co-conspirator Hector Lopez, the president of Local 8A-28A and chairman of the board of trustees.

Lopez was previously sentenced to 48 months' incarceration following his convictions for conspiracy to commit mail and wire fraud, and filing a false tax return. In addition, Lopez was ordered to pay more than \$800,000 in restitution and forfeit an additional \$370,000.

This was a joint investigation with the IRS CID, EBSA, and OLMS. *United States v. Robert Fabrizio, United States v. Hector Lopez* (E.D. New York)

California Man Convicted of \$3 Million Union Health Care Fraud

On October 14, 2016, a jury convicted David Gomez, an International Longshore and Warehouse Union (ILWU) Local 13 member, for his role in a scheme to steal more than \$3 million from the ILWU–Pacific Maritime Association (PMA) health plan.

During 2009 and 2010, Gomez and his co-defendant and fellow ILWU Local 13 member, Sergio Amador, opened clinics in San Pedro and Long Beach for the purpose of providing medical and chiropractic care to local ILWU members and their families. However, clinic staff, under the direction of Gomez and Amador, billed the ILWU–PMA health plan for chiropractic services that were not needed or not medically necessary. Gomez and Amador would then route proceeds of the scheme through third-party medical management companies that they also created and controlled. This is a joint investigation with EBSA and the FBI. *United States v. Amador et al.* (C.D. California)

Departmental Management



Frances Perkins
Building



United States
Department
of Labor

200
Constitution Avenue NW

Historic Entrance at 2nd and C Street NW
Accessible Entrance at 2nd and C Street NW

Departmental Management Program

The OIG also performs oversight work involving the Department's operations, financial management, and information technology services.

Consolidated Financial Statements Audit

The OIG contracted with an independent public accounting firm to audit the Department's annual consolidated financial statements. The Department received an unmodified opinion on DOL's FY 2016 consolidated financial statements, meaning that they were presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles. The independent auditor's report identified the following two material weaknesses: lack of sufficient information technology general controls over key financial feeder systems, and deficiencies in estimating future excise tax income.

For more details, go to www.oig.dol.gov/public/reports/oa/2017/22-17-002-13-001.pdf (Report Number 22-17-002-13-001, December 15, 2016).

In a separate Management Advisory Comments report, the OIG provided additional information to DOL management on issues identified during the audit that did not rise to the level of a significant deficiency but nonetheless represented opportunities to improve internal controls or result in other operating efficiencies. By satisfactorily addressing the comments in the Management Advisory Comments report, departmental management will help ensure these issues do not rise to the level of a significant deficiency in the future.

For more details, go to www.oig.dol.gov/public/reports/oa/2017/22-17-004-13-001.pdf (Report Number 22-17-004-13-001, March 24, 2017).

Single Audits

A single audit provides an organization-wide examination of an entity expending federal assistance received for its operations. The audit is typically conducted annually by an independent certified public accountant, and its objective is to provide assurance to the U.S. government regarding the management and use of funds by such recipients as states, schools, universities, and nonprofits.

Single Audits Identify Material Weaknesses or Significant Deficiencies for 32 DOL Grantees

The OIG reviewed 72 single audit reports this period covering DOL expenditures of about \$4.5 billion. For 32 organizations that received DOL grant funds, the auditors identified material weaknesses or significant deficiencies, indicating improvements are needed in those organizations' management of DOL funds and/or compliance with grant requirements. We reported the 83 findings and 83 related recommendations identified in these 32 single audit reports to the appropriate DOL funding agencies and requested the agencies ensure the grantees take the necessary corrective actions.

The Single Audit Act provides for cognizant federal agencies to oversee the implementation of single audit requirements. "Cognizant federal agency" is defined by Title 48, Code of Federal Regulations, Section 2.101, as the Federal agency that, on behalf of all federal agencies, is responsible for establishing final indirect cost rates and forward pricing rates, if applicable, and administering cost accounting standards for all contracts in a business unit. The OIG is currently cognizant for 17 entities and is required to periodically perform quality control reviews of their single audits. During this reporting period, we did not conduct any quality control reviews.

Employee Integrity Investigations

The OIG is responsible for investigating possible misconduct or criminal activities involving DOL employees or individuals providing services to the Department.

Unsubstantiated Allegations

- On November 22, 2016, the OIG received an anonymous allegation that senior management officials had wasted federal funds on a conference in order to expend large amounts of funds prior to the end of the fiscal year. In addition, the complaint stated the senior officials showed nepotism and favoritism during the employment selection process. The OIG found the complaints to be unsubstantiated.
- On January 25, 2017, the OIG received an anonymous allegation that senior officials engaged in illegal hiring practices by not providing public notice for a competitive service position in violation of the Veterans Employment Opportunity Act. The OIG found the complaint to be unsubstantiated.

OIG Congressional Testimony

During this semiannual reporting period, the OIG testified before two congressional committees. The full text of our testimony is available on our Website at www.oig.dol.gov/testimony.htm.

- **March 9, 2017**—House Committee on Appropriations, Subcommittee on Labor, Health and Human Services, Education and Related Agencies
Scott S. Dahl, Inspector General, Department of Labor, testified on management challenges at the Department of Labor.
- **February 1, 2017**—House Committee on Oversight and Government Reform
Scott S. Dahl, Inspector General, Department of Labor, testified on empowering the Inspectors General.

OIG Whistleblower Activities



OIG Whistleblower Activities

Whistleblower Protection Ombudsman

Pursuant to Section 117 of the Whistleblower Protection Enhancement Act of 2012 (S. 743, November 27, 2012), every Inspectors General office is required to designate a Whistleblower Protection Ombudsman. According to Section 117, the Ombudsman educates agency employees about prohibitions on retaliation for protected disclosures, and shall educate agency employees who have made or are contemplating making a protected disclosure about the rights and remedies against retaliation for protected disclosures. Within the DOL OIG, the Counsel to the Inspector General has been designated to serve as the Whistleblower Protection Ombudsman. Pursuant to this designation, the Ombudsman has:

- Prepared a slide presentation on whistleblower protections, which is available on the DOL and OIG websites and has been provided to all DOL employees;
- Established a dedicated e-mail address to receive and respond to whistleblower-related inquiries from DOL employees;
- Obtained a 2302(c) certification from the Office of Special Counsel (OSC) on behalf of the OIG (November 2014) and worked with DOL to help obtain its own 2302(c) certification (October 2016); and
- Monitored whistleblower retaliation complaints received by the OIG as well as whistleblower retaliation investigations conducted by the OIG.

Whistleblower Retaliation Investigations

Allegations of improper or illegal retaliation received from DOL employees are usually referred by the OIG to the OSC for review and investigation. However, the OIG can initiate its own investigations of such allegations on a discretionary basis. During this reporting period, the OIG opened one investigation involving a DOL employee who alleges that he/she has been subjected to whistleblower retaliation.

Further, pursuant to the pilot program established by Section 828 of the National Defense Authorization Act of 2013 (codified at 41 U.S.C. § 4712) (“Section 828”), made permanent by the National Defense Reauthorization Act in December 2016, the OIG is required, with some exceptions, to investigate whistleblower retaliation allegations made by employees of DOL contractors or grantees. During this reporting period, the OIG closed one investigation of alleged whistleblower retaliation made by an employee of a DOL grantee when the complainant withdrew her complaint.

At the conclusion of this reporting period, the OIG had four pending Section 828 investigations.

Legislative Recommendations



Legislative Recommendations

The Inspector General Act requires the OIG to review existing or proposed legislation and regulations and to make recommendations in the Semiannual Report concerning their impact both on the economy and efficiency of the Department's programs and on the prevention of fraud, waste, and abuse. The OIG continues to believe that the following legislative actions are necessary to increase efficiency and protect the Department's programs.

Allow OIG Direct Access to NDNH Records

The National Directory of New Hires (NDNH) is a nationally consolidated database that contains Unemployment Insurance (UI) claimant data and wage information from state and federal agencies. NDNH cannot be used for any purpose not authorized by federal law. In 2004, the law was amended to allow the State Workforce Agencies to cross-match UI claims against NDNH in order to better detect overpayments to UI claimants who have returned to work but continue to collect UI benefits. However, the applicable law does not permit the OIG to obtain NDNH data, and the OIG cannot use its subpoena authority to obtain NDNH records.

Granting the OIG statutory access to NDNH data would provide the OIG with a valuable source of information for both audits and investigations. For example, OIG auditors could use these records to verify the eligibility of Workforce Innovation and Opportunity Act participants and verify reported outcomes. In addition, OIG investigators could use these records to investigate employer fraud schemes in the UI program, claimant fraud in the Federal Employees' Compensation Act (FECA) program, and prevailing wage violations by federal contractors.

Amend Pension Protection Laws

Legislative changes to the Employee Retirement Income Security Act (ERISA) and criminal penalties for ERISA violations would enhance the protection of assets in pension plans. To this end, the OIG recommends the following:

- **Expand the authority of the Employee Benefits Security Administration (EBSA) to correct substandard benefit plan audits and ensure that auditors with poor records do not perform additional plan audits.** Changes should include providing EBSA with greater enforcement authority over registration, suspension, and debarment, and the ability to levy civil penalties against employee benefit plan auditors. The ability to correct substandard audits and take action against auditors is important because benefit plan audits help protect participants and beneficiaries by ensuring the proper value of plan assets and computation of benefits.
- **Repeal ERISA's limited-scope audit exemption.** This exemption excludes pension plan assets invested in financial institutions, such as banks and savings and loans, from audits of employee benefit plans. The limited-scope audit prevents independent public accountants who are auditing pension plans

Legislative Recommendations

from rendering an opinion on the plans' financial statements in accordance with professional auditing standards. These "no opinion" audits provide no substantive assurance of asset integrity either to plan participants or to the Department.

- **Require direct reporting of ERISA violations to DOL.** Under current law, a pension plan auditor who finds a potential ERISA violation is responsible for reporting it to the plan administrator but not directly to DOL. To ensure that improprieties are addressed, we recommend that plan administrators or auditors be required to report potential ERISA violations directly to DOL. This would ensure the timely reporting of violations and would more actively involve auditors in safeguarding pension assets, providing a first line of defense against the abuse of workers' pension plans.
- **Strengthen criminal penalties in Title 18 of the United States Code.** Three sections of U.S. Code Title 18 serve as the primary criminal enforcement tools for protecting pension plans covered by ERISA. Embezzlement or theft from employee pension and welfare plans is prohibited by Section 664; making false statements in documents required by ERISA is prohibited by Section 1027; giving or accepting bribes related to the operation of ERISA-covered plans is prohibited by Section 1954. Sections 664 and 1027 subject violators to up to 5 years' imprisonment, while Section 1954 calls for up to 3 years' imprisonment. We believe the maximum penalty should be raised to 10 years for all three violations to correspond with the 10-year penalty imposed by Section 669 (theft from health care benefit programs), to serve as a greater deterrent and further protect employee pension plans.

Provide Authority to Ensure the Integrity of the H-1B Program

If DOL is to have a meaningful role in the H-1B specialty-occupations foreign labor certification process, it must have the statutory authority to ensure the integrity of that process, including the ability to verify the accuracy of information provided on labor condition applications. Currently, the Department is statutorily required to certify such applications unless it determines them to be "not properly completed or contains obvious inaccuracies." Our concern with the Department's limited ability to ensure the integrity of the certification process is heightened by the results of OIG analyses and investigations showing that the program is susceptible to significant fraud and abuse, particularly by employers and attorneys.

Improve the Integrity of the FECA Program

The OIG believes reforms should be considered to improve the effectiveness and integrity of the FECA program in the following areas:

- **Provide statutory access to Social Security wage records and NDNH.** Currently, the Department can access Social Security wage information only if the claimant gives it permission to do so, and it has no access to NDNH. Granting the Department routine access to these databases would aid detecting of fraud committed by individuals receiving FECA wage loss compensation but failing to report income they have earned.
- **Establish a 3-day waiting period.** FECA legislation provides for a 3-day waiting period intended to discourage the filing of frivolous claims. As currently written, the legislation places

Legislative Recommendations

the waiting period at the end of the 45-day continuation-of-pay period, thereby negating its purpose. Legislation passed in 2006 placed the waiting period immediately after an employment-related injury for postal employees. If the intent of the law is to have a true waiting period before applying for benefits, then it should likewise come immediately after an employment-related injury for all federal workers, not just postal employees.

review of the existing “rescue and recovery work” language found in Section 103(j) and the “when present” language found in Section 103(k) to ensure that MSHA’s long-standing and critically important authority to take whatever actions may be necessary to protect miner health and safety, including issuing mine closure orders, is broad, clear, and not vulnerable to challenge.

Clarify the Mine Safety and Health Administration’s Authority to Issue Mine Closure Orders

The Mine Safety and Health Act of 1977 (Mine Act) charges the Secretary of Labor with protecting the lives and health of workers in coal and other mines. To that end, the Mine Act contains provisions authorizing the Secretary to issue mine closure orders. Specifically, Section 103(j) states that in the event of any accident occurring in a coal or other mine where rescue and recovery work is necessary, the Secretary or an authorized representative of the Secretary shall take whatever action he or she deems appropriate to protect the life of any person. Under Section 103(k), an authorized representative of the Secretary, when present, may issue such orders as he or she deems appropriate to ensure the safety of any person in the coal or other mine. Two recent decisions issued by the Federal Mine Safety and Health Review Commission affirmed that these provisions place limitations on the Mine Safety and Health Administration’s (MSHA’s) authority and clearly evidence the need for legislative action.

The primary purpose of the Mine Act is to give the Secretary the authority to take appropriate action, including ordering a mine closure, to protect lives. Therefore, the OIG recommends a

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Reporting Requirements Under the Following Acts

Inspector General Act of 1978

REPORTING REQUIREMENT	PAGE	
Section 4(a)(2)	Review of Legislation and Regulation	46
Section 5(a)(1)	Significant Problems, Abuses, and Deficiencies	ALL
Section 5(a)(2)	Recommendations with Respect to Significant Problems, Abuses, and Deficiencies	ALL
Section 5(a)(3)	Prior Significant Recommendations on Which Corrective Action Has Not Been Completed	57
Section 5(a)(4)	Matters Referred to Prospective Authorities	69
Section 5(a)(5) and Section 6(b)(2)	Summary of Instances Where Information Was Refused	None to Report
Section 5(a)(6)	List of Audit Reports	53
Section 5(a)(7)	Summary of Significant Reports	ALL
Section 5(a)(8)	Statistical Tables on Management Decisions on Questioned Costs	52
Section 5(a)(9)	Statistical Tables on Management Decisions on Recommendations That Funds Be Put to Better Use	51
Section 5(a) (10)	Summary of Each Audit Report, Inspection Reports, and Evaluation Reports Issued Before the Commencement of the Reporting Period— (A) for which no management decision has been made by the end of the reporting period (including the date and title of each such report), an explanation of the reasons such management decision has not been made, and a statement concerning the desired timetable for achieving a management decision on each such report; (B) for which no establishment comment was returned within 60 days of providing the report to the establishment; and (C) for which there are any outstanding unimplemented recommendations, including the aggregate potential cost savings of those recommendations.	59 - 68
Section 5(a) (11)	Description and Explanation for Any Significant Revised Management Decision	None to Report
Section 5(a) (12)	Information on Any Significant Management Decisions with Which the Inspector General Disagrees	None to Report
Section 5(a) (17)	Statistical Tables on Investigative Findings	69
Section 5(a) (18)	Metrics Used for Developing the Data for the Statistical Tables Under Paragraph Section 5(a) (17)	69
Section 5(a) (19)	Summary of Investigations of Senior Government Employees Where Allegations of Misconduct Were Substantiated	None to Report
Section 5(a) (20)	Description of Whistleblower Retaliation Cases	44
Section 5(a) (21)	Summary of Instances of Departmental Interference with the Independence of the Office	None to Report
Section 5(a) (22)	Descriptions of Inspections, Evaluations, Audits, and Investigations That Are Closed and Were Not Disclosed to the Public	None to Report

Dodd–Frank Wall Street Reform and Consumer Protection Act of 2010

Section 3(d)	Peer Review Reporting	70
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Funds Recommended for Better Use

Funds Put to a Better Use* Agreed to by DOL		
	Number of Reports	Dollar Value (\$ millions)
For which no management decision had been made as of the commencement of the reporting period.	1	0.4
Issued during the reporting period	<u>0.0</u>	<u>0.0</u>
Subtotal	1	0.4
For which management decision was made during the reporting period:		
• Dollar value of recommendations that were agreed to by management		0.0
• Dollar value of recommendations that were not agreed to by management		0.0
For which no management decision had been made as of the end of the reporting period	1	0.4

Funds Put to a Better Use Implemented by DOL		
	Number of Reports	Dollar Value (\$ millions)
For which final action had not been taken as of the commencement of the reporting period.	3	61.1
For which management or appeal decisions were made during the reporting period	<u>0.0</u>	<u>0.0</u>
Subtotal	3	61.1
For which final action was taken during the reporting period:		
• Dollar value of recommendations that were actually completed		0.0
• Dollar value of recommendations that management has subsequently concluded should not or could not be implemented or completed		0.0
For which no final action had been taken by the end of the period	3	61.1

* 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 a grantee; and any other savings specifically identified, including reverting funds to the U.S. Treasury to be used for other purposes.

Appendixes

Questioned Costs

Resolution Activity: Questioned Costs* ¹		
	Number of Reports	Questioned Costs (\$ millions)
For which no management decision had been made as of the commencement of the reporting period (as adjusted)	16	8.2
Issued during the reporting period	<u>4</u>	<u>0.2</u>
Subtotal	20	8.4
For which a management decision was made during the reporting period:		
• Dollar value of disallowed costs		0.1
• Dollar value of costs not disallowed		5.8
For which no management decision had been made as of the end of the reporting period	9	2.5
For which no management decision had been made within six months of issuance	5	2.3

Closure Activity: Disallowed Costs		
	Number of Reports	Disallowed Costs (\$ millions)
For which final action had not been taken as of the commencement of the reporting period (as adjusted)	51	24.3
For which management or appeal decisions were made during the reporting period	<u>4</u>	<u>0.1</u>
Subtotal	55	24.4
For which final action was taken during the reporting period:		
• Dollar value of disallowed costs that were recovered		0.2
• Dollar value of disallowed costs that were written off by management		11.2
• Dollar value of disallowed costs that entered appeal status		
For which no final action had been taken by the end of the reporting period	50	13.0

* As defined by the Inspector General Act, questioned costs include alleged violations of law, regulations, contracts, grants, or agreements; costs not supported by adequate documentation; or the expenditure of funds for an intended purpose that was unnecessary or unreasonable. Disallowed costs are costs that the OIG questioned during an audit as unsupported or unallowable and the grant/contracting officer has determined the auditee should repay. The Department is responsible for collecting the debts established. The amount collected may be less than the amount disallowed, and monies recovered usually cannot be used to fund other program operations and are returned to the U.S. Treasury.

¹ Includes questioned costs from single audits.

Appendixes

Final Audit Reports Issued

Report Name	# of Nonmonetary Recommendations	Questioned Costs (\$)	Funds Put to Better Use (\$)	Other Monetary Impact (\$)
Employment and Training Programs				
Workforce Investment Act				
Recovery Act: Job Training Grants to Community Colleges: Despite Participant Follow-up Difficulties, Most Were Placed in Training-Related Jobs; Report No. 18-17-001-03-390; 03/02/17	3	0	0	0
Agency Total (1 Report)	3	0	0	0
Worker Benefit Programs				
Unemployment Insurance Program				
Better Strategies Needed to Increase Employer Participation in the State Information Data Exchange System; Report No. 04-17-003-03-315; 03/31/17	3	0	0	26,000,000
Agency Total (1 Report)	3	0	0	26,000,000
EBSA Did Not Have the Ability to Protect the Estimated 79 Million Plan Participants in Self-Insured Health Plans from Improper Denials of Health Claims; Report No. 05-17-001-12-121; 11/18/16	5	0	0	0
Agency Total (1 Report)	5	0	0	0
Worker, Safety, Health and Workplace Rights				
Occupational Safety and Health Administration				
OSHA Could Do More to Ensure Employers Correct Hazards Identified During Inspections; Report No. 02-17-201-10-105; 03/31/17	3	0	0	0
Agency Total (1 Report)	3	0	0	0
Mine Safety and Health Administration				
MSHA Needs to Provide Better Oversight of Emergency Response Plans; Report No. 05-17-002-06-001; 03/31/17	10	0	0	0
Agency Total (1 Report)	10	0	0	0
Departmental Management				
Chief Financial Officer				
FY 2016 Independent Auditors' Report on the U.S. Department of Labor's Consolidated Financial Statements; Report No. 22-17-002-13-001; 12/15/16	7	0	0	0
Management Advisory Comments Identified in an Audit of the Consolidated Financial Statements, For the Year Ended September 30, 2016; Report No. 22-17-004-13-001; 3/24/17	25	0	0	0
Agency Total (2 Reports)	30	0	0	0
Final Audit Report Total (7 Reports)	54	0	0	26,000,000

Other Reports

Report Name	# of Nonmonetary Recommendations
Employment and Training Programs	
Job Corps Program	
Review of Job Corps Center Safety and Security; Report No. 26-17-001-03-370; 03/31/17	9
Agency Total (1 Report)	9
Worker Benefit Programs	
Federal Employees' Compensation Act	
Special Report on the Federal Employees' Compensation Act Special Benefit Fund; Report No. 22-17-001-04-431; 11/03/16	3
Agency Total (1 Report)	3
Multiagency Programs	
Risk Assessment of DOL's Purchase and Travel Card Programs; Report No. 17-17-001-50-598; 03/31/17	0
Agency Total (1 Report)	0
Other Reports	
FISMA FISCAL YEAR 2015: Ongoing Security Deficiencies Exist Report No. 23-16-002-07-725P; 11/30/16	2
Agency Total (1 Report)	2
Other Report Total (4 Reports)	14

Single Audit Reports Processed

Program/Report Name	# of Nonmonetary Recommendations	Questioned Costs (\$)
St. Vincent de Paul Society of Lane County, Inc.; Report No. 24-17-527-02-201; 03/27/17	1	
New Mexico Aging and Long Term Services Department; Report No. 24-17-526-03-390; 03/22/17	2	
New Mexico Department of Workforce Solutions; Report No. 24-17-537-03-315; 03/22/17	3	
City of Memphis; Report No. 24-17-538-03-390; 03/22/17	3	
Indian Center and Affiliate, Inc.; Report No. 24-17-539-03-390; 03/22/17	3	
Newark Workforce Investment Board, Inc.; Report No. 24-17-525-03-390; 02/27/17	0	227
Independent School District 623; Report No. 24-17-535-03-390; 02/27/17	1	
Metropolitan School District of Pike Township; Report No. 24-17-536-03-390; 02/27/17	1	
Dallas Inter-Tribal Center dba Urban Inter-Tribal Center of Texas; Report No. 24-17-513-03-355; 01/31/17	1	
Mississippi Delta Council for Farm Workers Opportunities, Inc., Year Ended June 30, 2014; Report No. 24-17-514-03-390; 01/31/17	1	
Mississippi Delta Council for Farm Workers Opportunities, Inc., Year Ended June 30, 2013; Report No. 24-17-515-03-390; 01/31/17	1	
Los Angeles Community College District; Report No. 24-17-516-03-390; 01/31/17	7	17,047
Denver Public School District 1; Report No. 24-17-518-03-390; 01/31/17	1	
Tyler Junior College District; Report No. 24-17-519-03-390; 01/31/17	1	
Mississippi Delta Council for Farm Workers Opportunities, Inc., Year Ended June 30, 2015; Report No. 24-17-520-03-390; 01/31/17	1	
City of Winston-Salem, North Carolina; Report No. 24-17-521-03-001; 01/31/17	0	173,096
Independent School District 196; Report No. 24-17-522-03-390; 01/31/17	4	
Union County College; Report No. 24-17-523-03-390; 01/31/17	1	
Interseminarian Project Place, Inc., and Subsidiaries; Report No. 24-17-524-03-390; 01/31/17	2	
Partners of the Americas, Inc.; Report No. 24-17-509-01-070; 01/30/17	1	
Government of the United States Virgin Islands; Report No. 24-17-510-03-315; 11/17/16	2	
Guadalupe Alternative Programs; Report No. 24-17-511-03-001; 11/17/16	4	
Center for Community Alternatives; Report No. 24-512-03-001; 11/17/16	2	
State of Indiana; Report No. 24-17-500-03-390; 11/03/16	2	
Metro United Methodist Urban Ministry; Report No. 24-17-501-03-390; 11/03/16	2	
Incite Incorporated FKA Job Growers, Inc.; Report No. 24-17-502-03-390; 11/03/16	1	
State of New Hampshire; Report No. 24-17-503-03-315; 11/03/16	5	194
State of Maine; Report No. 24-17-504-03-315; 11/03/16	5	
State of Michigan; Report No. 24-17-505-03-390; 11/03/16	2	
New Jersey Council County Colleges; Report No. 24-17-506-03-390; 11/03/16	1	
State of Massachusetts; Report No. 24-17-507-03-315; 11/03/16	7	

Single Audit Reports Processed, continued

Illinois Governor's Office of Management and Budget; Report No. 24-17-508-03-315; 11/03/16	10	
Single Audit Report Total (32 Reports)		190,564

Appendixes

Unresolved Audit Reports over 6 Months Old

Agency	Report Name	# of Nonmonetary Recommendations	Monetary Amount (\$)
Nonmonetary Recommendations and Questioned Costs			
Agency Management Decision or Grant/Contracting Officer's Final Determination Did Not Resolve; OIG Negotiating with Agency			
EBSA	Changes Are Still Needed in the ERISA Audit Process to Increase Protection for Employee Benefit Plan Participants; Report No. 09-12-002-12-121; 09/28/12	1	0
EBSA	EBSA Needs to Provide Additional Guidance and Oversight to ERISA Plans Holding Hard-to-Value Alternative Investments; Report No. 09-13-001-12-121; 09/30/13	1	0
EBSA	Limited-Scope Audits Provide Inadequate Protections to Retirement Plan Participants; Report No. 05-14-005-12-121; 09/30/14	5	0
ETA	Controls over the Release of the UI Weekly Claim Report Need Improvement; Report No. 17-14-001-03-315; 01/02/14	1	0
ETA	Job Corps Needs to Improve Enforcement and Oversight of Student Disciplinary Policies ; Report No. 26-15-001-03-370; 02/27/15	4	48,404
MULTI	Procedural Changes Could Reduce the Amount of Time Required to Adjudicate Federal Black Lung Benefit Claims; Report No. 05-15-001-50-598; 04/09/15	2	0
OCFO	DOL Could Do More to Reduce Improper Payments and Improve Reporting; Report No. 03-15-001-13-001; 05/15/15	3	0
OSEC	Alert Memorandum: DOL Needs to Strengthen Its Oversight of NCFMS to Control Costs; Report No. 22-15-007-01-001; 06/02/15	2	0
OWCP	OWCP and ECAB Did Not Monitor the Representatives' Fees Process to Protect FECA Claimants from Excessive Fees; Report No. 03-16-001-04-431; 03/31/16	2	0
MSHA	MSHA Can Improve How It Responds to and Tracks Hazardous Condition Complaints; Report No. 05-16-002-06-001; 09/30/16	3	0
OSEC	The Department Remains Vulnerable to Premature Release of Embargoed Economic Data; Report No. 17-16-001-01-001; 03/25/16	1	0
CFO	The Department Needs to Ensure It Is on Track to Implement Data Act Requirements; Report No. 17-16-002-13-001; 09/30/16	1	0
ETA	Recovery Act: States Challenged in Detecting and Reducing Employment Insurance Improper Payments; Report No. 18-16-005-03-315; 08/02/16	2	0
ETA	Interim Report: Experience Works' Senior Community Service Employment Program Grant; Report No. 26-16-001-03-360; 09/30/16	1	0
OASAM	FISMA Fiscal Year 2015: Ongoing Security Deficiencies Exist; Report No. 23-16-002-07-725; 09/30/16	2	0
Agency Management Decision or Grant/Contracting Officer's Final Determination Not Issued by Close of Period			
ETA	Job Corps National Contracting Needs Improvement to Ensure Best Value; Report No. 26-13-004-03-370; 09/27/13	0	351,207
ETA	Job Corps Needs to Improve Controls over Student Travel Funds; Report No. 26-14-001-03-370; 04/29/14	0	289,224
ETA	Single Audit: Partners of the Americas, Inc.; Report No. 24-16-521-03-001; 02/01/16	2	0
ODEP	Single Audit: National Disability Institute; Report No. 24-16-532-01-080; 02/10/16	1	0
ETA	Single Audit: Goodweave, International; Report No. 24-16-534-03-001; 03/09/16	3	13,391
VETS	Single Audit: State of Florida; Report No. 24-16-548-02-201; 04/27/16	1	0
ETA	Single Audit: Experience Works; Report No. 24-16-552-03-390; 06/13/16	2	1,619,324
ETA	Single Audit: Newark Workforce Investment Board, Inc.; Report No. 24-16-591-03-390; 09/28/16	2	0
ETA	Single Audit: University of Illinois; Report No. 24-16-596-03-390; 09/28/16	11	0

Appendixes

Unresolved Audit Reports over 6 Months Old, continued

Total Nonmonetary Recommendations, Questioned Costs		53	2,321,550
Funds Recommended for Better Use			
Agency Management Decision or Grant/Contracting Officer's Final Determination Did Not Resolve; OIG Negotiating with Agency			
ETA	Job Corps Needs to Improve Enforcement and Oversight of Student Disciplinary Policy; Report No. 26-15-001-03-370; 02/27/15	0	398,729
Total Funds Recommended for Better Use		0	398,729
Total Audit Exceptions and Funds Recommended for Better Use		53	2,720,279

Unimplemented Recommendations

During this reporting period, we did not encounter any instances of audits or evaluations provided to the Department for comment that were not responded to within 60 days. Agencies have provided management decisions in response to all audits and evaluations issued before the commencement of this reporting period, except for nine reports involving contractors or grantees where the Department is still negotiating with the contractors and grantees. For 15 reports, the OIG did not agree with the corrective actions proposed by the agency in response to 31 recommendations but we are continuing to work with the Department to resolve those recommendations.

From October 1, 2007, through September 30, 2016, the OIG has made 2,191 audit recommendations to the Department, of which 220 have not been fully implemented. These 220 recommendations include 88 recommendations resulting from audits issued in FY 2015 or FY 2016, and, in many cases, the Department has corrective action plans in place.

Open Recommendations as of March 2017

FY	# Recommendations Made	# of Open Recommendations	Potential Cost Savings/ Funds Put to Better Use (\$)
2008	433	1	
2009	300	5	
2010	455	21	
2011	319	27	
2012	213	21	
2013	195	22	\$53,291,121
2014	128	35	
2015	148	46	8,210,015
2016	100	42	
TOTAL	2,291	220	\$61,501,136

High-Priority Unimplemented Recommendations

The following table summarizes the unimplemented recommendations OIG considers to be the highest priority for the Department.

Report Name	Unimplemented Recommendation
Job Training	
Job Corps Needs to Improve Enforcement and Oversight of Student Disciplinary Policies, Report No. 26-15-001-03-370, issued 2/27/15	Require Job Corps center operators to strengthen policies and procedures to ensure serious student misconduct is promptly reported, investigated, and resolved in accordance with Job Corps' disciplinary policies.
Additional Information Needed to Measure the Effectiveness and Return on Investment of Training Services Funded Under the WIA Adult and Dislocated Workers Programs, Report No. 03-11-003-03-390, issued 9/30/11	Require State Workforce Agencies to report training costs and funding sources at the participant level so stakeholders have adequate information to make return-on-investment decisions.
Recovery Act: Green Jobs Program Reports Limited Success in Meeting Employment and Retention Goals as of June 30, 2012, Report No. 18-13-001-03-390, issued 10/25/12	Evaluate the criteria for ETA-approved "credentials" to ensure such credentials add value to training program participants' career development and job prospects.
Worker Safety	
OSHA Does Not Know If Special Emphasis Programs Have Long-term Industrywide Effect, Report No. 02-16-201-105, 9/28/16	Develop a performance measurement strategy inclusive of output and outcome measures to appropriately assess program goals and objectives.
MSHA Can Improve How It Responds to and Tracks Hazardous Condition Complaints, Report No. 05-16-002-06-001, 9/30/16	Implement consistent, organization-wide guidelines for handling hazardous condition complaints.
MSHA Has Taken Steps to Detect and Deter Underreporting of Accidents and Occupational Injuries and Illnesses, But More Action Is Still Needed, Report No. 05-14-001-06-001, issued 3/31/14	Implement policy guidance addressing retaliation against miners for reporting, and encouraging miner reporting of work-related injuries or illnesses.
Worker Rights	
Wage and Hour Division Needs to Strengthen Management Controls for Back Wage Distributions, Report No. 04-15-001-04-420, issued 3/31/15	Develop reporting tools that will support greater oversight and performance management of the back wage follow-up and distribution process.
Management of the H-2B Program Needs to Be Strengthened to Ensure Adequate Protections for U.S. Workers, Report No. 06-12-001-03-321, issued 9/28/12	Collaborate with U.S. Customs and Immigration Service USCIS to explore ways for ETA to review USCIS documents during post-adjudication audits. ETA's review methodology should include referrals to the Department of Homeland Security if they find any errors in the immigration documentation.
Employee Benefits	
Limited Scope Audits Provide Inadequate Protections to Retirement Plan Participants, Report No. 05-14-005-12-121, issued 9/30/14	Seek repeal of the limited scope audit provision, provide additional formal guidance to plan administrators to identify and adequately support the fair value of plan assets, and establish a timetable to evaluate the feasibility of ERISA Advisory Council recommendations on limited scope audits.
Procedural Changes Could Reduce the Amount of Time Required to Adjudicate Federal Black Lung Benefit Claims, Report No. 05-15-001-50-598, issued 4/9/15	Conduct comprehensive analysis of the benefits and costs of pursuing statutory changes to the Black Lung Benefits Act to introduce referee medical examinations, compensation for partial disability, and settlement of claims.
Recovery Act: States Challenged in Detecting and Reducing Unemployment Insurance Improper Payments, Report No. 18-16-005-03-315, issued 8/2/16	Work with states to identify and collect data needed to determine which state-specific improper payment reduction strategies and recovery methods are most effective, and promote the most effective state strategies as National Strategies.

High-Priority Unimplemented Recommendations, continued

Departmental Management	
FISMA Fiscal Year 2015: Ongoing Security Deficiencies Exist, Report No. 23-16-002-07-725, issued 9/30/16	Realign the organizational structure as it relates to the CIO to address organizational independence issues. (Note: Of the 220 unimplemented recommendations in the Department, 80 are related to information security.)
Alert Memorandum: DOL Needs to Strengthen Its Oversight of NCFMS to Control Costs, Report No. 22-15-007-01-001; issued 6/2/15	To strengthen its oversight of the New Core Financial Management System (NCFMS) and control costs, the Department should negotiate a firm-fixed price agreement for a baseline of operation and maintenance services for NCFMS, including the Department developing its own cost estimate.
Controls over the Release of the Unemployment Insurance Weekly Claims Report Need Improvement, Report No. 17-14-001-03-315, issued 1/2/14	In consultation with OMB and other federal agencies who provide prerelease access to critical economic information via press lockups, develop and implement a strategy to achieve an equitable release of the UI Claims Report and eliminate any competitive advantage that new organizations inside the lockup and their clients may have; or, absent a viable solution, consider discontinuing the use of the press lockup.

Appendixes

Summary of Reports with Unimplemented Cost Savings/ Funds Put to Better Use Recommendations (as of March 31, 2017)

The following table lists the aggregate potential cost savings which includes questioned costs and funds put to better use, for all outstanding unimplemented recommendations from prior semiannual audit periods.

Report Name	Amount of Funds Recommended for Better Use
Employment and Training Administration (ETA)	
<p>Job Corps Needs to Improve Timeliness of and Accountability for Maintenance Repairs At Its Centers; Report No. 26-13-002-03-370; 12/07/12</p> <p>Improving the management processes related to monitoring and tracking the status of funds obligated for Job Corps center repairs could ensure that available funds are adequately accounted for and used appropriately before expiration and put \$42.1 million in funds to better use.</p>	\$42,091,121
<p>Navajo Nation Did Not Adequately Manage Workforce Investment Act Grants and Could Serve More Participants with Available Funds; Report No. 02-13-202-03-355; 09/30/13</p> <p>Providing technical assistance to satisfy the educational and employment needs of additional eligible Indian and Native American Program participants as appropriate or by recouping and redistributing \$11.2 million of excess carryover funds would put these funds to better use.</p>	11,200,000
<p>Job Corps Needs to Improve Enforcement and Oversight of Student Disciplinary Policies; Report No. 26-15-001-03-370; 02/27/15</p> <p>Requiring Job Corps' centers and their respective operators to strengthen policies and procedures to ensure serious student misconduct is promptly reported, investigated, and resolved in accordance with Job Corps' disciplinary policies will result in terminating students within required timeframes and will put \$398,729 to better use and improve the safety of other students at Job Corps centers.</p>	398,729
<p>Superstorm Sandy National Emergency Grants: ETA Awarded Funds Promptly, But Could Improve Grant Modification and Eligibility Verification Processes; Report No. 02-15-204-03-390; 03/26/15</p> <p>Reinstating the policy to require disaster national emergency grantees to have systems in place to review eligibility determinations once needed documentation becomes available could put \$7,811,286 to better use; Report No. 02-15-204-03-390, issued March 26, 2015</p>	7,811,286
Total	\$61,501,136

Reports with Unimplemented Recommendations

The following table lists all OIG reports issued prior to this semiannual reporting period with recommendations that have not yet been fully implemented (as of March 31, 2017).

Report Name	# of Unimplemented Nonmonetary Recommendations	Disallowed Costs Owed
Bureau of Labor Statistics (BLS)		
Fiscal Year 2014 Federal Information Security Management Act: Bureau of Labor Statistics National Longitudinal Survey; Report No. 23-15-002-11-001; 11/14/14	6	0
Office of the Chief Financial Officer (CFO)		
Fiscal Year 2011 Independent Auditor's Report on the DOL Consolidated Financial Statements; Report No. 22-12-002-13-001; 11/14/11	1	0
Independent Auditors' Report on the U.S. Department of Labor's FY 2013 Consolidated Financial Statements; Report No. 22-14-002-13-001; 12/16/13	1	0
Management Advisory Comments Identified in an Audit of the Consolidated Financial Statements, for the Year Ended September 30, 2013; Report No. 22-14-006-13-001; 03/31/14	2	0
FY 2013 Audit of Consolidated Financial Statements – Information Technology Control Deficiencies Related to the Office of the Chief Financial Officer New Core Financial Management System and PeoplePower; Report No. 22-14-013-13-001; 03/31/14	1	0
Management Advisory Comments Identified in an audit of the Consolidated Financial Statements For The Year Ended September 30, 2014; Report No. 22-15-006-13-001; 03/26/15	1	0
Review of Department of Labor Conference Costs, Approvals, and Reporting; Report No. 17-15-002-13-001; 03/31/15	1	0
DOL Could Do More to Reduce Improper Payments and Improve Reporting; Report No. 03-15-001-13-001; 05/15/15	3	0
Management Advisory Comments Identified In An Audit of the Consolidated Financial Statements For The Year Ended September 30, 2015; Report No. 22-16-004-13-001; 03/25/16	6	0
The Department Needs to Ensure It Is on Track to Implement Data Act Requirements; Report No. 17-16-002-13-001; 09/30/16	2	0
Employee Benefits Security Administration (EBSA)		
EBSA Needs to Do More to Protect Retirement Plan Assets from Conflicts of Interest; Report No. 09-10-001-12-121; 09/30/10	1	0
Notifications of Findings and Recommendations Related to the Federal Information Security Management Act Audit of: Employee Benefits Security Administration's General Support System; Report No. 23-10-020-12-001; 09/30/10	2	0
Proxy-Voting May Not Be Solely for the Economic Benefit of Retirement Plans; Report No. 09-11-001-12-121; 03/31/11	1	0
Federal Information Security Management Act Audit of EBSA's Technical Assistance and Inquiry System; Report No. 23-11-026-12-001; 09/30/11	2	0
Changes Are Still Needed in the ERISA Audit Process to Increase Protections for Employee Benefit Plan Participants; Report No. 09-13-001-12-121; 09/28/12	2	0

Reports with Unimplemented Recommendations, continued

EBSA Needs to Provide Additional Guidance and Oversight to ERISA Plans Holding Hard-to-Value Alternative Investments; Report No. 09-13-001-12-121; 09/30/13	2	0
Fiscal Year 2013 Federal Information Security Management Act: EBSA General Support System Testing; Report No. 23-13-012-12-001; 09/30/13	2	0
EBSA Could Improve Its Usage of Form 5500 Data; Report No. 05-14-003-12-121; 03/31/14	4	0
Limited-Scope Audits Provide Inadequate Protections to Retirement Plan Participants; Report No. 05-14-005-12-121; 09/30/14	5	0
Employment and Training Administration (ETA)		
Selected High-Growth Job Training Initiative Grants: Value Not Demonstrated; Report No. 02-08-204-03-390; 04/29/08	1	0
Career Systems Development Corporation: Controls over Center Operations Were Not Effective; Report No. 26-08-001-01-370; 09/30/08	0	10,500
Audit of State Workforce Agency Evaluations of Workforce Investment Act Title IB Program; Report No. 03-10-003-03-390; 08/31/10	1	0
Debarment Authority Should Be Used More Extensively in Foreign Labor Certification Programs; Report No. 05-10-002-03-321; 09/30/10	2	0
Performance Audit for ResCare, Inc., Job Corps Centers; Report No. 26-10-002-01-370; 03/03/10	0	10,115
Audit of Education and Training Resources, Job Corps Center Operator; Report No. 26-10-003-01-370; 03/18/10	2	0
Hotline Complaint Against the Sierra Nevada Job Corps Center; Report No. 26-10-007-01-370	3	0
Grant to the International Association of Nanotechnology; Report No. 02-11-203-03-390; 09/12/11	0	2,438,685
Additional Information Needed to Measure the Effectiveness and Return on Investment of Training Services Funded Under the WIA Adult and Dislocated Worker Programs; Report No. 03-11-003-03-390; 09/30/11	1	0
Federal Information Security Management Act Audit of ETA's E-Grants System and Unemployment Insurance Database Management System; Report No. 23-11-027-03-001; 09/30/11	1	0
Job Corps Must Strengthen Controls to Ensure Low-Income Eligibility of Applicants; Report No. 26-11-005-03-370; 09/30/12	0	2,274,303
ETA Can Improve Oversight of States' UI Administrative Costs; Report No. 04-12-002-03-315; 09/19/12	1	0
Management of H-2B Program Needs to Be Strengthened to Ensure Adequate Protections for U.S. Workers; Report No. 06-12-001-03-321; 09/28/12	1	0
Job Corps SPAMIS System Testing; Report No. 23-12-023-03-370; 09/28/12	2	0
Education and Training Resources Did Not Ensure Best Value In Awarding Sub-Contracts at the Oneonta Job Corps Center; Report No. 26-12-001-03-370; 06/22/12	0	3,280
Job Corps Oversight of Center Performance Needs Improvement; Report No. 26-12-006-03-370; 09/28/12	1	0
Recovery Act: Green Jobs Program Reports Limited Success In Meeting Employment and Retention Goals as of June 30, 2012; Report No. 18-13-001-03-390; 10/25/12	1	0

Reports with Unimplemented Recommendations, continued

Job Corps Needs to Improve Timeliness of and Accountability for Maintenance Repairs at Its Centers; Report No. 26-13-002-03-370; 12/07/12	2	0
ETA Needs to Enhance Its Performance Evaluation Process for Discretionary Grantees at Closeout and Use Results for Future Grant Investments; Report No. 23-13-201-03-390; 12/20/12	2	0
Job Corps National Contracting Needs Improvement to Ensure Best Value; Report No. 26-13-004-03-370; 09/27/13	0	351,207
Navajo Nation Did Not Adequately Manage Workforce Investment Act Grants and Could Serve More Participants with Available Funds; Report No. 02-13-202-03-355; 09/30/13	3	0
Controls over the Release of the UI Weekly Claims Report Need Improvement; Report No. 17-14-001-03-315; 01/02/14	1	0
Recovery Act: Outcomes from On-the-Job Training National Emergency Grants; Report No. 18-14-001-03-390	0	585
FY 2013 Audit of Consolidated Financial Statements— Information Technology Control Deficiencies Related to the ETA E-Grants System, Unemployment Insurance Database Management System, and General Support System; Report No. 24-14-015-03-001; 03/31/14	1	0
Job Corps Needs to Improve Controls over Student Travel Funds; Report No. 26-14-001-03-370; 04/29/14	0	289,224
Job Corps Contractor and DOL Procurement Practices Need Improvement; Report No. 26-14-002-03-370; 09/24/14	3	0
Fiscal Year 2014 Federal Information Security Management Act: Job Corps Local Area Network and Wide Area Network; Report No. 23-15-003-03-370; 11/14/14	1	0
Job Corps Needs to Improve Enforcement and Oversight of Student Disciplinary Policies; Report No. 26-15-001-03-370; 02/27/15	4	48,404
Superstorm Sandy National Emergency Grants: ETA Awarded Funds Promptly, But Could Improve Grant Modification and Eligibility Verification Processes; Report No. 02-15-204-03-390; 03/26/15	2	1,116
Effectiveness of Pennsylvania in Detecting and Reducing Unemployment Insurance Improper Payments and Implementation of Employment and Training Administration National Strategies; Report No. 18-15-001-03-315; 03/31/15	3	0
ETA Needs To Improve Awarding of Year-End National Emergency Grants; Report No. 02-15-205-03-390; 09/30/15	1	0
Recovery Act: Effectiveness of New York in Detecting and Reducing Unemployment Insurance Improper Payments and Implementation of Employment and Training Administration National Strategies; Report No. 18-15-003-03-315; 09/30/15	2	0
Recovery Act: Effectiveness of California in Detecting and Reducing Unemployment Insurance Improper Payments and Implementation of Employment and Training Administration National Strategies; Report No. 18-16-001-03-315; 10/30/15	3	0
Recovery Act: Effectiveness of Iowa in Detecting and Reducing Unemployment Insurance Improper Payment and Implementation of Employment and Training Administration National Strategies; Report No. 18-16-002-03-315; 10/30/15	1	0
Recovery Act: Effectiveness of Colorado in Detecting and Reducing Unemployment Insurance Improper Payments and Implementation of Employment and Training Administration National Strategies; Report No. 18-16-003-03-315; 12/16/15	3	0

Reports with Unimplemented Recommendations, continued

ETA Needs Stronger Controls to Ensure Only Eligible Claimants Receive Unemployment Compensation for Federal Employees; Report No. 04-16-001-03-315; 03/28/16	3	0
Recovery Act: States Challenged in Detecting and Reducing Employment Insurance Improper Payments; Report No. 18-16-005-03-315; 08/02/16	2	0
Audit of Experience Works' Senior Community Service Employment Program Grant; Report No. 26-16-001-03-360; 09/30/16	2	0
Office of Workers' Compensation Programs (OWCP)		
OWCP'S Efforts to Detect and Prevent FECA Improper Payments Have Not Addressed Known Weaknesses; Report No. 03-12-001-04-431; 02/15/12	1	0
Audit of Federal Employees' Compensation Act, Durable Medical Equipment Payments; Report No. 03-12-002-04-431; 03/26/12	1	0
OWCP and ECAB Did Not Monitor the Representatives' Fees Process to Protect FECA Claimants from Excessive Fees; Report No. 03-16-001-04-431; 03/31/16	2	0
District of Columbia Workmen's Compensation Act Special Fund Financial Statements and Independent Auditors' Report, September 30, 2015 and 2014; Report No. 22-16-006-04-432; 09/08/16	2	0
Mine Safety and Health Administration (MSHA)		
MSHA Has Improved Its Roof Control Plan Review and Monitoring Process But Could Do More; Report No. 05-13-002-06-001; 03/29/13	2	0
MSHA Can Improve Its Section 110 Special Investigations Process; Report No. 05-13-008-06-001; 09/30/13	2	0
Fiscal Year 2013 Federal Information Security Management Act: Mine Safety and Health Administration General Support System Testing; Report No. 23-13-013-06-001	1	0
MSHA Laboratories Have Improved Timeliness, But the Overall Sampling Process Could Be Enhanced; Report No. 05-14-002-06-001; 09/19/14	3	0
Alert Memorandum: Incorrect Telephone Numbers in Mine Emergency Response Plans; Report No. 05-16-001-06-001; 10/09/15	1	0
MSHA Can Improve How It Responds to and Tracks Hazardous Condition Complaints; Report No. 05-16-002-06-001; 09/30/16	4	0
Multiagency		
FY 2013 Audit of the Consolidated Financial Statements— Information Technology Control Deficiencies Related to the OWCP Automated Support Package, Energy Compensation System, Longshore Disbursement System, and Integrated Federal Employees' Compensation System; and the OASAM Division of Information Technology Management Services General Support System; Report No. 22-14-014-04-001; 03/31/14	1	0
Procedural Changes Could Reduce the Amount of Time Required to Adjudicate Federal Black Lung Benefit Claims; Report No. 05-15-001-50-598; 04/09/15	6	0
Office of the Assistant Secretary for Administration and Management (OASAM)		
Notifications of Findings and Recommendations Related to the Federal Information Security Management Act Audit; Report No. 23-10-002-07-001	2	0

Reports with Unimplemented Recommendations, continued

The Department Could Do More to Strengthen Controls over Its Personal Identity Verification System; Report No. 04-11-001-07-001; 03/31/11	6	0
Ineffective Accounting for Sensitive Information Technology Hardware and Software Assets Places DOL at Significant Risk; Report No. 23-11-001-07-001; 03/31/11	6	0
Improvements Are Needed in DOL IT Security Remediation Efforts; Report No. 23-11-002-07-001; 09/14/11	2	0
Federal Information Security Management Act Audit of OCIO Entity-wide IT Security Controls; Report No. 23-11-030-07-001; 09/30/11	4	0
Federal Information Security Management Act Departmental Security Issues; Report No. 23-12-002-07-001; 03/19/12	2	0
Department Oversight Needs to Be Strengthened to Minimize Procurement Risk; Report No. 17-12-002-07-711; 03/30/12	1	0
DOL Successfully Implementing Outstanding Recommendations, But Timeliness and Accuracy Are Issues; Report No. 23-12-003-07-001; 03/30/12	1	0
Department-wide Security Issues; Report No. 23-12-024-07-001; 09/28/12	1	0
Department e-Recruit/DOORS System Testing; Report No. 23-13-004-07-001; 10/10/12	3	0
Fiscal Year 2013 Federal Information Security Management Act: DOL Entity-wide Testing; Report No. 23-14-006-07-725; 11/14/13	2	0
Improvements Needed to DOL's Capital Planning and Investment Controls for Managing Information Technology Investments; Report No. 23-14-009-07-723; 03/25/14	3	0
FY 2013 Audit of Consolidated Financial Statements— Information Technology Control Deficiencies Related to the OASAM E-Procurement System and Employee Computer Network/Departmental Computer Network; Report No. 22-14-016-07-001; 03/31/14	1	0
Cyber Security Program Improvements Are Needed to Better Secure DOL's Major Information Systems; Report No. 23-15-001-07-725; 03/31/15	4	0
Information Security Concerns; Report No. 23-15-009-07-725; 07/31/15	2	0
FISMA Fiscal Year 2015: Ongoing Security Deficiencies Exist; Report No. 23-16-002-07-725; 09/30/16	2	0
Office of Federal Contract Compliance Programs (OFCCP)		
Notifications of Findings and Recommendations Related to the Federal Information Security Management Act Audit of: Office of Federal Contract Compliance Programs' Information System; Report No. 23-10-017-04-410; 09/30/10	2	0
Office of Labor Management Standards (OLMS)		
Notifications of Findings and Recommendations Related to the Federal Information Security Management Act Audit of: the Employment Standards Administration's Electronic Labor Organization Reporting System; Report No. 23-09-005-04-421; 09/10/09	5	0
Fiscal Year 2014 Federal Information Security Management Act: Office of Labor Management Standards Electronic Labor Organization Reporting System; Report No. 23-15-004-04-421; 11/14/14	6	0

Appendixes

Reports with Unimplemented Recommendations, continued

Office of the Secretary (OSEC)		
Alert Memorandum: DOL Needs to Strengthen Its Oversight of NCFMS to Control Costs; Report No. 22-15-007-01-001; 06/02/15	2	0
The Department Remains Vulnerable to Premature Release of Embargoed Economic Data; Report No. 17-16-001-01-001; 03/25/16	2	0
Occupational Safety and Health Administration (OSHA)		
Notifications of Findings and Recommendations Related to the Federal Information Security Management Act Audit of: Occupational Safety and Health Administration's Technical Information Management System; Report No. 23-10-018-10-001; 09/30/10	6	0
OSHA Has Not Determined If State OSH Programs Are at Least as Effective in Improving Workplace Safety and Health as Federal OSHA's Programs; Report No. 02-11-201-10-105; 03/31/11	4	0
Occupational Safety and Health Information System Testing; Report No. 23-12-022-10-001; 09/28/12	3	0
Voluntary Protection Program: Controls Are Not Sufficient to Ensure Only Worksites with Exemplary Safety and Health Systems Remain in the Program; Report No. 02-14-201-10-105; 12/16/13	7	0
OSHA Does Not Know If Special Emphasis Programs Have Long-term Industrywide Effect; Report No. 02-16-201-10-105; 09-28/16	3	0
Veterans Employment and Training Service (VETS)		
Jobs for Veterans State Grants Program: VETS Needs to Improve Financial Monitoring; Report No. 06-16-001-02-001; 03/29/16	4	60,375
Wage and Hour Division (WHD)		
WHD Lacked Effective Financial Management of Back Wage and Civil Monetary Penalty Receivables; Report No. 22-12-013-04-420; 09/28/12	5	0
Wage and Hour Division Needs to Strengthen Management Controls for Back Wage Distributions; Report No. 04-15-001-04-420; 03/31/15	2	0
Totals	220	\$5,487,794

Appendixes

Investigative Statistics

	Division Totals	Total
Investigative Reports Issued/ Cases Closed (includes investigative reports issued, case closing reports, and matters referred for possible civil and/or administrative action):		139
Program Fraud	108	
Labor Racketeering	31	
Cases Opened:		126
Program Fraud	87	
Labor Racketeering	39	
Cases Referred for Prosecution (each case is measured as a singular statistic and may include more than one person or business entities):		119
Program Fraud	79	
Labor Racketeering	40	
Cases Referred for Administrative/Civil Action (each case is measured as a singular statistics and may include more than one person or business entities):		42
Program Fraud	37	
Labor Racketeering	5	
Persons Referred to the Department of Justice for Criminal Prosecution (includes the number of individuals and business entities referred for prosecution):		177
Program Fraud	130	
Labor Racketeering	47	
Persons Referred to State and Local Prosecuting Authorities for Criminal Prosecution (includes the number of individuals and business entities referred for prosecution):		21
Program Fraud	11	
Labor Racketeering	10	
Indictments and Criminal Information That Resulted from Any Prior Referral to Prosecuting Authorities (includes sealed and unsealed indictments):		152
Program Fraud	120	
Labor Racketeering	32	
Indictments (includes sealed and unsealed indictments):		45
Program Fraud	34	
Labor Racketeering	11	
Convictions:		116
Program Fraud	76	
Labor Racketeering	40	
Statutory Debarments:		12
Program Fraud	1	
Labor Racketeering	11	

Recoveries, Cost-Efficiencies, Restitutions, Fines/Penalties, Forfeitures, and Civil Monetary Actions:		\$40,981,211
Program Fraud	\$22,066,589	
Labor Racketeering	\$18,914,622	

Recoveries (the dollar amount/value of an agency's action to recover or to reprogram funds or to make other adjustments in response to OIG investigations):		\$2,397,191
Cost-Efficiencies (the one-time or per annum dollar amount/value of management's commitment, in response to OIG investigations, to utilize the government's resources more efficiently):		\$2,790,063
Restitutions/Forfeitures (the dollar amount/value of restitutions and forfeitures resulting from OIG criminal investigations):		\$33,285,281
Fines/Penalties (the dollar amount/value of fines, assessments, seizures, investigative/court costs, and other penalties resulting from OIG criminal investigations):		\$332,825
Civil Monetary Actions (the dollar amount/value of forfeitures, settlements, damages, judgments, court costs, and other penalties resulting from OIG criminal investigations):		\$2,175,851
Total:		\$40,981,211

Peer Review Reporting

The following meets the requirement under Section 989C of the Dodd-Frank Wall Street Reform and Consumer Protection Act (P.L. 111-203) that the Inspectors General include their peer review results as an appendix to each semiannual report. Federal audit functions can receive a rating of “pass,” “pass with deficiencies,” or “fail.” Federal investigation functions can receive a rating of “compliant” or “noncompliant.”

Peer Review of DOL-OIG Investigative Function

The Social Security Administration Office of Inspector General (SSA-OIG) conducted a peer review of the system of internal safeguards and management procedures for DOL-OIG’s investigative function for the period ending September 30, 2016. The OIG has been advised that the review did not identify any deficiencies with our investigative program. The OIG is awaiting the final report from SSA-OIG at this time.

Peer Review of DOL-OIG Audit Function

The Department of Education OIG conducted a peer review of the system of quality control for DOL-OIG’s audit function for the period ending September 2015. The peer review report, which was issued on March 29, 2016, resulted in an opinion that the system of quality control was suitably designed and provided reasonable assurance of DOL-OIG conforming to professional standards in conduct of audits. The peer review gave DOL-OIG a pass rating and made no recommendations.

OIG Hotline

The OIG Hotline provides a communication link between the OIG and persons who want to report alleged violations of laws, rules, and regulations; mismanagement; waste of funds; abuse of authority; or danger to public health and safety. During the reporting period October 1, 2016, through March 31, 2017, the OIG Hotline received a total of 1,051 contacts. Of these, 241 were referred for further review and/or action.

Complaints Received (by Method Reported):	Totals
Telephone	316
E-mail/Internet	547
Mail	161
Fax	23
Walk-In	4
Total	1,051
Complaints Received (by Source):	
	Totals
Complaints from Individuals or Nongovernment Organizations	1,030
Complaints/Inquiries from Congress	1
Referrals from the Government Accountability Office	0
Complaints from Other DOL Agencies	9
Complaints from Other (Non-DOL) Government Agencies	11
Total	1,051
Disposition of Complaints:	
	Totals
Referred to OIG Components for Further Review and/or Action	141
Referred to DOL Program Management for Further Review and/or Action	70
Referred to Non-DOL Agencies/Organizations	30
No Referral Required / Informational Contact	823
Total	1,064*

* During this reporting period, the hotline office referred several individual complaints to multiple offices or entities for review (e.g., to multiple OIG components, or to an OIG component and DOL program management and/or a non-DOL agency).

Fiscal Year 2017 Audit Work Plan

Bureau of Labor Statistics (BLS)

Discretionary Audits

BLS Current Employment and Current Population Surveys—In Progress. We will continue our work to determine if the Current Employment and Current Population Surveys (2 of 38 national Principal Federal Economic Indicators) comply with Office of Management and Budget Standards and Guidelines for Statistical Surveys.

Employee Benefits Security Administration (EBSA)

Discretionary Audits

EBSA Oversight of the Thrift Savings Plan—In Progress. We will continue our work to determine if EBSA has been conducting adequate oversight of the Thrift Savings Plan.

Plan Administrator Fidelity Bonding. We will determine if EBSA exercised sufficient oversight of bonding requirements for plan administrators and if the minimum bond requirements adequately protect plan assets

Employment and Training Administration (ETA)

Mandatory Audits

Job Corps

Integrity of Center Information System Data. We will determine if Job Corps has effective controls in place to ensure the integrity and reliability of performance metrics and student data processed within its Center Information System.

Center Operator Risk Mitigation. We will determine if Job Corps and ETA effectively evaluated and managed risks associated with a high concentration of Job Corps centers operated by a small number of contracted center operators. We will also determine if there have been differences in performance trends between long-time Job Corps center contracted-center operators and those that are relatively new.

Review of Job Corps Center Safety—COMPLETE. We will continue our work reviewing Job Corps' actions in response to potentially serious criminal misconduct, physical security at Job Corps centers, and Job Corps' efforts to prevent or mitigate violence and other serious crimes at its centers.

Bona Fide Needs Rule—In Progress. We will continue our work to determine if ETA's use of unexpended Job Corps funds made available for program years 2011, 2012, and 2013 complied with section 1502(a) of Title 31, United States Code, commonly known as the bona fide needs rule.

OIG FY 2017 Audit Work Plan

Integrity of Student Testing and Reported Results—In Progress. We will continue our work to determine if Job Corps exercised effective oversight of the integrity of student testing performed at Job Corps centers and the reliability of reported results.

Job Corps Participant Placement in Jobs and Advanced Education—In Progress. We will continue our work to determine if Job Corps improved the employability of its participants by evaluating the status of participants prior to enrolling in Job Corps, the training they received, initial job placements, and job retention. We will also continue our work to determine if placement data reported by Job Corps and its contractors were accurate and reliable.

ETA

Discretionary Audits

ETA Grant Programs

WIOA Implementation Review—In Progress. We will continue our work to assess ETA's readiness to implement program changes, as required by the Workforce Innovation and Opportunity Act (WIOA). The work will be limited to WIOA Title I (Adult, Dislocated Worker, or Youth Formula programs).

Reintegration of the Ex-Offenders (RExO) Program—In Progress. We will continue our work to determine if RExO Program grantees met performance goals, spent funds properly, and provided appropriate services to participants. We will also determine if different levels and duration of services had an impact on post-program employment and recidivism.

Local Workforce Investment Boards—In Progress. We will continue our work to determine if Local Workforce Investment Boards provided training and other services to Adult and Dislocated Worker participants and local employers that improved the quality of the local workforce.

H-1B Technical Skills Grants—In Progress. We will continue our work to determine if grantees' training led to participants receiving and retaining employment in an industry or occupation for which employers are using H-1B visas to hire foreign workers. We will also determine if grantees claimed costs that were allowable, allocable, and in accordance with their grant agreements.

YouthBuild Participant Placement in Jobs and Education—In Progress. We will continue our work to determine if YouthBuild improved the employability of its participants. We will also evaluate if placement data reported by YouthBuild and its grantees were accurate and reliable.

Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grant Program—In Progress. We will continue our work to determine if the TAACCCT program (\$2 billion awarded from FY 2011 through FY 2014) developed, expanded, and improved 2 year or less education and training programs so participants could obtain the skills, degrees, and credentials needed to prepare them for employment in high-wage and high-skill occupations.

OIG FY 2017 Audit Work Plan

Experience Works, Inc., Senior Community Service Employment Program (SCSEP) Grant—In Progress. We will continue our work to determine whether expenses charged to the SCSEP grant by Experience Works, Inc., were allowable, necessary, and prudent.

Foreign Labor Certification Program

Debarment Use in Foreign Labor Programs. We will determine if the Office of Foreign Labor Certification's (OFLC) debarment process holds companies that violated laws and policies accountable for their actions.

H-2B Prevailing Wage and Processing Backlog—In Progress. We will continue our work to determine if OFLC processed prevailing wage determinations timely, and if the application review process improved to eliminate the backlog.

H-1B Application Review and Oversight Process. We will continue our work to determine if OFLC's H-1B application review process and oversight of employers' self attestations sufficiently protected American workers' jobs, wages, and working conditions.

ETA Management of Permanent Labor Certification Program (PERM) Applications Review—In Progress. We will continue our work to determine if ETA properly managed the PERM program.

Unemployment Insurance Program

Detecting UI Recipients Who Have Returned to Work, but Continue to Collect Benefits—In Progress. We will continue our work to assess selected states' efforts to reduce UI improper payments caused by recipients continuing to claim benefits after returning to work.

Modernization of States' UI Information Technology (IT) Systems. We will determine if states used UI IT modernization funds as intended.

Inappropriate Federal Unemployment Tax Act (FUTA) Tax Credits to Employers Who Underpay State Unemployment Insurance Taxes. We will determine the impact on federal funds of FUTA tax credits given to employers that engage in tax avoidance schemes.

Effectiveness of the State Information Data Exchange System (SIDES) in Reducing UI Improper Payments—COMPLETE. We will continue our work to determine if implementation of SIDES reduced UI improper payments.

State Unemployment Tax Act (SUTA) Avoidance—In Progress. We will continue our work to determine if states identified employers that attempted to evade state unemployment taxes through SUTA dumping or misclassified employees, and if penalties states levied against these employers discouraged such practices.

UI Reemployment Services and Eligibility Assessments (RESEA)—In Progress. We will continue our work to determine if the RESEA program has assisted UI beneficiaries' return to employment.

OIG FY 2017 Audit Work Plan

International Labor Affairs Bureau (ILAB)

Discretionary Audits

ILAB Child Labor, Forced Labor, and Human Trafficking Program—In Progress. We will continue our work to determine if grantees who received funds to curb child labor activities used the funds effectively.

Mine Safety and Health Administration (MSHA)

Discretionary Audits

MSHA Mine Emergency Operations. We will determine if MSHA had an effective strategy to staff, equip, and train MSHA personnel for mine emergency response operations.

Vacating Violations—In Progress. We will continue our work to determine if MSHA had adequate controls over issued citations and orders.

MSHA Civil Monetary Penalties—In Progress. We will continue our work to determine if MSHA effectively used available data to ensure civil monetary penalties assessed against mine operators served as a deterrent to unsafe mine working conditions.

Occupational Safety and Health Administration (OSHA)

Discretionary Audits

Risk-Based Targeting. We will review how OSHA uses data to target its compliance assistance and enforcement resources on the highest hazard states, industries, and occupations.

Severe Injury Reporting—In Progress. We will continue our work to review how OSHA implemented the relatively new Severe Injury Reporting Program, and determine if the program enhanced OSHA's ability to target resources to save lives and prevent further injury and illness.

OSHA Rulemaking Process—In Progress. We will continue our work to determine if OSHA established and followed appropriate procedures for issuing guidance documents as supplements to existing OSHA standards and requirements.

Office of Administrative Law Judges (OALJ)

Discretionary Audits

OALJ Black Lung Case Management—In Progress. We will continue our work to determine if OALJ was appropriately resourced, and if its systems and processes ensured resources were effectively used to reduce its case backlog.

OIG FY 2017 Audit Work Plan

Office of Federal Contract Compliance Programs (OFCCP)

Discretionary Audits

OFCCP Enforcement of Federally-Funded Construction Contracts—In Progress. We will continue our work to determine if OFCCP's policies and procedures for enforcing equal employment opportunity requirements over federal or federally-funded construction contracts are adequate.

Office of the Assistant Secretary for Administration and Management (OASAM)

Mandatory Audits

Federal Information Security Management Act Audits—Annual. We will determine if DOL's management ensured the security and privacy of DOL's information contained in agency computer systems and if required security controls were operating effectively.

OASAM

Discretionary Audits

DOL Suspension and Debarment Program. We will determine if DOL has an effective suspension and debarment program.

Fleet Management. We will determine if DOL adequately manages its fleet operations.

Grant Closeout. We will perform a risk assessment of DOL's grant closeout process.

Effectiveness of DOL's Management of Mobile Telecommunications Services and Devices—In Progress. We will continue our work to determine if DOL effectively managed its acquisition and oversight of mobile telecommunications services and devices, including security.

DOL Physical Security—In Progress. We will continue our work to determine if physical security at DOL-owned and -leased facilities safeguards its occupants.

Application Software Security—In Progress. We will continue our work to determine if DOL has taken adequate measures to secure its public websites.

DOL Acquisition Planning. We will determine if DOL developed and implemented an effective acquisition planning process.

DOL's Cloud Implementation Process—In Progress. We will continue our work to determine if DOL's cloud implementation process met federal guidance and requirements and if DOL has effectively managed its cloud solutions.

OIG FY 2017 Audit Work Plan

FY 2015 IT Exemptions. We will continue our work to determine if DOL's IT exemption process ensured system risks were identified, assessed, tracked, and monitored.

Office of the Chief Financial Officer (OCFO)

Mandatory Audits

DATA Act Audit. We will determine if DOL complied with the DATA Act, which identified requirements for agencies, including DOL, to make publicly available their spending data.

DOL Consolidated Financial Statements Audit—Annual. We will determine if DOL's consolidated financial statements presented fairly, in all material respects, the financial position of DOL as of September 30, 2016. We will consider DOL's internal controls over financial reporting and test DOL's compliance with applicable laws, regulations, contracts, and grant agreements that could have a direct and material effect on the consolidated financial statements.

Review of DOL's Improper Payment Reporting in the Annual Financial Report—Annual. We will determine if DOL complied with the Improper Payments Information Act, as amended, which required DOL to: 1) conduct a program-specific risk assessment for each required program or activity; 2) publish and meet annual reduction targets for each program assessed to be at risk for improper payments; and 3) report information on its efforts to recapture improper payments.

OCFO

Discretionary Audits

Enterprise Risk Management (ERM) Readiness Review. We will assess DOL's readiness to comply with ERM requirements described in OMB Circular A-123.

DOL Working Capital Fund—In Progress. We will continue our work to determine if DOL effectively administered the Working Capital Fund, including its cost allocation methodologies.

Office of Workers' Compensation Programs (OWCP)

Mandatory Audits

FECA Special Benefit Fund—Annual. We will determine if: 1) the Schedule of Actuarial Liability, Net Intra-Governmental Accounts Receivable, and Benefit Expense was fairly presented for the year ending September 30, 2016; and 2) internal controls over financial reporting related to the Schedule were in compliance with laws and regulations that could have a direct and material effect on the Schedule.

Longshore and Harbor Workers' Compensation Act (LHWCA) Special Fund—Annual. We will determine if DOL's LHWCA Special Fund financial statement presented fairly, in all material respects, the financial position of the LHWCA Special Funds on September 30, 2016.

OIG FY 2017 Audit Work Plan

District of Columbia’s Workmen’s Compensation Act (DCCA) Special Fund Financial Statement

Audits—Annual. We will determine if DOL’s DCCA Special Fund financial statement presented fairly, in all material respects, the financial position of the DCCA Special Funds on September 30, 2016.

OWCP

Discretionary Audits

OWCP Bill Pay Edits. We will determine if OWCP implemented edit checks to the medical bill payment systems.

OWCP Oversight of Pharmaceutical Costs and Compounding Medications—In Progress. We will continue our work reviewing OWCP’s management of pharmaceutical costs in its compensation programs.

OWCP Second Opinion and Referee Medical Exams—In Progress. We will continue our work to review OWCP’s processes for selecting medical examiners and its management and oversight of related contracts.

Wage and Hour Division (WHD)

Discretionary Audits

WHD Inspection Process for Complaints. We will determine if WHD processed and investigated complaints effectively and timely.

Davis-Bacon Prevailing Wages Survey Accuracy and Timeliness—In Progress. We will continue our work to determine if WHD: 1) issued prevailing wage determinations that were current and accurate; and 2) adequately monitored the survey process to ensure performance goals were met.

Multi-Agency

Mandatory Audits

Single Audit Compliance, Quality Control Reviews of Single Audit Reports—Annual. We will determine if selected independent auditors complied with the requirements of the Single Audit Act and if there is a need for any follow-up work.

Single Audit Compliance, Desk Reviews of DOL Grantee Reports Referred by the Federal Audit Clearinghouse—Annual. We will perform desk reviews of single audit reports that are referred to us by the Federal Audit Clearinghouse. We will determine if: 1) the independent auditor’s report, Schedule of Findings and Questioned Costs, Schedule of Expenditures of Federal Awards, and corrective action plans were acceptable; 2) issues identified in the reports require follow-up audit work; 3) a quality control review should be conducted; and 4) other issues identified in the report should be brought to the attention of the appropriate DOL funding agency or agencies.

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