

# HIGHLIGHTS

April 1, 2020–September 30, 2020 Volume 84

## A Message from the Acting Inspector General

The last six months have proven challenging for our country and people around the world. With the pandemic raging on, we understand its substantial impact and the hardships many Americans are facing. As the federal agency with primary oversight of the U.S. Department of Labor (DOL), the Office of Inspector General (OIG) is diligently focused on helping to ensure that DOL programs are responsive to the needs of the public as this country progresses through this trying pandemic.

We continue to conduct oversight that focuses on the Department's response to the pandemic and in particular, the Department's actions under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Specific areas of review include: DOL's efforts to administer and oversee the expansion of unemployment benefits, protect workers and miners from exposure to COVID-19, and provide guidance and enforce CARES Act regulations related to paid leave. In addition to our extensive work relating to the pandemic, the OIG has continued to conduct audits to review the effectiveness, efficiency, economy, and integrity of DOL programs and operations, and carry out investigations into alleged violations of federal laws relating to DOL programs, personnel, and operations. More information about how we are conducting oversight and responding to the pandemic is available herein and on our website at [www.oig.dol.gov](http://www.oig.dol.gov).

This Highlights edition presents a summary of selected activities, accomplishments, and findings reported in the OIG's *Semiannual Report to Congress* for the six-month period ending September 30, 2020. During this reporting period, the OIG issued 21 audit and other reports, with 45 recommendations for corrective action. The OIG's investigative work resulted in a total of 170 indictments, 40 convictions, and \$75 million in monetary accomplishments.

We will continue to work constructively with the Department and Congress on our shared goals of identifying improvements to DOL programs and operations and protecting the interests and benefits of the nation's workers and retirees during this unprecedented time.



Larry D. Turner, Acting Inspector General

## Worker and Retiree Benefit Programs

During this reporting period, we completed several audits and investigations involving worker and retiree programs. Highlights of our work in this area include the following:

### Unemployment Insurance Programs

- An advisory report presented the OIG's initial areas of concern for DOL and the states to consider in implementing unemployment insurance (UI) provisions included in the CARES Act.
- An alert memorandum expressed alarm that states' reliance on self-certifications alone to ensure eligibility for Pandemic Unemployment Assistance would lead to increased improper payments and fraud.
- An audit of the Employment and Training Administration's (ETA's) initial implementation of the CARES Act UI provisions found that ETA leveraged existing tools to combat fraud but needs to do more to improve its management oversight of the UI program provisions under the CARES Act.
- An audit of ETA's Disaster Unemployment Assistance program found that ETA did not establish adequate controls to ensure that benefits were paid only to eligible claimants and were paid promptly.
- A massive and sophisticated criminal enterprise targeting Maryland's UI system for more than \$500 million in fraudulent claims was uncovered by state officials working in conjunction with the U.S. Attorney's Office and the OIG.
- An investigation with the Oklahoma Employment Security Commission stopped more than \$2.8 million in unemployment benefits from reaching the hands of international criminals.
- An investigation led to a Michigan UI agency employee and his co-conspirator being charged for their alleged roles in a \$1.8 million UI fraud scheme.
- Eight people were arrested in connection with a scheme to obtain \$1.1 million in UI benefits through sham companies.
- A North Miami Beach man was sentenced to 24 months in prison for his involvement in an identity theft scheme to defraud the Florida UI program.

### Office of Workers' Compensation Programs

- We audited the Office of Workers' Compensation Programs' (OWCP's) initial response to the pandemic and found that most OWCP programs were experiencing or expecting delays in processing and adjudicating claims and were facing resource management issues as a result of increased claims or social distancing mandates.
- Following an investigation, two individuals agreed to pay \$41 million to resolve allegations of unnecessary urine drug testing.

### Employee Benefit Plans

- A Southern California chiropractor was sentenced to 46 months in federal prison for conspiring to defraud a labor union's health care benefit plan by offering kickbacks to patients.

## **Worker Safety, Health, and Workplace Rights**

During this reporting period, we issued audits and completed investigation involving the Department's Occupational Safety and Health Administration (OSHA), Mine Safety and Health Administration (MSHA), Wage and Hour Division (WHD), and Bureau of International Labor Affairs (ILAB) programs. Highlights of our work in these areas include the following:

### **Occupational Safety and Health Administration**

- An audit of OSHA's handling of whistleblower complaints during the pandemic revealed that the number of whistleblower complaints that OSHA received increased significantly and OSHA needed to improve its handling of those complaints.

### **Mine Safety and Health Administration**

- We conducted an audit of MSHA's initial response to the pandemic and found MSHA faces a number of current and potential challenges related to COVID-19, and as a result, we recommended the agency take additional action.

### **Wage and Hour Division**

- We performed an audit of WHD's initial response to the COVID-19 pandemic and found that WHD needs to closely monitor the impact of COVID-19 on its operations.

### **Bureau of International Labor Affairs**

- A performance audit of the Office of Child Labor, Forced Labor, and Human Trafficking (OFCT) found that OFCT implemented its reporting requirements but could improve its oversight of some of its grant-funded projects related to combating child and forced labor.

## **Employment and Training Programs**

The Employment and Training Administration (ETA) provides employment assistance, labor market information, and job training through the administration of programs authorized by the Workforce Innovation and Opportunity Act for adults, youth, dislocated workers, and other targeted populations. ETA also administers several foreign labor certification programs that allow U.S. employers to employ foreign workers to address American worker shortages. Our work during this semiannual period included the following:

### **Employment and Training Administration**

- An advisory report presented key areas of concern regarding implementation of dislocated worker grant provisions under the CARES Act.
- A performance audit determined that ETA could not demonstrate that credentials obtained through Workforce Innovation and Opportunity Act core programs improved participants' outcomes because the agency did not collect the information necessary to measure the effectiveness of earning credentials.

### **Job Corps**

- We audited ETA's initial response to the difficulties the pandemic presented to the Job Corps program and found that Job Corps was challenged to ensure that students are safe and receive the services they need during the pandemic.

### **Foreign Labor Certification Programs**

- A review found that DOL needs to improve its debarment processes to hold foreign labor program employers accountable for violating laws and policies and ensure full protection for U.S. and foreign workers, as well as for employers who follow the laws and regulations..

## **Labor Racketeering**

**The OIG conducts investigations into labor racketeering activities involving labor unions, employee benefit plans, and labor-management relations. Our investigative accomplishments for this reporting period include the following:**

- A former Iron Workers Local 395 president was sentenced to 42 months' imprisonment for Hobbs Act extortion conspiracy to use actual and threatened violence in an attempt to obtain a labor contract.

## **Departmental Management**

**The OIG conducts audits related to the Department's management of its procurement activities, information technology systems, and financial systems. Examples of our findings during this review period include the following:**

- We reviewed the Office of the Chief Financial Officer's management and oversight of DOL's travel system and found that DOL needs to do more to secure employees' personally identifiable information in the travel management system.

### **OIG Hotline**

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

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**Phone: 202.693.6999 or 800.347.3756**

**Fax: 202.693.7020**

**Website: [www.oig.dol.gov](http://www.oig.dol.gov)**