

# 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 our *Semiannual Report to Congress* summarizing the activities of the U.S. Department of Labor (DOL or Department), Office of Inspector General (OIG), for the 6-month period ending September 30, 2024.

The OIG remains committed to conducting independent and objective oversight to assess the effectiveness, efficiency, and integrity of DOL programs and operations. As reflected in our semiannual report, my office continues to highlight the major issues facing DOL identified through the OIG's independent audits and investigations.



## Resource Limitations

While our oversight commitment is unwavering, ongoing resource limitations have hampered the OIG's ability to meet its core mission while addressing the remaining challenges of pandemic-related oversight. Several years of flat funding, along with the depletion of supplemental pandemic oversight funds in Fiscal Year (FY) 2024, resulted in insufficient resources to conduct pandemic-related oversight work at the same high levels as in the past.

Forced to address this funding shortfall, in FY 2024, the OIG: significantly curtailed the initiation of new pandemic unemployment insurance (UI) fraud investigations; refocused our data analytics program to post-pandemic programs across DOL; and canceled several pandemic-related audits, including most of our Phase 4 work within the DOL-OIG's Pandemic Response Oversight Plan. These actions follow steps, which were first taken in FY 2023, including a hiring freeze and the termination of our hotline triage contract for processing pandemic-related UI fraud complaints.

I remain concerned these actions will have detrimental results, thus leading to fewer OIG audits and recommendations, lost opportunities to hold fraudsters accountable, and hundreds of millions of taxpayer dollars left unrecovered.

## Statute of Limitations

The impending expiration of the statute of limitations for many pandemic-related UI fraud cases also remains a significant concern to the OIG. As many of the statutes used to prosecute UI fraud begin to expire in early 2025, this is the final Semiannual Report in

which we are able to highlight this issue. Despite dwindling resources, the OIG anticipates continuing to investigate open pandemic-related UI fraud matters until the statute of limitations expires. Through congressional action, the extension of the statute of limitations would provide investigators and prosecutors the time to pursue and hold accountable those who defrauded the UI program and victimized the American people during the pandemic.

## **Pivoting Priorities**

Due to these challenges, the OIG has pivoted our post-pandemic oversight to focus on priority areas such as: (1) worker benefit programs, including UI and workers' compensation; (2) worker safety and health, including occupational and miner safety and health and workplace rights; and (3) employment and training programs, including grants and the Job Corps program.

## **OIG Accomplishments**

Despite the ongoing challenges, OIG staff continues to deliver high-quality oversight. In total, during this reporting period, the OIG issued 14 audit reports with 27 recommendations. Among our many significant findings, we reported:

- Due to the Employment and Training Administration's (ETA) insufficient monitoring of states' reimbursements under Section 2108 of the Coronavirus Aid, Relief, and Economic Security Act, seven states were allowed to draw down about \$129.6 million in questioned costs. To date, four states have returned \$11.6 million to ETA;
- Six State Workforce Agencies (SWA) generally met the Mixed Earners Unemployment Compensation Program (MEUC) program requirements and used the related funds as intended by pandemic-related legislation. However, ETA did not ensure SWAs sufficiently implemented the MEUC program;
- The Division of Energy Employees Occupational Illness Compensation (DEEOIC) could improve its existing guidelines for processing claims. DEEOIC did not use complete information to measure and publicly report how long it took to make claims decisions, from start to finish, which distorted the perception of how long claimants waited for decisions. Gaps in DEEOIC's oversight of its decision-making processes increased the risk of errors; and
- Mine Safety and Health Administration (MSHA) district and field offices generally displayed a consistent understanding of internal controls, policies, and procedures and conducted oversight of miner training, including the review of the training plans submitted by mine operators. However, MSHA could enhance its internal controls over miner training by applying a tool already used for Metal/Nonmetal inspections to its coal mine inspections.



The OIG's investigative work also continued to yield impressive results, with a total of 291 investigative reports issued/cases closed, 253 indictments, 249 convictions, and more than \$60 million in monetary accomplishments. Highlights of this work include:

- A Detroit man pled guilty to one count of conspiracy to commit wire fraud for his role in a UI fraud scheme that targeted multiple SWAs and resulted in the loss of more than \$6 million in UI benefits;
- Three Texas defendants were sentenced to prison and ordered to pay restitution, jointly and severally, of more than \$59 million for their roles in a wide-ranging healthcare fraud scheme;
- A federal jury found the owner and operator of a pizza restaurant chain in Massachusetts guilty of three counts of forced labor and three counts of attempted forced labor; and
- Two Connecticut residents were sentenced for their roles in a \$40 million scheme to steal health care funds and defraud lenders.

While OIG staff members faced significant challenges during this reporting period, these outstanding accomplishments reflect their dedication and commitment to our mission.

In closing, I would like to thank Congress and the Department for their support of our work to identify improvements to DOL programs and operations and to protect the interests and benefits of the nation's workers and retirees.



Larry D. Turner  
Inspector General

## OIG Mission

We serve the American people, DOL, and Congress by providing independent and objective oversight of Departmental programs through audits and investigations, and by combatting the influence of labor racketeering in the workplace.

## 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.

## Strategic Goals

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

**Goal 2:** Foster an internal OIG culture that drives high performance and engagement.

**Goal 3:** Promote responsible stewardship of OIG financial and non-financial resources.

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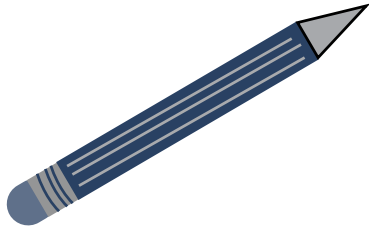
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# Audit Statistics

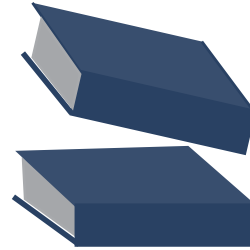
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Audits and Other Reports Issued



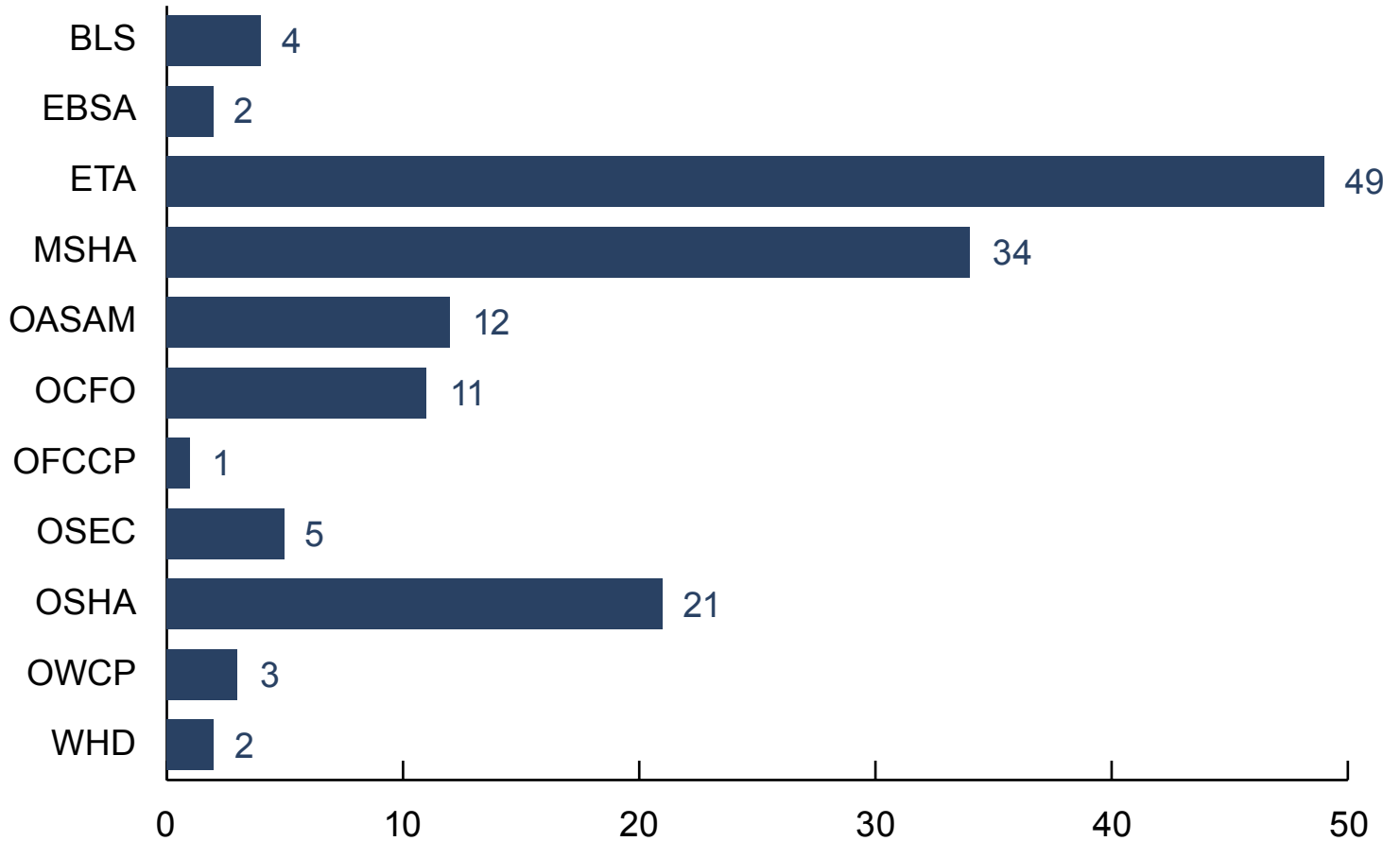
27

Recommendations for Corrective Action



## OIG Unimplemented Recommendations

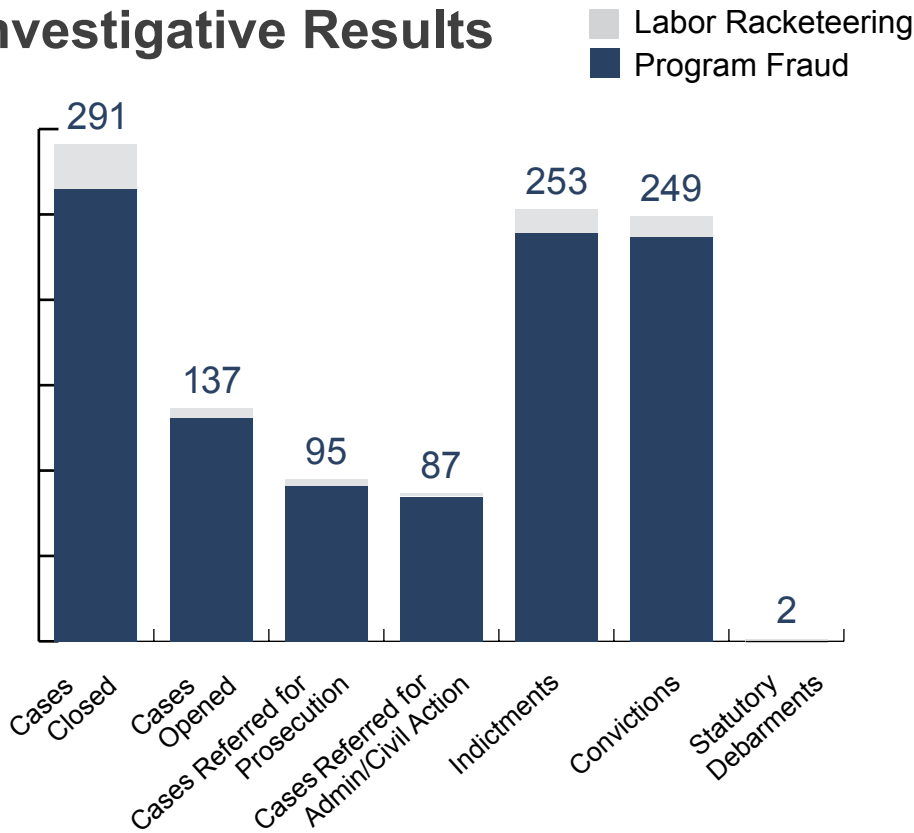
*OIG recommendations not fully implemented as of September 30, 2024*





# Investigative Statistics

## Investigative Results

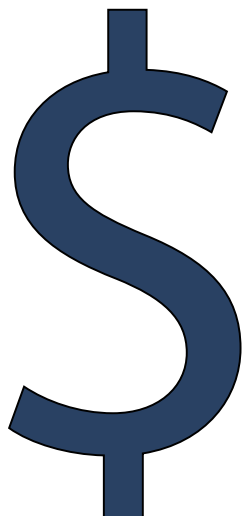


137/291



137 investigative cases opened and 291 cases closed

## Monetary Accomplishments



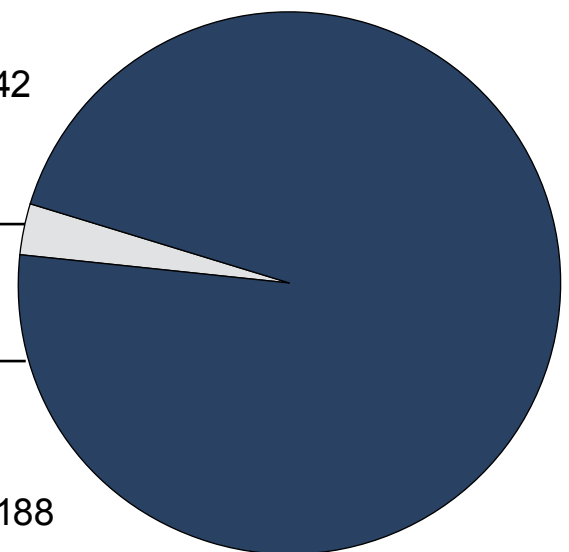
Types include:

- Recoveries
- Cost-Efficiencies
- Restitutions
- Fines/Penalties
- Forfeitures
- Civil Monetary Actions

**\$60,377,230**  
Total

\$1,687,042

\$58,690,188



Legend:  
■ Labor Racketeering  
■ Program Fraud

# Significant Concerns

## Significant Concerns

The Office of Inspector General (OIG) has identified the following areas of significant concern that cause the U.S. Department of Labor (DOL or Department) to be at particular risk for fraud, mismanagement, waste, abuse, or other deficiencies. The identified areas of concern reflect continuing matters as well as emerging issues. Many of these issues are detailed in our annual *Top Management and Performance Challenges* report, which can be found in its entirety at [www.oig.dol.gov](http://www.oig.dol.gov).



Time Is Running Out for Congress to Extend the Statute of Limitations on Pandemic-Related Unemployment Insurance Fraud



Protecting Workers' Right to Unionize through Enforcing Persuader Activity Disclosure



Resource Constraints Forcing the OIG to Significantly Curtail Oversight Work, Including on Pandemic Unemployment Insurance



Curtailing Child Labor Law Violations



Maintaining the Integrity of Foreign Labor Certification Programs



Deploying Unemployment Insurance Benefits Expediently and Efficiently While Reducing Improper Payments



Protecting the Safety and Health of Workers



Managing Medical Benefits in the Office of Workers' Compensation Programs



Providing the OIG Access to UI Claimant Data and Wage Records



Protecting the Safety and Health of Miners



Ensuring the Solvency of the Black Lung Disability Trust Fund



Risk of Unused Funds in State UI Accounts Not Being Returned to the U.S. Treasury



Ensuring the Safety of Students and Staff at Job Corps Centers



Improving the Performance Accountability of Workforce Development Programs



Ensuring Reliable Estimates for Unemployment Trust Fund Amounts Reported in the Consolidated Financial Statements



Protecting the Security of Employee Benefit Plan Assets



Managing and Securing Data and Information Systems

## Significant Concerns

### Time Is Running Out for Congress to Extend the Statute of Limitations on Pandemic-Related Unemployment Insurance Fraud

We are extremely concerned that, unless Congress acts urgently to extend the criminal statute of limitations for fraud associated with pandemic-related Unemployment Insurance (UI) programs, many groups and individuals that have defrauded the UI program may escape justice. Currently, the statute of limitations for many pandemic-related UI fraud cases will begin to expire in early 2025, as the statutes most often used to prosecute UI fraud have 5-year limitations. This is the final *Semiannual Report to Congress* in which we plan to highlight this issue before the statute of limitations begins to expire, which will significantly limit our ability to pursue justice in these cases.

**Even with the OIG's tireless efforts, a failure to extend the current statute of limitations associated with UI fraud means federal law enforcement will have to stop short of fully investigating and prosecuting the most egregious cases of UI fraud.**

During the pandemic, the OIG was tasked with investigating an exceptional volume of complex pandemic-related UI fraud cases that increased a thousandfold compared to pre-pandemic levels. Since April 2020, the OIG has opened more than 209,000 investigative matters involving the UI program. We continue to receive up to 100 new UI fraud complaints each week. Even with the OIG's tireless efforts, a failure to extend the current statute of limitations associated with UI fraud means federal law enforcement will have to stop short of fully investigating and prosecuting the most egregious cases of UI fraud.

Furthermore, the pandemic-related UI fraud referrals we receive often include complex schemes involving criminal enterprises and bad actors who use sophisticated techniques to maintain anonymity. As such, these investigations require significant resources and time. Supplemental pandemic resources from Congress allowed the OIG to hire more criminal investigators and significantly expand the number of staff reviewing UI fraud matters. Unfortunately, the OIG has been forced to reduce staffing to below pre-pandemic levels due to the exhaustion of supplemental funding.

Despite dwindling resources, the OIG anticipates continuing the investigation of open pandemic-related UI fraud matters until the statute of limitations expires. However, due to resource constraints and the pending expiration of the statute of limitations, the OIG has begun to pivot away from pandemic UI investigations. As a result, we have significantly curtailed the opening of any new pandemic UI fraud investigations. Further, we will continue the pause we implemented in Fiscal Year (FY) 2024 in reviewing the approximately 150,000 open pandemic UI fraud complaints we currently have awaiting review.

## Significant Concerns

In August 2022, an extension of the statute of limitations was implemented for crimes involving the U.S. Small Business Administration's (SBA) Paycheck Protection Program (PPP) and Economic Injury Disaster Loan (EIDL) program. Congress should likewise consider immediately extending the statute of limitations for existing laws when pandemic-related UI programs have been defrauded. The expansion of the statute of limitations would provide investigators and prosecutors time to pursue and hold accountable those who defrauded the UI program and victimized the American people during the pandemic.

### Resource Constraints Forcing the OIG to Significantly Curtail Oversight Work, Including on Pandemic Unemployment Insurance

We are concerned the actions we have had to take to significantly curtail our oversight work due to resource constraints will detrimentally impact the American taxpayer. These detrimental impacts could result in fewer audits that identify much-needed improvements in DOL programs and operations, lost opportunities to hold fraudsters accountable, and hundreds of millions of taxpayer dollars left unrecovered. The OIG expended the \$38.5 million under the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the American Rescue Plan Act of 2021 to oversee DOL's pandemic-related programs and operations, funds Congress had appropriated with an emphasis on

combatting the unprecedented levels of UI fraud. Our ability to continue combating UI fraud has been further exacerbated by lower-than-expected appropriation levels for FY 2023 and FY 2024 and the impending expiration of the statute of limitations associated with pandemic-related UI fraud.

**These detrimental impacts could result in fewer audits that identify much-needed improvements in DOL programs and operations, lost opportunities to hold fraudsters accountable, and hundreds of millions of taxpayer dollars left unrecovered.**

The OIG has seen great success in its oversight work, including on pandemic-related UI fraud. Past congressional funding was essential in the OIG being able to secure more than: 1,900 indictments or initial charges, 1,300 convictions, 30,000 months of incarceration, and \$1.1 billion in investigative monetary outcomes associated with UI fraud since April 2020. These funds also allowed the OIG to issue 55 audit reports that included 160 recommendations for corrective action by DOL, as well as to identify more than: \$74 billion in funds for better use and \$407 million in questioned costs related to DOL's pandemic-related programs and operations (see Table 1).

## Significant Concerns

**Table 1: DOL-OIG’s Cumulative Pandemic-Related Results, April 2020–September 2024**

Audit Reports	55
Recommendations	160
Funds Identified for Better Use	\$74 billion+
Questioned Costs	\$407 million+
Indictments/Initial Charges	1,900+
Convictions	1,300+
Months of Incarceration Ordered	30,000+
Investigative Monetary Results <sup>1</sup>	\$1.1 billion+

However, due to resource constraints, we have had to take the following actions:

### FY 2023

- implemented a hiring freeze;
- canceled 10 pandemic-related audit performance contracts;
- terminated the hotline triage contract for processing pandemic-related UI fraud complaints;

### FY 2024

- significantly curtailed the initiation of new pandemic UI fraud investigations;
- assessed ongoing investigations for potential termination due to resource constraints and the expiration of the statute of limitations in early 2025;
- discontinued our pandemic-related UI proactive fraud data analytics program and refocused our analytics program on post-pandemic programs across DOL;
- reduced our participation on the DOJ National UI Fraud Taskforce and COVID-19 Fraud Enforcement Taskforce; and
- canceled certain pandemic-related audits, including almost all of our Phase 4 work within the DOL-OIG’s Pandemic Response Oversight Plan.

Considering the significance of our resource constraints, the OIG also suspended certain non-pandemic discretionary audits included in our FY 2024 Audit Workplan. This ensured we could operate within FY 2024 funding levels and complete ongoing pandemic-related work. The OIG will continue using our existing resources efficiently and effectively by applying our risk assessment process. This process will help determine how to best focus our limited resources to provide impactful audit and investigative oversight across all DOL agencies and programs.

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<sup>1</sup> This includes recoveries, cost-efficiencies, restitutions, fines/penalties, forfeitures, and civil monetary actions.

## Significant Concerns

The OIG is committed to serving the American people, DOL, and Congress by providing independent and objective oversight of Departmental programs and operations through audits and investigations and by combatting the influence of labor racketeering in the workplace. However, absent dedicated funds to oversee pandemic-related programs and operations, the OIG has begun to pivot away from pandemic-related UI oversight. We will not be able to complete the full body of work previously outlined within our fourth and final phase of our pandemic response oversight plan, which was intended to focus on lessons learned ahead of future emergencies. Given our expected level of funding, we now must manage remaining limited resources while rebalancing our oversight of all DOL programs and operations.

### Deploying Unemployment Insurance Benefits Expeditiously and Efficiently While Reducing Improper Payments

The OIG has long reported significant concerns with the Department and state workforce agencies' (SWA)<sup>2</sup> ability to deploy UI program benefits expeditiously and efficiently while ensuring integrity and adequate oversight. Since the onset of the COVID-19 pandemic, these concerns have grown. Workers faced delays in receiving UI benefits, improper payments soared, and our audit and investigative work found program weaknesses persisted during the pandemic and beyond—vulnerabilities that criminal organizations continue to exploit. We remain particularly concerned about deployment of UI benefits in response to future emergencies, including natural disasters and economic downturns, as well as an immediate need to improve internal controls against fraud.<sup>3</sup>

At the start of the pandemic, we identified critical issues, such as staffing shortages and outdated system capabilities, for DOL and states to address while implementing the CARES Act programs. While the

#### WHAT IS AN IMPROPER PAYMENT?

A payment is improper if it should not have been made or was to the wrong recipient.

\*

Examples include overpayments and underpayments.

\*

An improper payment can be unintentional or intentional.

\*

Intentional improper payments are more commonly referred to as financial fraud.

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<sup>2</sup> When referring to UI, this Semiannual Report to Congress uses “state” or “SWA” to refer to the body that administers the program within the state, district, or territory.

<sup>3</sup> Fraud is a type of improper payment. OMB explains that, at a high level, a payment is “improper” if made in an incorrect amount or to the wrong recipient. Improper payments can result in a money loss that was either unintentional (accidental) or intentional (fraud). For more information, see OMB, Appendix C to OMB Circular A-123, Requirements for Payment Integrity Improvement, Memorandum (March 5, 2021), last accessed September 27, 2022, available at: <https://www.whitehouse.gov/wp-content/uploads/2021/03/M-21-19.pdf>.



## Significant Concerns

Employment and Training Administration (ETA) and states made significant efforts to improve the program, challenges persist in reducing improper payments and ensuring timely benefit distribution. For example, despite improvements in payment timeliness since the end of the pandemic<sup>4</sup>, only 24 percent of reporting states were paying regular UI claimants on time in June 2024, compared to 75 percent before the pandemic started.<sup>5</sup>

Furthermore, the fraud risk to the UI program did not end with the pandemic. The program remains a target for criminals using sophisticated and ever-evolving fraud schemes. While the Department and states have implemented multiple tools and measures to prevent fraud, both foreign and domestic criminal organizations continue to exploit system weaknesses, raising serious concerns about program integrity and the effectiveness of state-level controls. For example, state UI systems' controls were unable to prevent criminal organizations from exploiting security flaws to change payment information, diverting benefits payments into their own accounts. Unless more is done at the federal and state levels to increase systemic integrity, the program's weaknesses will continue to expose American taxpayers and workers to significant financial risks and losses.

### ***Reducing Improper Payments, Including Fraud***

For over 20 years, the OIG has reported on weaknesses in the Department's ability to measure, report, and reduce improper payments in the UI program, which has experienced some of the highest improper payment rates across the federal government. For 17 of the last 20 years,<sup>6</sup> the reported estimated improper payment rate for the regular UI program has exceeded 10 percent.<sup>7</sup>

Over the last 3 years, DOL reported historically high rates of UI improper payments. Specifically, DOL reported an estimated improper payment rate of 18.71 percent for FY 2021 and 21.52 percent for FY 2022. Based on our audit and investigative work, the actual improper payment rate for these periods was likely higher. According to the ETA, the rates for the regular UI program were also applied to pandemic programs, and the rates likely did not capture the actual improper payment rate for the temporary programs<sup>8</sup>. Although the FY 2023 estimated improper

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4 Payment timeliness has improved since the pandemic, with the national rate of timely first payments rising from 57.8 percent in FY 2022 to 72.4 percent by the third quarter of FY 2024. However, despite these gains, further improvements are needed as states are challenged in meeting payment timeliness standards due to the new identity verification processes, essential for fraud prevention.

5 Based on OIG analysis of data on the Employment and Training Administration's public reporting on States' UI Benefit Timeliness and Quality, available at: <https://oui.doleta.gov/unemploy/btq.asp>.

6 UI improper payments data for FY 2004-FY 2023 as reported to the Office of Management and Budget.

7 To fully comply with the Payment Integrity Information Act of 2019, agencies must report an improper payment rate of less than 10 percent for each program and activity for which an estimate was published.

8 ETA applied the improper payment rate to the Federal Pandemic Unemployment Compensation program and the Pandemic Emergency Unemployment Compensation program, which paid over \$530 billion in UI benefits.

## Significant Concerns

payment rate was reported as 14.83 percent, this rate still exceeds pre-pandemic levels and fails to meet federal requirements.

In February 2023,<sup>9</sup> Inspector General Larry D. Turner testified to Congress that an estimated \$191 billion in UI benefits during the pandemic period could have been paid improperly, with a significant portion attributable to fraud. This unprecedented loss underscores the urgent need for systemic improvements and the importance of recovery efforts to mitigate the financial impact on both states and the federal government.

In August 2023, we started assessing the effects of waivers, including blanket waivers, on the recovery of UI overpayments, including fraud. While DOL provided guidance stating recovery of fraudulent payments may not be waived, we remain concerned states may have unintentionally waived or will waive fraudulent payments. In December 2023, ETA issued guidance allowing states to apply their finality laws to pandemic-related UI programs. This guidance provides that states may defer to state law to limit the time period in which a state is required to reconsider a prior decision or determination made with regard to pandemic UI claims. Alongside overpayment waivers, allowing states to apply finality laws raises concerns about incentives for states to identify and recover improper payments. Furthermore, if states are not required to investigate cases beyond the finality period, fraud might go undetected and unprosecuted.

### ***Combatting Large-Scale Fraud***

During the COVID-19 pandemic, the UI program became an attractive target for fraud, a problem that persists today. Criminal groups—including malicious cyber-enabled<sup>10</sup> bad actors and those operating outside the United States—continually adapt their tactics to exploit systemic weaknesses in the UI program.

States face a wide range of sophisticated fraud schemes, including: claims filed using fraudulent, stolen, or false identities; traditional eligibility fraud; “claims hijacking” or “claims/account takeovers” (where criminals change bank account or address information on a legitimate claim to intercept UI benefits); and cyber-attacks, such as phishing, social engineering, and bot attacks that overwhelm state UI systems. Criminals have even created duplicate state UI websites and social media pages to steal personally identifiable information (PII) and account access information like usernames and passwords.

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<sup>9</sup> “The Greatest Theft of American Tax Dollars: Unchecked Unemployment Fraud,” Hearing, Statement for the Record of Larry D. Turner, Inspector General, U.S. Department of Labor; House Committee on Ways and Means (February 8, 2023), available at: <https://www.oig.dol.gov/public/testimony/02082023.pdf>

<sup>10</sup> Per Executive Order 13984, issued January 19, 2021, “malicious cyber-enabled activities” refers to activities, other than those authorized by or in accordance with United States law that seek to compromise or impair the confidentiality, integrity, or availability of computer, information, or communications systems, networks, physical or virtual infrastructure controlled by computers or information systems, or information resident thereon.

## Significant Concerns

Our investigators have identified extensive criminal activity linked to UI fraud, both domestically and internationally. Since April 1, 2020, this includes over 1,900 UI-related indictments/initial charges, which implicated criminals in organized groups whose members and associates engaged in acts involving murder, assault, narcotics trafficking, identity theft, and other crimes. Furthermore, our investigators, auditors, and data scientists collaboratively identified<sup>11</sup> \$46.9 billion in potentially fraudulent UI benefits paid in six high-risk areas involving claims with Social Security numbers:

- filed in multiple states,
- of deceased persons,
- of federal prisoners,
- used to file for UI claims with suspicious email accounts,
- belonging to individuals under 14 years of age, and
- belonging to individuals 100 years of age or older.

The sheer scale of UI fraud highlights the urgent need for systemic improvements, including updated technology, and, according to ETA, increased funding. If left unaddressed, the UI program will remain vulnerable to exploitation by increasingly advanced criminal schemes.

### Providing the OIG Access to UI Claimant Data and Wage Records

Barriers to the OIG's ongoing, timely, and complete access to UI claimant data and wage records from SWAs for both regular and emergency UI programs remain a significant concern. This situation adversely impacts the OIG's ability to provide independent oversight, to combat fraud, waste, and abuse, and to otherwise help DOL improve the integrity of the UI program. The primary barrier to such access is from DOL's interpretation of its own regulations, including a historical view that such access be restricted to specific suspected instances of fraud. This interpretation and subsequent guidance to SWAs contradicts the Inspector General Act of 1978, as amended, which authorizes mandatory Inspector General access to information available to DOL, including grant recipient information related to DOL programs such as SWAs' UI data. DOL has taken steps to ensure temporary access and is engaged in rulemaking.

**Barriers to the OIG's ongoing, timely, and complete access to UI claimant data and wage records from SWAs for both regular and emergency UI programs remain a significant concern.**

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11 Alert Memorandum: ETA Needs to Incorporate Data Analytics Capability to Improve Oversight of the Unemployment Insurance Program, Report No. 19-23-012-03-315 (September 25, 2023), available at: <https://www.oig.dol.gov/public/reports/oa/2023/19-23-012-03-315.pdf>

## Significant Concerns

However, in our September 2022 alert memorandum,<sup>12</sup> the OIG highlighted DOL's authority to amend its interpretation of its regulations without changing the regulations themselves. Specifically, ETA can issue guidance to inform SWAs they must timely provide UI data and wage records without any constraints to the OIG for audits and investigations consistent with the Inspector General Act of 1978, as amended. The historic levels of improper payments the OIG has identified, including potential fraud, support the conclusion that the OIG's continued access to state UI data is imperative.

While DOL is in the process of amending regulations to facilitate the OIG's ongoing access to UI data and wage records, the OIG is authorized and needs to have timely access without constraints to this data and these records. Ongoing, timely, and complete access to SWA UI claimant data and wage records would further enable the OIG to quickly identify large-scale fraud and expand its current efforts to share emerging fraud trends with ETA and states to strengthen the UI program and deter fraud.

### **Risk of Unused Funds in State UI Accounts Not Being Returned to the U.S. Treasury**

We remain concerned that a significant amount of pandemic-related federal funding remains in state UI accounts. For example, in two CARES Act UI programs—Temporary Full Federal Funding of the First Week of Compensable Regular Unemployment for States with No Waiting Week (TFFF) and Emergency Unemployment Relief for Governmental Entities and Nonprofit Organizations (EURGENO)—we identified the need for reconciliation of more than \$5 billion.<sup>13</sup>

Specifically, during our audit of TFFF, we identified the Department made approximately \$12.5 billion of funding available in the 53 SWAs' invested Federal Unemployment Accounts.<sup>14</sup> Overall, the 53 SWAs drew down about \$7.5 billion of the approximately \$12.5 billion made available, leaving nearly \$5 billion (40 percent) unused as of July 31, 2023—more than 22 months after the benefit eligibility period expired. To reduce unused funds' vulnerability to fraud, waste, and abuse, the

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12 Alert Memorandum: Potentially Fraudulent Unemployment Insurance Payments in High-Risk Areas Increased to \$45.6 Billion, Report No. 19-22-005-03-315 (September 21, 2022), available at: <https://www.oig.dol.gov/public/reports/oa/2022/19-22-005-03-315.pdf>

13 COVID-19: ETA Needs a Plan to Reconcile and Return to the U.S. Treasury Nearly \$5 Billion Unused by States for a Temporary Unemployment Insurance Program, Report No. 19-23-015-03-315 (September 28, 2023), available at: <https://www.oig.dol.gov/public/reports/oa/2023/19-23-015-03-315.pdf>; and COVID-19: Unemployment Relief For Governmental Entities and Nonprofit Organizations Should Have Been Better Managed, Report No. 19-23-010-03-315 (September 21, 2023), available at: <https://www.oig.dol.gov/public/reports/oa/2023/19-23-010-03-315.pdf>

14 Treasury transfers funds from the general fund to the Federal Unemployment Account in amounts estimated by the Department to be necessary to reimburse the states for first week regular UI compensation paid. The Federal Unemployment Account is an account within the federal UI trust fund that pays for the costs to administer the UI program, emergency benefits, loans to state trust funds, and program expansions like the CARES Act.

## Significant Concerns

Department needs to ensure that states reconcile and close out these accounts and return the funds to the U.S. Treasury.

Furthermore, during our audit of EURGENO, we identified the Department made approximately \$6.3 billion of relief funds available to the 53 SWAs' UI trust funds. Our audit identified that, 16 months after EURGENO ended,<sup>15</sup> approximately \$844.1 million of EURGENO relief funds (19 percent of the total \$4.5 billion allocated) remained unused in 32 states' UI trust funds. Given that this data does not include 21 SWAs, there could potentially be millions of dollars more remaining in other states' UI trust funds that need to be returned to the federal government.

### Ensuring Reliable Estimates for Unemployment Trust Fund Amounts Reported in the Consolidated Financial Statements

In November 2024, DOL received its fourth consecutive qualified opinion and material weakness on its consolidated financial statements. This happened due to the agency's inability to provide sufficient appropriate audit evidence about the methodology and underlying assumptions used to estimate certain COVID-19-pandemic-related UI amounts. Although the UI pandemic programs expired at the end of FY 2021, there continues to be UI benefit disbursement and related activities reported in DOL's financial statements. As of September 30, 2024, the financial statements included estimates of \$7.0 billion in Unemployment Trust Fund obligations of COVID-19 funding and \$10.0 billion in COVID-19 benefit overpayment receivables. The OIG is concerned DOL has been unable to remediate its material weakness over estimates for certain reported Unemployment Trust Fund amounts, hampering its ability to obtain an unqualified opinion on the consolidated financial statements.

**The OIG is concerned DOL has been unable to remediate its material weakness over estimates for certain reported Unemployment Trust Fund amounts, hampering its ability to obtain an unqualified opinion on the consolidated financial statements.**

The preparation of the financial statements requires management to make certain estimates and assumptions related to the UI pandemic programs that affect amounts it reports therein. In FY 2021, DOL first reported an estimated obligation on its financial statements for future outlays of certain UI claims. These claims were for unemployed weeks that occurred prior to the expiration of the UI COVID-19 pandemic programs that were still in appeal or had not yet been processed. DOL also reported on its financial statements an estimate for UI benefit overpayment accounts receivable for those SWAs that had not reported any benefit overpayment receivables to DOL. However, DOL

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<sup>15</sup> The EURGENO program ended on September 6, 2021. As of February 1, 2023, the total balance for the 32 states remained at approximately \$844.1 million.

## Significant Concerns

has not developed sufficient processes or controls to properly validate the reasonableness of the methodology and assumptions used to develop the estimates that were still being reported in its financial statements in FY 2024.

### **Curtailing Child Labor Law Violations**

Collectively, U.S. labor laws cover most private, state, and local government employment and protect more than 165 million of America’s workers in more than 11 million workplaces. The Fair Labor Standards Act of 1938 sets standards for minimum wage and overtime, among others, including youth employment. Enforced by DOL’s Wage and Hour Division (WHD), the standards for youth employment are commonly known as child labor laws and are meant to ensure youth employment is safe, appropriate, and does not jeopardize youth health, wellbeing, or educational opportunities. We are concerned about the rise in child labor law violations and some recent changes in state child labor protections with additional proposals pending.

In FY 2023, DOL concluded 955 investigations that found child labor violations—a 14 percent increase from the previous year. DOL found nearly 5,800 children employed in violation of the law—an 88 percent increase within the last 5 years. In addition, DOL assessed more than \$8 million in related penalties—an 83 percent increase from the previous year. Notably, this increase in child labor law violations is occurring while budget appropriations have generally been flat and the agency struggles to retain investigators. To address the increase in violations, DOL has spearheaded an interagency task force to combat child labor exploitation and engaged in other federal and local collaboration to improve the safety of working minors.

However, further complicating the issue, two laws recently passed in Arkansas and Iowa reduced state child labor protections. Similarly, in 2023, multiple bills to weaken child labor protections were introduced in Minnesota, Missouri, Nebraska, Ohio, and South Dakota. Furthermore, in 2024, Alabama, Florida, Indiana, Iowa, Kentucky, and West Virginia all enacted legislation to weaken child labor protections. We are currently examining WHD’s efforts to curtail child labor law violations and are attempting to determine the cause for the rise of these violations. Our ongoing audit will identify high-risk areas of child labor for additional oversight in FY 2025 and beyond.

### **Protecting the Safety and Health of Workers**

Responsible for the safety and health of approximately 130 million workers employed at more than 8 million worksites, the Occupational Safety and Health Administration (OSHA) must ensure employers are providing the level of protection required under relevant laws and policies. Failure to keep workplaces free of known safety and health hazards can lead to serious legal consequences, injuries, illnesses, and fatalities. The OIG remains concerned about OSHA’s ability to target its compliance activities to areas where it can have the greatest impact.



## Significant Concerns

OSHA carries out its compliance responsibilities through a combination of self-initiated inspections and those resulting from complaints and referrals. For FY 2023, OSHA reported conducting 34,273 inspections, including 17,480 unprogrammed inspections. Unprogrammed inspections result from employee complaints, injuries/fatalities, and referrals. OSHA must target the most egregious or persistent violators to protect the most vulnerable worker populations. OSHA has since increased its number of inspectors—from 750 in 2021, to 846 as of February 29, 2024. However, OSHA continues to be challenged with reaching the number of worksites for which it is responsible.

As we reported in 2023,<sup>16</sup> OSHA's targeting programs that were specifically designed to reach workplaces with high rates of serious injuries have internal control weaknesses. Few inspections of targeted establishments meant workers remained vulnerable to continuously high rates of injury and illness.

Further, OSHA's ability to target enforcement is also impacted by its limited visibility into the numbers and types of injuries and illnesses occurring in warehouses, including those classified as online retailers. We found, on average, between 2016 and 2020, 59 percent of establishments in all industries failed to submit their mandatory annual injury and illness reports to OSHA. Additionally, OSHA could not identify if an establishment met the criteria for mandatory reporting and, therefore, could neither proactively remind specific establishments that they must report, nor effectively cite employers for non-compliance. Establishments' non-reporting continues to be a challenge for OSHA and results in an incomplete view of workplace injury and illness.

**We found, on average, between 2016 and 2020, 59 percent of establishments in all industries failed to submit their mandatory annual injury and illness reports to OSHA.**

### Protecting the Safety and Health of Miners

The Mine Safety and Health Administration's (MSHA) mission is to prevent death, injury, and illness from mining and promote safe and healthful workplaces for U.S. miners. The OIG is significantly concerned about four aspects of MSHA's ability to successfully fulfill its mission: (1) conducting inspections; (2) writing violations for identified hazards; (3) reducing fatalities; and (4) improving the frequency of MSHA's sampling for silica.

First, we are concerned about MSHA's ability to conduct inspections. The Federal Mine Safety and Health Act of 1977 requires MSHA to inspect every underground mine at least four times per year and

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<sup>16</sup> COVID-19: OSHA Needs to Do More to Address High Injury Rates of Warehouse Workers, Report No. 19-23-013-10-105 (September 27, 2023), available at: <https://www.oig.dol.gov/public/reports/oa/2023/19-23-013-10-105.pdf>

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every surface mine at least two times per year. A 2023 OIG audit<sup>17</sup> found MSHA did not complete an estimated 1,589 mandatory inspections during FY 2018 through FY 2021 despite reporting a nearly 100 percent completion rate.

Subsequently, MSHA agreed to transparently report each year the number of attempted inspections caused by either a mine not operating at the time of the inspector's visit or a mine operator denying an MSHA inspector entry to the mine. However, accurate reporting will remain a concern for the OIG until we can verify MSHA's reporting changes. Further, agency data contains inaccurate operating statuses for some mines. Inaccurate operating statuses are of serious concern because it can lead to MSHA not conducting required inspections, thereby risking miner safety.

Second, we are concerned about MSHA's ability to write violations for hazards it identifies during inspections. An OIG audit<sup>18</sup> found MSHA inspectors were not writing violations that adhered to the Federal Mine Safety and Health Act of 1977 and MSHA guidance for two reasons: (1) they were not following the guidance and (2) system controls were missing or improperly designed. We also found MSHA inspectors were extending violations for unjustified reasons and not timely verifying whether mine operators had



abated hazards by required due dates. This was generally due to inspectors being responsible for mines located across large geographic areas and not revisiting the mines by the due dates. This concern is compounded by MSHA's lack of implementing the OIG's nine recommendations from 2019 to improve MSHA's pre-assessment conferencing program, in which mine operators can challenge violations they feel MSHA inspectors did not write correctly.<sup>19</sup>

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17 COVID-19: MSHA Did Not Complete or Accurately Report Mandatory Inspections, Report No. 19-24-001-06-001 (October 17, 2023), available at: <https://www.oig.dol.gov/public/reports/oa/2024/19-24-001-06-001.pdf>

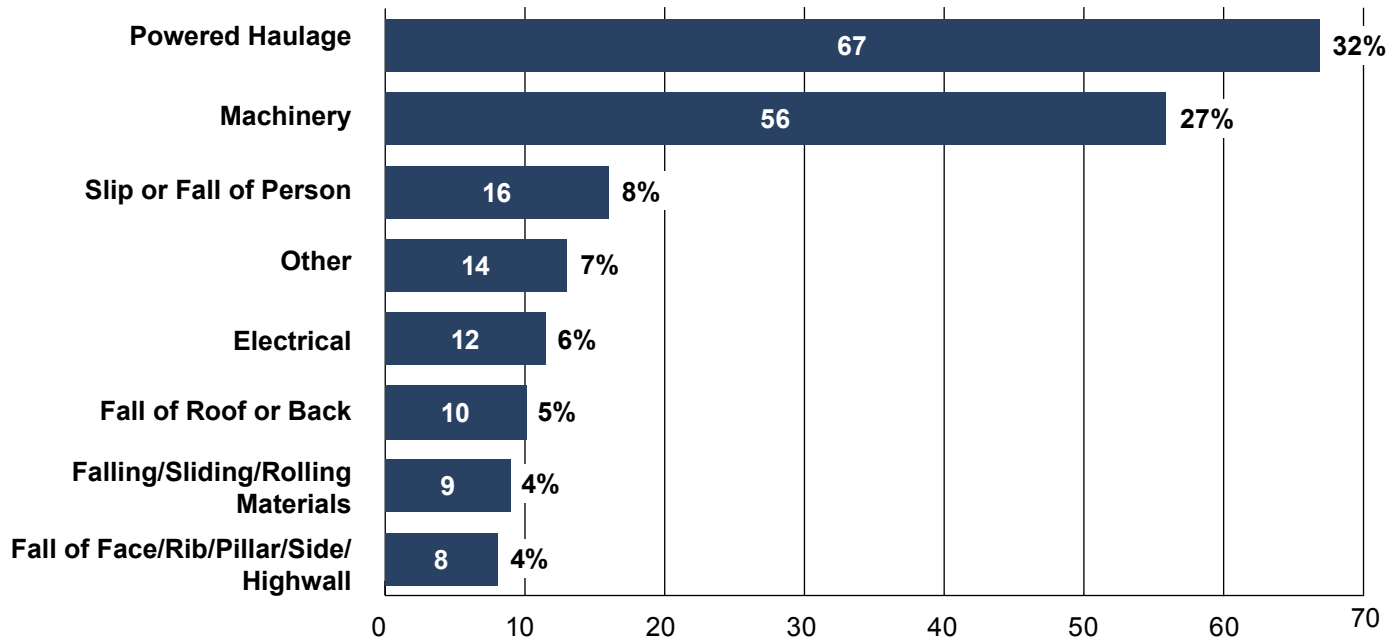
18 MSHA Can Improve How Violations Are Issued, Terminated, Modified, and Vacated, Report No. 05-21-002-06-001 (March 31, 2021), available at: <https://www.oig.dol.gov/public/reports/oa/2021/05-21-002-06-001.pdf>

19 MSHA Can Improve Its Pre-Assessment Conferencing Program, Report No. 05-19-001-06-001 (September 23, 2019), available at: <https://www.oig.dol.gov/public/reports/oa/2019/05-19-001-06-001.pdf>

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Third, we are concerned about the level of miner fatalities in two areas. According to MSHA's data, powered haulage and machinery accidents are the leading causes of miner fatalities (see Figure 1). These accidents have accounted for more than half of all mine fatalities for nearly 7 years.

**Figure 1: Number and Percentage of Top 8 Classes of Mining Fatalities, Calendar Years 2018–2024**



Source: MSHA's Accident Injuries public dataset, as of August 30, 2024

On January 19, 2024, MSHA's final rule for the Safety Program for Surface Mobile Equipment became effective. The rule requires mine operators to develop, implement, and update written safety programs describing the actions it will take to identify hazards and risks to reduce accidents, injuries, and fatalities related to surface mobile equipment. This final rule is a positive mitigating step in conjunction with the performance of other prevention outreach. However, we will remain concerned with the high number of powered haulage and machinery fatalities until the data shows a consistent decline in these incidents.

Finally, we remain concerned regarding how often MSHA is sampling for the presence of respirable crystalline silica. MSHA published a final rule on April 18, 2024, lowering the permissible exposure limit for respirable crystalline silica for all miners. This rule also includes other requirements to protect miner health, such as exposure sampling, corrective actions to be taken when a miner's exposure exceeds the permissible exposure limit, and medical surveillance for metal and nonmetal mines. While this rule should help reduce occupational disease in miners and improve respiratory protection against airborne contaminants, the frequency of sampling performed by inspectors must be sufficient to address higher risk levels at mines.

## Significant Concerns

In our November 2020 audit report,<sup>20</sup> we noted MSHA generally performed sampling during its mandatory inspections conducted quarterly for underground coal mines and semiannually for surface mines. Because silica levels can fluctuate, we have concerns regarding whether this frequency is enough to ensure the safety of miners at high-risk mines. Therefore, we recommended MSHA enhance its sampling program to increase the frequency of inspector samples where needed, such as through implementation of a risk-based approach. While MSHA agreed to study this recommendation and determine the necessity of increasing the frequency of inspector sampling by November 2021, it has yet to provide the results of that study or any corrective actions.

### Ensuring the Safety of Students and Staff at Job Corps Centers

Ensuring the safety and health of students and staff at Job Corps centers—which are mostly residential, with students living on-campus—continues to be a concern due to ongoing issues with on-campus violence. In Program Year 2022, Job Corps centers reported almost 1,300 on-campus assaults. Preventing on-campus violence and other potentially criminal behavior remains a challenge for Job Corps centers.

**Preventing on-campus violence and other potentially criminal behavior remains a challenge for Job Corps centers.**

The use of fentanyl, a synthetic opioid that has rapidly become the leading cause of overdose death in the United States since 2016, and other dangerous drugs is also a significant concern within the Job Corps program. In Program Year 2022, 6 Job Corps students died of suspected unintentional drug overdoses, with 3 occurring on campus. Our analysis of Job Corps data for Program Year 2022 also identified 5 students and 1 staff who had to be revived from a suspected drug overdose after being found unresponsive. A March 2021 OIG audit report showed Job Corps centers lacked the appropriate tools and resources to properly evaluate and mitigate issues related to substance abuse and mental health, which center personnel frequently attributed to causing student and staff safety concerns.

The significant age range of Job Corps students<sup>21</sup> can also pose challenges. Given the occurrence of sexual assaults and harassment on center campuses, there is an inherent risk with having adults co-enrolled with minors. The OIG will soon resume an audit focused on whether Job Corps ensured the safety of and mitigated program disruptions involving its minor students. The OIG also continues to monitor various safety initiatives and actions taken by Job Corps to keep students and staff safe.

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20 MSHA Needs to Improve Efforts to Protect Coal Miners from Respirable Crystalline Silica, Report No. 05-21-001-06-001 (November 12, 2020), available at: <https://www.oig.dol.gov/public/reports/oa/2021/05-21-001-06-001.pdf>

21 Per the Workforce Innovation and Opportunity Act, individuals aged 16 through 24 years are eligible to enroll in Job Corps and, once enrolled, can be in training for up to 3 years before finishing the program.



## Significant Concerns

### Protecting the Security of Employee Benefit Plan Assets

The OIG remains concerned about the Employee Benefits Security Administration’s (EBSA) ability to protect the integrity of pension, health, and other benefit plans of more than 156 million workers, retirees, and their families under the Employee Retirement Income Security Act of 1974 (ERISA). In particular, the OIG is concerned about the statutory limitations on EBSA’s oversight authority and inadequate resources to conduct compliance and enforcement. From FY 2018 to FY 2023, EBSA’s resources dropped 19 percent from 404 to 326 frontline staff.<sup>22</sup> As a result, EBSA needs to focus its limited available resources on investigations that are most likely to result in the prevention, detection, and correction of ERISA violations. This is particularly important given the number of benefit plans EBSA oversees relative to the number of investigators it employs. This concern is increased given volatility and instability in cryptocurrency and other digital assets.

A decades-long challenge to EBSA’s compliance program, ERISA provisions allow billions of dollars in pension assets to escape full audit scrutiny. ERISA generally requires every employee benefit plan with more than 100 participants to obtain an audit of the plan’s financial statements each year. However, an exemption in the law allowed auditors to perform “limited-scope audits.” These audits excluded pension plan assets already certified by certain banks or insurance carriers and provided little to no confirmation regarding the actual existence or value of the assets.

Past OIG work<sup>23</sup> revealed that approximately \$3 trillion in pension assets—including an estimated \$800 billion to \$1.1 trillion in hard-to-value alternative investments—received only limited-scope audits. According to EBSA, the pension asset amount increased to \$5.3 trillion as of 2022. In 2019, the American Institute of Certified Public Accountants updated its accounting standards,<sup>24</sup> replacing limited-scope audits and imposing new performance requirements. We will follow up on our previous work on EBSA’s oversight of limited-scope audits.

Further, EBSA lacks the authority under the Federal Employees’ Retirement System Act to effectively oversee hundreds of billions of dollars in federal employee Thrift Savings Plan (TSP) assets.<sup>25</sup> EBSA has limited legal authority to compel the Federal Retirement Thrift Investment Board to implement its recommendations, which includes enforcing its recommendations to improve the TSP’s cybersecurity posture. As a significant portion of the TSP’s infrastructure was recently transferred to an outside

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22 EBSA’s frontline staff includes investigators, auditors, and senior investigators who are responsible for detecting and correcting any and all ERISA violations.

23 EBSA Needs to Provide Additional Guidance and Oversight to ERISA Plans Holding Hard-to-Value Alternative Investments, Report No. 09-13-001-12-121 (September 30, 2013), available at: <https://www.oig.dol.gov/public/reports/oa/2013/09-13-001-12-121.pdf>

24 ERISA Section 103(a)(3)(C)

25 The total value of TSP assets fluctuates over time and is affected by market volatility.

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third-party vendor, we are concerned about the threat cybersecurity breaches pose to the TSP. More generally, identifying and mitigating cyber threats requires a high degree of technical expertise. Cyber threats potentially place at risk trillions of dollars in other ERISA-covered retirement plan assets.

Complicating the cyber landscape, EBSA has been cautioning investors about the volatility and instability of cryptocurrencies; expressed custodial, recordkeeping, and valuation concerns; and indicated that these investments are subject to significant risks of fraud, theft, and loss. In March 2022, EBSA issued a Compliance Assistance Release<sup>26</sup> cautioning plan fiduciaries to exercise extreme care before they consider adding a cryptocurrency option to a 401(k) plan's investment menu for plan participants. In FY 2025, we plan to review EBSA's oversight of cryptocurrency options within retirement plans.

### **Protecting Workers' Right to Unionize through Enforcing Persuader Activity Disclosure**

We are concerned the Office of Labor-Management Standards (OLMS) does not have the necessary tools to deter violations or enforce compliance to protect workers' rights to unionize. OLMS is responsible for enforcing requirements under the Labor-Management Reporting and Disclosure Act of 1959 for disclosing persuader activity when an employer hires someone to influence an employee regarding unionization. Timely, complete, and accurate receipt and subsequent disclosure of this information enables employees to protect their rights and interests to unionize. This transparency, in turn, helps union members to self-govern and workers to determine whether to exercise their rights to organize and bargain collectively.

In May 2024<sup>27</sup>, we reported OLMS did not effectively enforce persuader activity requirements to protect workers' rights to unionize. Specifically, OLMS did not effectively ensure required persuader activity reports were filed and employers and consultants that filed did so timely and accurately. In addition, OLMS did not ensure it addressed tips provided by the public and did not effectively coordinate with the National Labor Relations Board (NLRB) to obtain information related to persuader activities. These issues occurred because OLMS: (1) had limited enforcement authority; (2) lacked sufficient policies, procedures, and systems for monitoring reports and tips; and (3) did not fully implement processes for sharing information and resources with NLRB.

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26 U.S. Department of Labor, Employee Benefits Security Administration, Compliance Assistance Release No. 2022-01: 401(k) Plan Investments in "Cryptocurrencies" (March 10, 2022), available at: <https://www.dol.gov/agencies/ebsa/employers-and-advisers/plan-administration-and-compliance/compliance-assistance-releases/2022-01>

27 OLMS Can Do More to Protect Workers' Rights to Unionize Through Enforcing Persuader Activity Disclosure, Report No. 09-24-002-16-001 (May 3, 2024), available at: <https://www.oig.dol.gov/public/reports/oa/2024/09-24-002-16-001.pdf>



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In response to our audit, OLMS took steps to implement quality control measures, policies and procedures, and collaborative processes for sharing persuader activity and other relevant information with the NLRB, among other improvements. However, OLMS' limited enforcement authority, such as the ability to levy fines and penalties, gives employers and consultants little incentive to comply.

### Maintaining the Integrity of Foreign Labor Certification Programs

The DOL foreign labor certification (FLC) programs are intended to permit U.S. employers to hire foreign workers to meet their workforce needs while protecting U.S. workers' jobs, wages, and working conditions. DOL's administration of FLC programs under current laws has been a concern for the OIG for decades. Our work has shown these visa programs—in particular the H-1B program for workers in specialty occupations—to be susceptible to significant fraud and abuse from perpetrators, including immigration agents, attorneys, labor brokers, employers, and organized criminal enterprises.

DOL continues to have limited authority over the H-1B program and permanent employment certification program (PERM), which challenges the goal of protecting the welfare of the nation's workforce. The statute limits DOL's ability to deny H-1B applications and to investigate potential violations. Specifically, DOL may only deny incomplete and obviously inaccurate H-1B applications and has only limited authority to conduct H-1B investigations in the absence of a complaint. Without statutory authority, the Department generally cannot verify employers' attestations to the H-1B certifications unless a complaint is filed or the Department utilizes a Secretary-certified investigation. As some foreign workers may be reluctant to file complaints for fear of retaliation and losing their jobs, the Department's process is unlikely to result in verification action being taken.

Some employers exploit FLC program vulnerabilities to facilitate labor trafficking—a type of human trafficking—



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sometimes committing FLC fraud to do so. Engaging in the FLC process allows prospective employers to recruit able, willing, skilled, motivated, and legally well-intentioned workers, and also entice them to the jobsite. This saves the employer from paying costly human smuggling expenses and limits liability associated with smuggling or the harboring of undocumented workforces.

Once the workers are onsite, the employer can control/compel labor and services by: holding workers' travel documents; threatening to revoke their visas and "blacklisting" them in the future; controlling how much money they possess; and limiting their access to adequate food, housing, or outside contact. For example, in an ongoing OIG investigation,<sup>28</sup> 16 individuals have pled guilty and 13 individuals have been sentenced to date as part of a federal racketeering conspiracy, which victimized agricultural workers from Mexico and Guatemala admitted to the United States under the H-2A temporary visa program. The investigation revealed the conspirators were able to commit multiple offenses, including subjecting H-2A workers to forced labor, harboring and concealing workers, visa fraud, and fraud in foreign labor contracting. Because criminals can exploit FLC program weaknesses to expose people to forced labor and labor trafficking, it is vital that the Department take all action possible to ensure the integrity of these programs.

### **Managing Medical Benefits in the Office of Workers' Compensation Programs**

The OIG has concerns about the Office of Workers' Compensation Programs' (OWCP) ability to effectively manage the use and cost of pharmaceuticals in the Federal Employees' Compensation Act (FECA) program and about rising home health care costs in the Energy Employees Occupational Illness Compensation Program Act (Energy) program. The Department needs to ensure the medical benefits it provides to FECA claimants and energy workers are safe, effective, medically necessary, and economical.

Our audit work in the FECA program continues to identify concerns with OWCP's management of pharmaceuticals. In March 2023,<sup>29</sup> we reported OWCP did not effectively manage pharmaceutical spending in the FECA program from FY 2015 through FY 2020. Specifically, OWCP did not pay the best available prices for prescription drugs resulting in up to \$321 million in excess spending during the audit period. We also found OWCP failed to timely identify and address emerging issues and did

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28 DOJ, U.S. Attorney's Office, Southern District of Georgia, "Human Smuggling, Forced Labor Among Allegations in South Georgia Federal Indictment," press release (November 22, 2021), available at: <https://www.justice.gov/usao-sdga/pr/human-smuggling-forced-labor-among-allegations-south-georgia-federal-indictment>; and DOJ, U.S. Attorney's Office, Southern District of Georgia, "Three Men Sentenced to Federal Prison on Charges Related to Human Trafficking," press release (March 31, 2022), available at: <https://www.justice.gov/usao-sdga/pr/three-men-sentenced-federal-prison-charges-related-human-trafficking>

29 OWCP Did Not Ensure Best Prices and Allowed Inappropriate, Potentially Lethal Prescriptions in the FECA Program, Report No. 03-23-001-04-431 (March 31, 2023), available at: <https://www.oig.dol.gov/public/reports/oa/2023/03-23-001-04-431.pdf>

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not perform sufficient oversight of prescription drugs that are highly scrutinized and rarely covered in workers' compensation programs.

In March 2021, consistent with our prior audit recommendations, OWCP implemented a pharmacy benefit manager<sup>30</sup> responsible for FECA pharmaceutical transactions, including pricing for prescription drugs. In addition, OWCP expanded pharmacy benefit manager coverage to the Energy and Black Lung Benefits programs. While using a pharmacy benefit manager may improve OWCP's management of pharmaceuticals, OWCP needs to provide adequate oversight over the pharmacy benefit manager to ensure the pharmaceutical benefits it provides are safe, effective, medically necessary, and economical.

**While using a pharmacy benefit manager may improve OWCP's management of pharmaceuticals, OWCP needs to provide adequate oversight over the pharmacy benefit manager to ensure the pharmaceutical benefits it provides are safe, effective, medically necessary, and economical.**

In May 2024,<sup>31</sup> we reported OWCP could improve its medical claims processing in the Energy program. For example, we found OWCP did not use complete information to measure and publicly report how long it took to make claims decisions, from start to finish. This distorted the perception of how long claimants waited for decisions needed to receive compensation and medical expense coverage. Our analyses showed wait times for final decisions increased from an average of 182 days in FY 2018 to 207 days in FY 2022, even though there were fewer final decisions to process.

In the Energy program, with an aging claimant population and an increased demand for home health care services, there is a risk of providers exploiting these benefits through unethical practices. Since 2010, home and residential health care costs paid by the Energy program have grown from almost \$100 million to more than \$1.1 billion in FY 2023. OWCP needs to continue its efforts to analyze home health care billing for abusive practices and to identify and refer allegations involving potential fraud or abuse to the OIG for further investigation.

### Ensuring the Solvency of the Black Lung Disability Trust Fund

Miners and their dependent survivors receive lifetime benefits when awarded under the Black Lung Benefits Act. Mine operators pay these benefits when possible, and the Black Lung Disability Trust

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30 Pharmacy benefit managers are third-party administrators of prescription drug programs, primarily responsible for: developing and maintaining formularies, which include an approved listing of prescriptions; negotiating discounts and rebates with drug manufacturers; and processing and paying prescription drug claims.

31 OWCP Could Improve its Existing Guidelines for Processing DEEOIC Claims, Report No. 09-24-001-04-437 (May 2, 2024), available at: <https://www.oig.dol.gov/public/reports/oa/2024/09-24-001-04-437.pdf>

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Fund (Trust Fund) pays the benefits when a miner’s former employer does not or cannot assume liability. The OIG’s primary concern is that the current annual income of the Trust Fund (primarily from an excise tax on domestic sales of coal) is not sufficient to cover annual benefit obligations to meet administrative costs and to service past debt.

The Trust Fund expenditures have consistently exceeded revenue, and the Trust Fund has essentially borrowed with interest from Treasury’s general fund almost every year since 1979. According to DOL’s FY 2024 Agency Financial Report, the Trust Fund had to borrow approximately \$3.03 billion to cover its expenditures, which included debt and interest payments. As of September 30, 2024, the Trust Fund was carrying close to a \$6.62 billion deficit balance, which is projected to grow to \$14.42 billion (in constant dollars) by September 30, 2049.

The excise tax that funds the Trust Fund is levied on domestic sales of coal mined in the United States. On August 16, 2022, the Inflation Reduction Act of 2022 made permanent the temporary increased excise tax rates of \$1.10 per ton of underground mined coal and \$0.55 per ton of surface-mined coal, with a cap of 4.4 percent of the sales price. However, we remain concerned the permanent tax increases are still not sufficient to ensure solvency of the Trust Fund.

### **Improving the Performance Accountability of Workforce Development Programs**

The OIG has concerns about the Department’s ability to ensure its investments in workforce development programs are successful in enhancing participants’ skills and placing them in meaningful and appropriate employment. Our work has identified weaknesses in three key areas: (1) awarding grants, (2) reviewing grant recipients’ use of funds, and (3) measuring program performance. ETA must ensure it focuses on these areas to improve the accountability of the Department’s workforce development programs.

The OIG’s September 2021 audit<sup>32</sup> of the American Apprenticeship Initiative grant program—which aimed in part to expand Registered Apprenticeships—identified systemic weaknesses in the execution of the grants, as well as in ETA’s planning and awarding processes. DOL received an estimated \$285 million in FY 2024 and requested \$335 million for the Registered Apprenticeship Program in FY 2025. The Department must ensure its significant investments into Registered Apprenticeships are used efficiently and effectively to develop new pathways to good-quality jobs.

Strengthening oversight of how grant recipients and subrecipients spend funds can improve performance accountability in DOL workforce development programs. In September 2023, we

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32 ETA Did Not Sufficiently Plan and Execute the American Apprenticeship Initiative Grant Program, Report No. 05-21-004-03-375 (September 30, 2021), available at: <https://www.oig.dol.gov/public/reports/oa/2021/05-21-004-03-375.pdf>



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reported<sup>33</sup> ETA needs to improve its oversight of grant recipients and sub-recipients<sup>34</sup> in the State of New Jersey to ensure grant funds serve their intended purposes. We found ETA did not ensure recipients effectively: (1) used over \$100 million to serve the intended population; (2) enrolled eligible individuals in the grant programs, costing \$96,580 in training services; and (3) complied with federal requirements when paying \$168,460 in services. We also questioned \$6.9 million in grant funding because the sub-recipients could not show how these funds were used.

The Department must also obtain appropriate, accurate, and reliable data to measure, assess, and make decisions regarding the performance of its workforce development programs.

Our September 2020 audit report found that, although ETA had data to determine whether participants were employed after exiting grant-funded training programs, it lacked data to measure the impact credentials had on participants' outcomes and did not ensure participants' data was accurate, valid, and reliable. Similarly, in a 2018 audit, we found that Job Corps was unable to demonstrate the extent to which its training programs helped participants obtain meaningful jobs appropriate to their training within 5 years of completing the program. Without appropriate, accurate, and reliable data, the Department is challenged to effectively assess the performance of its workforce development programs.

### Managing and Securing Data and Information Systems

We remain concerned with DOL's ability to manage and secure its data and information systems, more so with the rapidly expanding use of artificial intelligence (AI). The Department and its program agencies depend on reliable and secure IT systems to perform their mission critical functions. In carrying out their missions, the agencies obtain and create vast amounts of information and data. Included in these data are the PII and personal health information of the public, including federal employees. While DOL has improved IT management, such as implementing a shared services model, we remain concerned with its governance structure and information security program.



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33 COVID-19: The Employment and Training Administration Needs to Improve Oversight of Grants Awarded in New Jersey, Report No. 19-23-016-03-391 (September 28, 2023), available at: <https://www.oig.dol.gov/public/reports/oa/2023/19-23-016-03-391.pdf>

34 A sub-recipient is a non-federal entity that receives a sub-award from a pass-through entity to carry out part of a federal program. It does not include an individual who is a beneficiary of the program.

## Significant Concerns

Fundamentally, we continue to be concerned DOL has not fully empowered the Chief Information Officer (CIO) position to ensure the Department's IT governance is effectively implemented. Specifically, DOL's CIO reports to the Assistant Secretary for Administration and Management—not the Secretary or Deputy Secretary as required by law—and does not have sufficient authority or representation on key senior level management boards. In addition, we continue to have concerns with the Department's information security program in the following areas: cybersecurity oversight; supply chain; cloud/third-party; end user/remote security; and emerging technology and security requirements, such as AI and zero trust architecture.

We continue to identify recurring deficiencies in DOL's efforts to manage and implement security controls throughout its information security program. The Department has not adequately implemented information security controls and technology tools required to manage and monitor IT security. Further, we are still concerned the 30 percent of systems outside the IT shared services environment, including the Bureau of Labor Statistics, are not receiving the governance and oversight required to sufficiently secure all of DOL's data and information systems.

Additionally, we are concerned about DOL's oversight for the rapidly expanding use of AI across agencies. Specifically, there is insufficient clarity in the roles and responsibilities regarding AI implementation and monitoring, leading to potential risks in data privacy, security, and ethical usage. Without developed and mature standardized guidelines and continuous oversight, AI systems may perpetuate bias or malfunction in critical operations. The CIO must establish robust frameworks to ensure AI aligns with public trust and governance standards.

These areas represent ongoing risks to the confidentiality, integrity, and availability of DOL's information systems, which are necessary to support the Department's mission. DOL needs to implement the necessary strategies and tools to provide effective management and security for its data and information systems.



# Worker and Retiree Benefit Programs



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**Unemployment Insurance Programs**

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**Office of Workers' Compensation Programs**

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**Employee Benefit Plans**

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**Office of Labor-Management Standards**

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## Unemployment Insurance Programs

*Enacted more than 80 years ago as a federal-state partnership, the unemployment insurance program is the Department's largest income-maintenance program. This multi-billion-dollar program provides unemployment benefits to eligible workers who become unemployed through no fault of their own. The program is generally administered by states with oversight from DOL's Employment and Training Administration.*

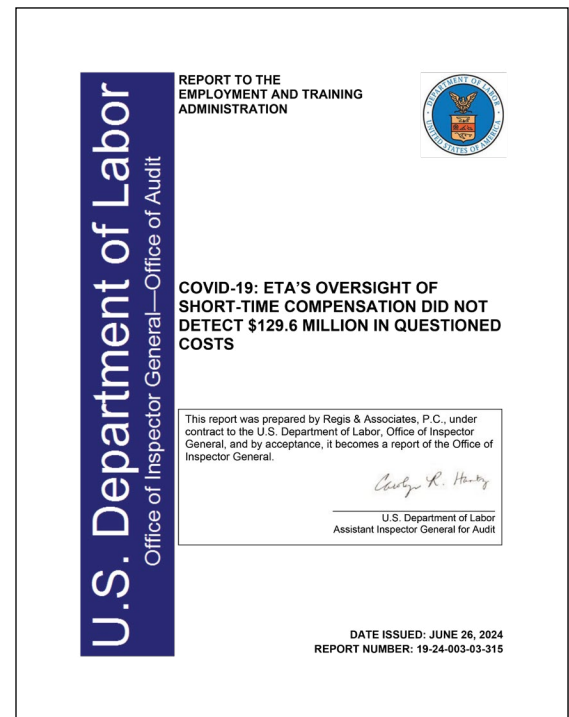
### COVID-19: ETA'S OVERSIGHT OF SHORT-TIME COMPENSATION DID NOT DETECT \$129.6 MILLION IN QUESTIONED COSTS

#### Why OIG Conducted the Audit

On March 27, 2020, Congress passed the CARES Act to provide expanded UI benefits to workers unable to work due to the COVID-19 pandemic. Section 2110 provided grants to support the administration of Short-Time Compensation (STC) programs. Under Section 2108, the STC program provided for 100 percent federal reimbursement of STC benefits to states that previously operated a permanent or temporary program under state law.

To address concerns about risks associated with the disbursement of federal funds during the pandemic, we contracted with the independent certified public accounting firm of Regis & Associates, PC (Regis) to answer the following question:

**Did the Employment and Training Administration (ETA) ensure states met STC requirements and used the related funds as intended by the CARES Act and related subsequent legislation?**



# Worker and Retiree Benefit Programs

## What OIG Found

Regis found only 5 of the 10 states selected for in-depth testing received Section 2110 grants and used the funds to promote and enroll employers in their STC programs and implement or improve the administration of STC in their localities. Regis found no compliance exceptions with those five states.

With respect to benefit reimbursements under Section 2108, Regis found ETA did not ensure states met STC reimbursement requirements or used the related funds as intended by the CARES Act and related subsequent legislation. Specifically, of the 10 states reviewed, Regis identified 7 states drew down federal reimbursements that were questionable. Specifically, Regis identified the following:

- Six states drew down \$28.1 million in excessive federal reimbursements. One of the six states drew down an additional \$100.1 million in reimbursements for payments without verifying the eligibility of claimants' employment status.
- One state drew down \$1.4 million in reimbursements without providing records to support their STC payments and drawdowns.

The states' noncompliance went undetected because ETA did not assess risks and establish controls to sufficiently monitor states' compliance with STC reimbursement requirements. ETA solely relied upon the review of claims and payment activity reports, which was insufficient in detecting the noncompliance issues found by Regis.

Due to ETA's insufficient monitoring of states' reimbursements under Section 2108, Regis identified the seven states were allowed to draw down about \$129.6 million in questioned costs. As a result of Regis' findings, four states have already returned \$11.6 million to ETA.

## What OIG Recommended

Regis made three recommendations to ETA to improve oversight of STC and similar future temporary UI programs. ETA agreed with the recommendations.

For more information, go to <https://www.oig.dol.gov/public/reports/oa/2024/19-24-003-03-315.pdf>, Report No. 19-24-003-03-315 (June 26, 2024).

# Worker and Retiree Benefit Programs

## ETA DID NOT ENSURE STATES SUFFICIENTLY IMPLEMENTED THE MIXED EARNERS UNEMPLOYMENT COMPENSATION PROGRAM

### Why OIG Conducted the Audit

The Continued Assistance for Unemployed Workers Act of 2020 created the Mixed Earners Unemployment Compensation (MEUC) program. The program provided an additional, supplemental weekly benefit payment to individuals covered by an UI program other than the Pandemic Unemployment Assistance (PUA) program and who had significant self-employment income. ETA was required to oversee the SWAs' implementation of the MEUC program.

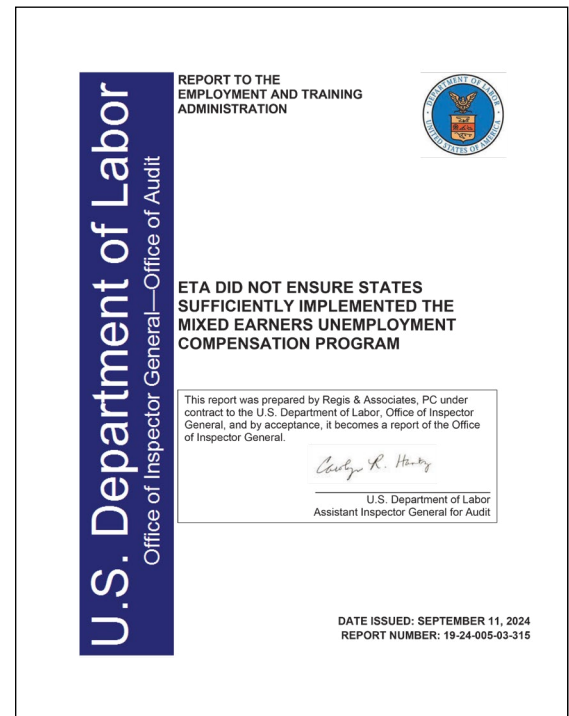
Based on prior OIG pandemic audits, we were concerned about ETA's ability to deploy the \$1.5 billion provided to the MEUC program. We contracted with the independent certified public accounting firm of Regis & Associates, PC (Regis) to conduct a performance audit to answer the following question:

**Did ETA ensure SWAs implemented the MEUC program for the benefit of eligible unemployed individuals, pursuant to the intent of the Continued Assistance for Unemployed Workers Act of 2020 and the American Rescue Plan Act of 2021?**

For this audit, Regis performed in-depth testing on 6 SWAs, surveyed an additional 24 SWAs, reviewed policies and procedures, and interviewed ETA and SWA officials.

### What OIG Found

Regis determined the six SWAs reviewed generally met the MEUC program requirements and used the related funds as intended by pandemic-related legislation. However, Regis found ETA did not ensure SWAs sufficiently implemented the MEUC program. Specifically, MEUC benefit payments were significantly delayed, there was low participation in the program, and benefits did not reach a large population.



## Worker and Retiree Benefit Programs

For the six audited SWAs, some claimants waited as long as 8 months after the start of the program for their first payment. The six SWAs took between 78 to 273 days to make their first MEUC payments to claimants, and 79 percent of the surveyed SWAs took between 63 to 378 days. Regis determined that the six SWAs paid only 707 claimants under MEUC, and two SWAs served only 21 claimants each. Although the initial MEUC allotment for these SWAs totaled \$79.3 million, as of September 6, 2021, only about \$1.4 million had been paid to the 707 claimants. Furthermore, despite discontinuing their participation in the MEUC program in 2021, \$1.3 million in MEUC funds remained available for drawdown in these SWA accounts, as of September 30, 2023.

In addition, Regis noted that the funds obligated for MEUC were appropriated by Congress without fiscal year limitation. This requires ETA to set aside pandemic funds to reimburse SWAs for eligible MEUC claims years after the conclusion of the program.

The lack of time for ETA to develop and administer a new benefit payment program for mixed earners, as well as competing priorities, resulted in the delayed payments and the underutilization of funds for the six audited SWAs. The SWAs also experienced a lack of lead time for preparation, an inadequate number of staff, IT constraints, and a lack of information on mixed earners. If these challenges are left unresolved, ETA and SWAs may again struggle to provide timely and useful assistance to this population during future emergencies.

### What OIG Recommended

Regis made four recommendations to improve ETA's and Congress' knowledge of the mixed earners population and to monitor SWAs' levels of benefit payment activity to better meet the future needs of mixed earners. ETA agreed to take corrective actions for three recommendations. ETA stated it would be unable to address one recommendation due to current funding limitations.

For more information, go to <https://www.oig.dol.gov/public/reports/oa/2024/19-24-005-03-315.pdf>, Report No. 19-24-005-03-315 (September 11, 2024).

## Worker and Retiree Benefit Programs

### **Detroit Man Pled Guilty in \$6 Million Unemployment Insurance Fraud Scheme**

On May 2, 2024, David Davis pled guilty to one count of conspiracy to commit wire fraud for his role in a UI fraud scheme that targeted multiple SWAs and resulted in the loss of more than \$6 million in UI benefits.

Between approximately April 2020 and August 2021, Davis and his co-conspirators defrauded the federal government and multiple SWAs of funds that were earmarked for COVID-19 pandemic relief. The scheme involved the filing of more than 700 fraudulent UI claims in eight states, including Michigan, California, and Arizona. Davis and his co-conspirators used the stolen PII of identity theft victims to file the fraudulent claims. Once processed, the UI funds were loaded onto pre-paid debit cards that were mailed to addresses controlled by Davis and his co-conspirators. The funds were later withdrawn at ATMs in Michigan and California.

As a result of their scheme, Davis and his co-conspirators fraudulently obtained more than \$6 million.

This is a joint investigation with Homeland Security Investigations (HSI). *United States v. Howard et al.* (E.D. Michigan)

### **Four Florida Men Convicted in Multi-Million Dollar Fraud Scheme**

In April 2024, Tony Mertile, Junior Mertile, Allen Bien-Aime, and James Legerme pled guilty to wire fraud and aggravated identity theft for their roles in a wide-ranging conspiracy to steal more than \$4.8 million by defrauding financial institutions and fraudulently obtaining UI benefits.

The four men participated in a conspiracy that used stolen PII to fraudulently open bank accounts and obtain debit cards in the names of other persons. The defendants then used the accounts and cards to receive, deposit, and transfer fraudulent benefits and payments from federal and state agencies, including UI benefits.

As part of the scheme, the defendants submitted fraudulent applications to multiple SWAs, including the Rhode Island Department of Labor and Training, for pandemic-related UI benefits made available under the CARES Act and the Families First Coronavirus Response Act. The defendants also submitted fraudulent applications in the names of identity theft victims to obtain tax refunds, stimulus payments, and disaster relief funds.

The defendants each agreed to forfeit more than \$1.2 million in funds that constitute the proceeds of the conspiracy. They also agreed to forfeit valuable luxury watches and jewelry, as well as more than \$1.1 million in cash seized from the residences of Tony Mertile, Junior Mertile, and James Legerme at the time of their arrests. In addition, each defendant is liable for approximately \$4.8 million in restitution to be paid to SWAs and financial institutions that were defrauded.



## Worker and Retiree Benefit Programs

This is a joint investigation with the FBI, the Internal Revenue Service-Criminal Investigation (IRS-CI), and the Rhode Island State Police. *United States v. Allen Bien-Amie et al.* (D. Rhode Island)

### Michigan Fraudsters Sentenced in Multi-Million Dollar Fraud Scheme

In September 2024, Marcellus Dunham, Day'on Holt, Armani Haller, and Laron Stroud were sentenced to 102 months, 32 months, 24 months, and 18 months in prison, respectively, for their roles in a pandemic-related UI fraud scheme. The four defendants were also ordered to pay restitution jointly and severally of more than \$4.8 million to the SWAs of California, Michigan, Arizona, Indiana, Maryland, and New York. Dunham was also ordered to pay restitution of more than \$570,000 for his role in two additional financial fraud schemes.

From April 2020 to August 2021, the defendants and other co-conspirators colluded to submit nearly 700 fraudulent UI claims to more than nine states. The claims were filed using the stolen PII of identity theft victims. Once the fraudulent claims were processed, the UI funds were loaded onto pre-paid debit cards that were mailed to addresses controlled by the defendants. The defendants and their other co-conspirators then made cash withdrawals at ATMs in Michigan and California. As a result of their scheme, the defendants fraudulently obtained more than \$4.8 million in UI benefits.

This is a joint investigation with the FBI. *United States v. Marcellus Dunham et al.* (E.D. Michigan)

### Former Maryland Department of Labor Contractors Plead Guilty to Pandemic-Related Unemployment Insurance Fraud Conspiracy of More Than \$3.5 Million

On June 3, 2024, and July 23, 2024, Bryan Ruffin and Kiara Smith, former contractors who provided services directly to the Maryland Department of Labor (MD DOL), pled guilty, respectively, to conspiracy to commit wire fraud and aggravated identity theft for their roles in defrauding the MD DOL of more than \$3.5 million.

From early 2021 through late 2022, Smith and Ruffin worked remotely as contractors for the MD DOL. Initially, they handled customer service calls but were later promoted to work on MD DOL fraud matters. Through their employment, Smith and Ruffin were issued laptops that allowed for remote access to MD DOL servers, including the UI claims system. While handling fraud-related matters for MD DOL, Smith was tasked with identifying fraudulent identification documents submitted in support of UI claims, such as fake Social Security cards and driver's licenses. MD DOL also gave Smith the discretion to add or remove fraud flags in the system.

In early 2021, Smith provided her MD DOL-issued laptop to co-conspirators in exchange for money. Throughout 2022, Ruffin provided his MD DOL-issued laptop to co-conspirators for the same purpose.

## Worker and Retiree Benefit Programs

The co-conspirators then used the laptops to access non-public UI data and databases maintained by MD DOL to change information on existing UI claims, including contact email addresses, online account passwords, and payment methods. They also made numerous false statements and misrepresentations on UI applications, so the highest amount of available UI benefits would be paid. As a result, the MD DOL disbursed UI benefits to bank accounts that were controlled by members of the conspiracy.

Smith also fraudulently sought UI benefits for herself during the pandemic, including during periods when she was employed.

In addition to providing her MD DOL issued laptop to her co-conspirators, Smith used her insider access with MD-DOL to fraudulently process UI benefits. She changed the registered email accounts associated with at least 20 UI claims to an email belonging to her. Smith then caused MD DOL to pay UI benefits on these 20 claims to bank accounts she controlled.

Based on Smith and Ruffin's activities, the members of the conspiracy fraudulently obtained more than \$3.5 million in pandemic-related UI benefits of which Smith personally obtained at least \$275,000.

This investigation is being conducted as part of the Maryland COVID-19 Fraud Enforcement Strike Force and is a joint investigation with the FBI. *United States v. Lawrence Nathaniel Harris et al.* (D. Maryland)

### **Two Arkansas Men Convicted and Sentenced in Unemployment Insurance Fraud Scheme**

On July 11, 2024, and July 25, 2024, Khi Simms pled guilty to conspiracy to commit bank fraud and aggravated identity theft and Deuntae Diggs was sentenced to 41 months in prison and ordered to pay more than \$874,000 in restitution, respectively. Along with other co-conspirators, both Simms and Diggs participated in an UI fraud scheme that defrauded the federal government, the California Employment Development Department (EDD), and a financial institution of funds that were earmarked for COVID-19 pandemic relief.

From approximately January 2021 to August 2021, Simms and Diggs were involved in a conspiracy whereby they obtained and made withdrawals from debit cards containing fraudulently obtained UI benefits that a co-conspirator made available. The co-conspirator, who was hired by a financial institution as a contract employee, then accessed bank systems without authorization to reissue debit cards; remove fraud blocks; and add provisional credits to unemployment debit card accounts from which Simms and Diggs later withdrew funds. Simms also recruited others to participate in the conspiracy, often recruiting them via social media posts. Simms also sent messages to co-conspirators to advise them on how to call the financial institution and pretend to be various customers in order to have debit cards sent to their addresses.

## Worker and Retiree Benefit Programs

In total, Simms and Diggs were responsible for approximately \$2.7 million and \$815,000, respectively, in withdrawals of fraudulently obtained funds.

This is a joint investigation with the FBI. *United States v. Khi Simms and Deuntae Diggs* (E.D. Arkansas)

### **Virginia Man Sentenced to 84 Months in Prison for COVID-19 Pandemic Benefits Fraud Scheme and for Defrauding Elderly Homeowners**

On May 14, 2024, Howard Lee Stith, Jr. was sentenced to 84 months in prison and ordered to pay restitution of more than \$2.4 million for his role in multiple fraud schemes including pandemic-related UI fraud, EIDL fraud, and filing a false tax return related to his failure to claim income from his roofing business.

After the onset of the COVID-19 pandemic, Stith applied for and received pandemic relief funds to which he was not entitled. First, he applied for multiple EIDLs on behalf of various businesses, including a roofing business. These EIDL applications included materially false statements about the gross income of each business, as well as the number of employees. Stith then submitted fraudulent applications for UI benefits to the Virginia Employment Commission (VEC), in which he falsely claimed that he was not working, not self-employed, and not receiving money from any source.

As a result, Stith fraudulently received UI benefits from the VEC to which he was not entitled. In total, Stith received tens of thousands of dollars from homeowners during the period in which he falsely claimed UI benefits. He also perpetrated a scheme to defraud elderly homeowners in the Richmond, Virginia area by appearing at their homes and falsely claiming that their roofs needed extensive repairs.

Thereafter, Stith purported to provide the promised repair services but performed minimal work of poor quality, while charging homeowners exorbitant fees. To substantiate the excessive amounts he charged, he created false invoices and misleading receipts, which he provided to various homeowners. Stith fraudulently obtained at least \$1.5 million from elderly homeowners in connection with the scheme.

In addition, he failed to report to the IRS the income he obtained from the scheme by filing a false tax return in 2018 and failing to file tax returns for the tax years 2019, 2020, and 2021. After learning he was under federal investigation, Stith allegedly began directing homeowners to write personal checks to others to further conceal his receipt of such payments. Through this conduct, he evaded the assessment of income tax in the alleged amount of at least \$575,000 for tax years 2018 through 2021.

This is a joint investigation with the FBI, the United States Secret Service (USSS), the IRS-CI, and the SBA-OIG. *United States v. Howard Lee Stith, Jr.* (E.D. Virginia)

## Worker and Retiree Benefit Programs

### **Maryland Men Convicted and Sentenced to Prison for Roles in \$2 Million Pandemic-Related Unemployment Insurance Fraud Scheme**

On April 11, 2024, and May 30, 2024, Christopher Yancy, aka “Lil Bhris” and “Lil Chris,” and Christian Malik Adrea, aka “Leak” and “Lil Leak,” were sentenced to 63 months in prison and 3 months in prison, respectively, for their roles in a pandemic-related UI fraud scheme and aggravated identity theft conspiracy that defrauded multiple SWAs through the submission of fraudulent UI claims. Yancy also pled guilty to and was sentenced for additional charges related to the illegal possession of machine guns. Adrea and Yancy were ordered to pay more than \$2 million in restitution, jointly and severally with their other co-conspirators, to affected SWAs and forfeit more than \$195,000 and \$280,000 in fraudulent proceeds, respectively, which each defendant received from their participation in the scheme.

In addition, on August 15, 2024, Trez Anthony Hendy, aka “Torch”, pled guilty to conspiracy to commit wire fraud, wire fraud, and aggravated identity theft for his role in the conspiracy.

Between March 2020 and October 2021, Adrea, Yancy, Hendy, and their other co-conspirators impersonated identity theft victims to submit fraudulent UI claims in Maryland and California. As part of the scheme, Adrea, Yancy and their co-conspirators used electronic messages, phone calls, electronic mail and other means to aggregate and exchange the PII of identity theft victims. They also created fictitious email addresses and phone numbers for the victims and used the emails and phone numbers on the fraudulent applications in furtherance of the scheme. Once Adrea, Yancy, and their co-conspirators received the fraudulently obtained UI benefits on debit cards, they made cash withdrawals and other transactions for their own financial benefit.

In October 2021, law enforcement executed a search warrant at the residence of Yancy and recovered numerous weapons, including two classified under law as “machine guns,” upper and lower firearms receivers, ammunition, gun part kits, a 3D printer, and other items used to assemble and alter firearms.

This is a joint investigation with the United States Postal Inspection Service (USPIS), HSI, the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF), the Maryland State Police, and the Anne Arundel County (Maryland) Police Department. *United States v. Michael Akame Ngwese Ay Makoge et al.* (D. Maryland)

### **California Man Sentenced to More Than 4.5 Years in Federal Prison for Unemployment Insurance Fraud**

On July 17, 2024, Kenneth Lathon was sentenced to 54 months in prison and ordered to pay restitution of approximately \$998,600 for his role in a scheme to fraudulently obtain UI benefits.

## Worker and Retiree Benefit Programs

Lathon's spouse, a co-conspirator in the scheme, operated at least three tax preparation businesses. In that capacity, Lathon's spouse was provided with PII, which included the names, dates of birth, and Social Security numbers, of numerous individuals for tax filing purposes.

From February 2020 to March 2021, Lathon conspired with his spouse to submit fraudulent applications to the California EDD for UI benefits using PII obtained from former clients of the spouse's tax preparation businesses. The PII was used without the permission of the former clients. The PII as well as fictitious employment histories, mailing addresses, email accounts, and phone numbers, were used to file fraudulent UI claims.

As a result, EDD authorized a financial institution to issue debit cards in the names of claimants. The debit cards were then mailed to addresses that both Lathon and his spouse controlled. They then used the debit cards to make purchases and cash withdrawals.

Lathon and his spouse caused at least 44 fraudulent UI claims to be filed, resulting in losses to EDD of almost \$1 million.

This is a joint investigation with HSI, the USPIS, the ATF, the DOL-EBSA, the Amtrak-OIG, and the California EDD. *United States v. Lathon* (C.D. California)

### **Maryland Man Sentenced to 14 Years in Prison for Committing Pandemic-Related Unemployment Insurance Fraud and Leading a Fentanyl Distribution Ring**

On May 8, 2024, Collin Edwards was sentenced to 168 months in prison for using stolen PII to file fraudulent pandemic-related UI claims and for leading a group involved in the manufacturing of counterfeit oxycodone pills mixed with fentanyl.

In August 2021, law enforcement identified Edwards and others as participants in a drug trafficking operation. This included running a fentanyl pill pressing operation in and around Washington, D.C. and Maryland and renting apartments with stolen identities for the purpose of manufacturing and distributing counterfeit pills. During the investigation, a search warrant was executed on a high-end luxury apartment that Edwards and the group were renting using a fictitious identity. In addition to the seizure of over 500 counterfeit pills and more than 76 grams of a mixture and substance containing fentanyl, law enforcement seized Edwards' cell phone. The phone contained numerous text message conversations with other drug traffickers discussing pill sales, as well as text messages between Edwards and others laying out a scheme involving pandemic-related UI fraud.

Edwards obtained database documents containing PII for hundreds of victims and subsequently used the stolen PII to apply online for UI benefits in identity theft victims' names. Due to the fraudulent applications, debit cards pre-loaded with UI benefits were sent to the homes of Edwards' associates

## Worker and Retiree Benefit Programs

and family members. He then retrieved the cards and withdrew funds at ATMs around Washington, D.C. Edwards admitted that he and other co-conspirators fraudulently obtained at least \$250,000 through the UI fraud scheme.

This is a joint investigation with the FBI. *United States v. Collin Edwards et al.* (D. District of Columbia)

### **Former Social Security Administration Employee Sentenced to 36 Months in Prison for Pandemic Unemployment Insurance Fraud Scheme**

On April 2, 2024, Takiyah Gordon Austin was sentenced to 36 months in prison for her role in a scheme to fraudulently obtain pandemic-related UI benefits. She was also ordered to pay restitution totaling more than \$288,000.

From approximately May 2020 through May 2021, while employed as a claims specialist with the Social Security Administration (SSA), Austin filed pandemic-related UI claims for ineligible recipients in exchange for payment from those individuals. In addition, she filed other claims for her own benefit after accessing SSA databases to obtain PII from unsuspecting victims. Austin diverted the UI benefits for those claims to addresses that she controlled to use the funds for her own personal expenses.

This was a joint investigation with the SSA-OIG and the USPIS. *United States v. Takiyah Gordon Austin* (M.D. Pennsylvania)



## Worker and Retiree Benefit Programs

# Office of Workers' Compensation Programs

*The Office of Workers' Compensation Programs (OWCP) administers four major workers' compensation programs: Federal Employees' Compensation, Energy Employees Occupational Illness Compensation (Energy), Coal Mine Workers' Compensation (Black Lung Benefits), and Longshore and Harbor Workers' Compensation.*

*FECA is the largest of the programs and provides workers' compensation coverage to millions of federal, postal, and other employees for work-related injuries and illnesses. Benefits include wage replacement, payment for medical care, vocational rehabilitation, and survivor benefits.*

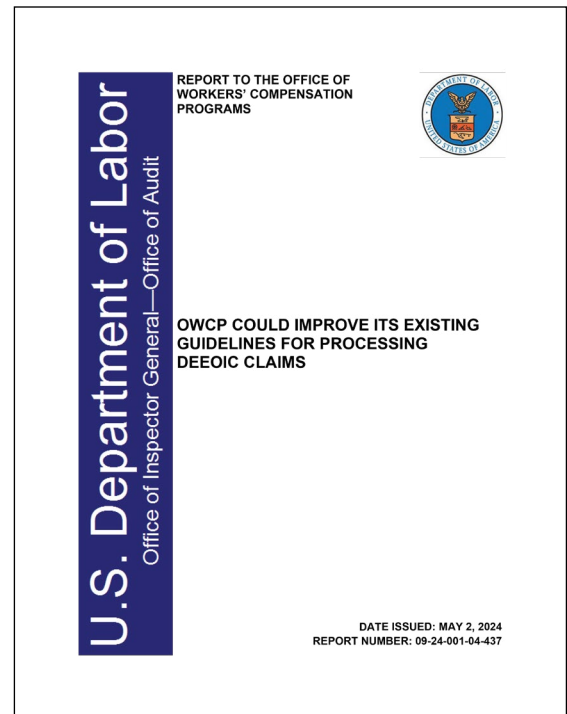
## OWCP COULD IMPROVE ITS EXISTING GUIDELINES FOR PROCESSING DEEOIC CLAIMS

### Why OIG Conducted the Audit

The Division of Energy Employees Occupational Illness Compensation (DEEOIC) within the DOL's OWCP is responsible for compensating individuals. These individuals include current or former employees (or their survivors) of the Department of Energy who developed illnesses as a result of toxic exposure while employed at covered facilities or a mining work environment. Coverage also includes individuals at its predecessor agencies and certain vendors, contractors, and subcontractors. From 2017 to 2019, we received hotline complaints alleging DEEOIC was taking too long to issue claims decisions. In response to these allegations, we conducted this audit to answer the following question:

**To what extent did OWCP's DEEOIC ensure claims followed appropriate guidelines?**

We analyzed claim decision data and relevant documentation; reviewed related statutes, policies, and procedures; and interviewed DEEOIC staff. We focused on general hotline complaint allegations that claims were not processed timely.

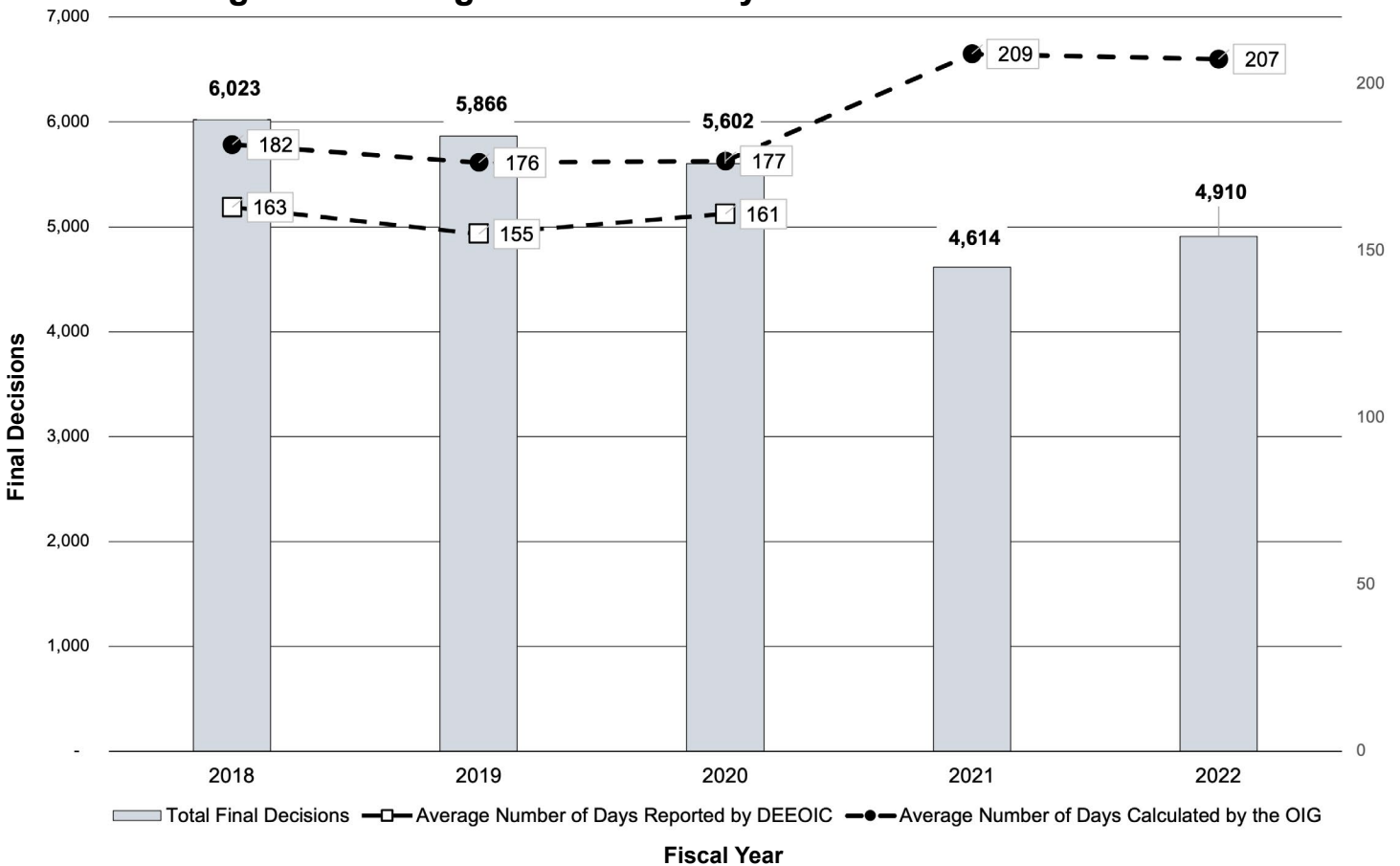


# Worker and Retiree Benefit Programs

## What OIG Found

Our work identified opportunities where DEEOIC could improve its existing guidelines for processing claims. We found DEEOIC did not use complete information to measure and publicly report how long it took to make claims decisions, from start to finish, which distorted the perception of how long claimants waited for decisions. DEEOIC set a target of 170-average days to make claims decisions needed for claimants to receive compensation and medical expense coverage. However, our analysis showed DEEOIC took an average of 182 days to make 6,023 final decisions in FY 2018, compared to 207 days for 4,910 final decisions in FY 2022. Wait times increased while the volume of final decisions dropped.

**Figure 2: Average Number of Days to Issue Final Decisions**



Source: OIG analysis of DEEOIC claims adjudication data and DEEOIC's reported results in its Congressional Budget Justifications

We also found gaps in DEEOIC's oversight of its decision-making processes that increased the risk of errors. For example, review results were not documented consistently or aggregated to identify trends or systemic problems, and error corrections were not documented and may not have been completed. These gaps occurred because DEEOIC did not place sufficient management emphasis on its quality controls over the claims process.

## Worker and Retiree Benefit Programs

The lack of transparency in the claims process distorted the perception of how long claimants actually waited for claims decisions. In addition, processing errors may not have been identified and corrected, which could have resulted in delayed or incorrect claims decisions. These issues raised concerns that workers who were injured or became ill on the job, or their survivors, may not be receiving timely and accurate decisions on claims and prompt compensation and medical expense coverage.

### What OIG Recommended

We made five recommendations to OWCP to improve timeliness performance metrics, oversight, and the standardization of the claims adjudication process. OWCP agreed with our recommendations.

For more information, go to <https://www.oig.dol.gov/public/reports/oa/2024/09-24-001-04-437.pdf>, Report No. 09-24-001-04-437 (May 2, 2024).

### Three Texas Defendants Sentenced in Healthcare Compounding Fraud Scheme

On July 10, July 12, and July 30, 2024, Dustin Rall, Quintan Cockerell, and Turner Luke Zeutzus were sentenced to 24 months in prison, 29 months in prison, and time served, respectively. Rall, Cockerell, and Zeutzus were also ordered to pay restitution, jointly and severally, of more than \$59 million for their roles in a wide-ranging healthcare fraud scheme.

Rall was the owner of the Medicine Store Pharmacy, Inc. and Halls IV & Institutional Pharmacy, Inc., aka Rxpress Pharmacy and Xpress Compounding (Rxpress/Xpress), which were both compounding pharmacies. Both Cockerell and Zeutzus were marketers for the pharmacies. From May 2014 to September 2016, Rxpress/Xpress formulated expensive compounded medications prescribed for individuals, including members of the armed forces and injured federal workers. Rall and others recruited a network of marketers, including Cockerell and Zeutzus, who, in turn, recruited doctors and patients to obtain prescriptions for the compounded medications at Rxpress/Xpress. Rxpress/Xpress then paid kickbacks to Cockerell and Zeutzus for their recruitment efforts.

In addition, Rxpress/Xpress paid kickbacks to doctors for writing prescriptions for compounded drugs. In furtherance of the scheme, doctors were provided with lucrative entertainment and travel benefits to ensure they continued to refer prescriptions to Rxpress/Xpress. These kickback schemes targeted the billings to both private and federal health care programs, including DOL's-OWCP's FECA program.

This is a joint investigation with the FBI, the Defense Criminal Investigative Service, the U.S. Department of Health and Human Services (HHS)-OIG, and the Veterans Affairs-OIG. *United States v. Hall et al.* (N.D. Texas)

# 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 156 million workers, retirees, and family members who are covered by nearly 801,000 private retirement plans, 2.6 million health plans, and 514,000 other welfare benefit plans that together hold estimated assets of \$13.6 trillion.*

## Argyle Fire Chief Sentenced to Prison and Ordered to Pay More Than \$500,000 in Restitution

On August 1, 2024, Troy Hohenberger was sentenced to 50 months in prison and ordered to pay approximately \$509,000 in restitution and forfeit more than \$28,000 for his misuse and theft of funds from the Argyle Fire District, Inc. (AFD) operating account, and for making false statements to the DOL.

Hohenberger was formerly the chief firefighter and plan administrator of the AFD 401(k) Plan, that qualified as an ERISA plan. From approximately 2018 to 2021, Hohenberger stole funds from the AFD's operating account, using more than \$490,000 to pay personal credit card bills. The personal credit card expenses included cash advances at casinos, payments related to a family member's business in Hawaii, and other personal uses. In addition, he failed to deposit more than \$690,000 in AFD retirement accounts in the time period required by federal regulations. Hohenberger also made false statements related to the AFD 401(k) plan on a form submitted to the DOL.

This is a joint investigation with the FBI and the DOL-EBSA. *United States v. Troy Mac Hohenberger* (E.D. Texas)

## New York Man Pled Guilty to Theft from Union Health and Welfare Fund

On May 28, 2024, Ben Johnson pled guilty to a one-count information charging him with theft or embezzlement in connection with health care due to his role in the theft of union benefit funds.

Between approximately August 2018 and January 2023, Johnson prepared multiple fraudulent dental and health care receipts for himself and family members. He then used the receipts to prepare and submit false claims for reimbursement to the Plasterers Local Union No. 9 Health and Welfare Fund. Johnson received more than \$60,000 in reimbursements from the Fund to which he was not entitled.

This is a joint investigation with the DOL-EBSA, the FBI, and the New York State Department of Financial Services. *United States v. Ben Johnson* (W.D. New York)

## Office of Labor-Management Standards

*The Office of Labor-Management Standards (OLMS) administers and enforces provisions of the Labor-Management Reporting and Disclosure Act of 1959 (LMRDA), as amended. OLMS also administers provisions of the Civil Service Reform Act of 1978 (CSRA) relating to standards of conduct for Federal employee organizations, which are comparable to LMRDA requirements. These laws promote union democracy and financial responsibility in private and federal sector labor unions.*

### OLMS CAN DO MORE TO PROTECT WORKERS' RIGHTS TO UNIONIZE THROUGH ENFORCING PERSUADER ACTIVITY DISCLOSURE

#### Why OIG Conducted the Audit

OLMS is responsible for enforcing requirements under the Labor-Management Reporting and Disclosure Act of 1959 for disclosing persuader activity when an employer hires someone to influence an employee regarding unionization. OLMS obtains and publicly releases persuader activity reports. Timely, complete, and accurate receipt and subsequent disclosure of this information enables employees to protect their rights and interests to unionize. In Fall 2022, OLMS requested we review its efforts to enforce these requirements and improve employers' and consultants' persuader activity reporting.

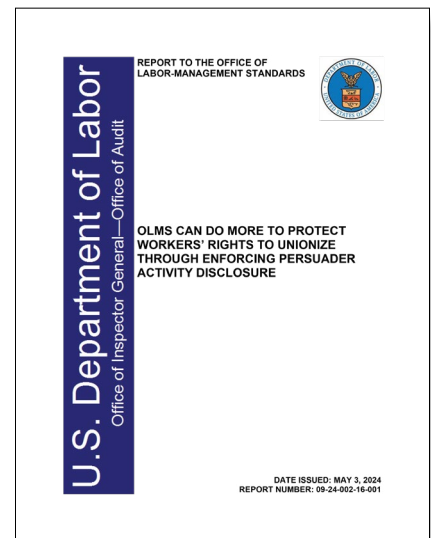
Given this request and the importance to workers, we conducted this audit to determine:

**To what extent did OLMS enforce the Labor-Management Reporting and disclosure Act's persuader activity requirements to protect workers' rights to unionize?**

Our audit included analysis of the tip line process and collaboration with the National Labor Relations Board.

#### What OIG Found

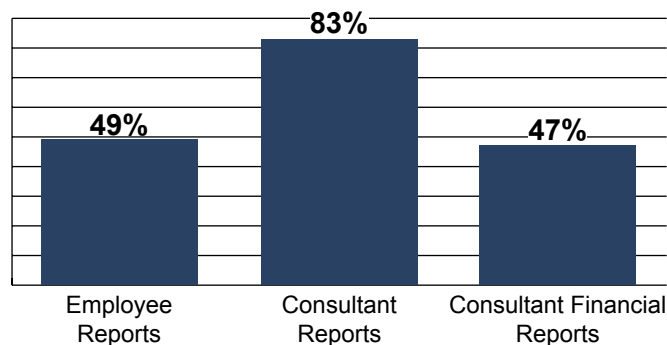
We found OLMS did not effectively enforce persuader activity requirements to protect workers' rights to unionize. Specifically, OLMS did not effectively ensure required persuader activity reports were



## Worker and Retiree Benefit Programs

filed and that employers and consultants that filed did so timely and accurately. During the more than 3-year period we reviewed, only 428 employers and 211 consultants reported persuader activity. However, the National Labor Relations Board reported around 1,100 organizing campaigns in 2021, and research indicates employers hired persuader consultants in about 825 of those campaigns, raising concerns of significant underreporting. Further, our data analyses found that, of the reports filed during the reviewed period, 49 percent of employer reports, 83 percent of consultant reports, and 47 percent of consultant financial reports were filed after the required filing dates (see Figure 3).

**Figure 3: Percentages of Delinquent Persuader Activity Reports, Received January 1, 2021–August 22, 2023**



Source: OLMS Electronic Forms System

We also found OLMS did not ensure it addressed tips provided by the public. In addition, OLMS did not effectively coordinate with the National Labor Relations Board to obtain information related to persuader activities.

These issues occurred because OLMS: (1) had limited enforcement authority; (2) lacked sufficient policies, procedures, and systems for monitoring reports and tips; and (3) did not fully implement processes for sharing information and resources with the National Labor Relations Board. As a result, missing, untimely, and inaccurate reports may have negatively impacted workers from making informed decisions about unionization. In addition, missed tips as well as delayed responses may have eroded or may in the future erode trust in the tip line and deter tipsters from providing helpful information about persuader activities.

### What OIG Recommended

We made six recommendations to OLMS to improve enforcement of persuader activity reporting. OLMS generally agreed with our recommendations.

For more information, go to: <https://www.oig.dol.gov/public/reports/oa/2024/09-24-002-16-001.pdf>, Report No. 09-24-002-16-001 (May 3, 2024).



# Worker Safety, Health, and Workplace Rights



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**Occupational Safety and Health  
Administration**

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**Mine Safety and Health Administration**

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**Wage and Hour Division**

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# Occupational Safety and Health Administration

*The Occupational Safety and Health Administration's (OSHA) mission is to assure America's workers have safe and healthful working conditions free from unlawful retaliation. OSHA carries out its mission by setting and enforcing standards; enforcing anti-retaliation provisions of the OSH Act and other federal whistleblower laws; providing and supporting training, outreach, education, and assistance; and ensuring state OSHA programs are at least as effective as federal OSHA, furthering a national system of worker safety and health protections.*

## Construction Company Owner Pled Guilty to Making False Statement in Death of Worker and Tax Crimes

On April 11, 2024, Mauricio Baiense, owner of Contract Framing Builders Inc., pled guilty to making a false statement in a hearing before DOL's OSHA and to an employment tax scheme that caused more than \$2 million loss to the IRS.

OSHA investigated the workplace death of an employee of Contract Framing Builders, Inc. While under oath at a hearing, Baiense falsely claimed the deceased individual was not employed by Contract Framing Builders at the time of the accident.

In addition, between approximately April 2013 and December 2017, Baiense operated an "off-the-books" cash payroll for the company. To generate cash for the payroll, he wrote checks drawn on a company bank account to purported subcontractors, who were, in fact, entities that he controlled. Baiense then cashed or directed others to cash approximately \$11 million in checks at a check cashing business. A portion of the proceeds of the scheme was used to pay Contract Framing Builders' employees. Baiense did not report the cash wages to the IRS and did not withhold and remit required employment taxes, causing a loss to the IRS of more than \$2.8 million.

This is a joint investigation with the DOL-OSHA, the IRS-CI, and HSI. *United States v. Mauricio Baiense* (D. Massachusetts)

## Worker Safety, Health, and Workplace Rights

### **New York Construction Company Employee Pled Guilty and Company Sentenced after Worker Dies Due to Safety Violations**

On July 9, 2024, Richard Zagger, a supervisor for Northridge Construction Corporation (Northridge), which is located in New York, pled guilty to a charge of conspiracy and three charges of obstruction related to a federal investigation into the death of a Northridge employee. On August 6, 2024, Northridge was sentenced in federal court for violating a worker safety standard, which caused the death of an employee, and for making two false statements that obstructed a federal agency's subsequent investigation. The company was ordered to pay a fine of \$100,000 and serve a 5-year term of probation, requiring among other conditions, increased employee safety training.

In December 2018, during the construction of a shed on Northridge's property, an employee fell from an improperly secured roof and died. Among other worker safety standards, DOL-OSHA regulations require that the stability of a metal structure always be maintained during construction. An investigation revealed that the company failed to adhere to the structural stability standard and that Northridge employees, including Zagger, made false statements to obstruct the ensuing federal inquiry.

This case was investigated by the DOL-OIG. *United States v. Richard Zagger* (E.D. New York) and *United States v. Northridge Construction Company* (E.D. New York)

## Mine Safety and Health Administration

*The federal Mine Safety and Health Act of 1977, as amended by the Mine Improvement and New Emergency Response Act of 2006, charges the Mine Safety and Health Administration (MSHA) with setting and enforcing standards to protect the health and safety of approximately 324,000 men and women working in our nation's mines.*

### MSHA GENERALLY PROVIDED ADEQUATE OVERSIGHT OF MINER TRAINING, THOUGH OPPORTUNITIES TO STRENGTHEN CONTROLS EXIST

#### Why OIG Conducted the Audit

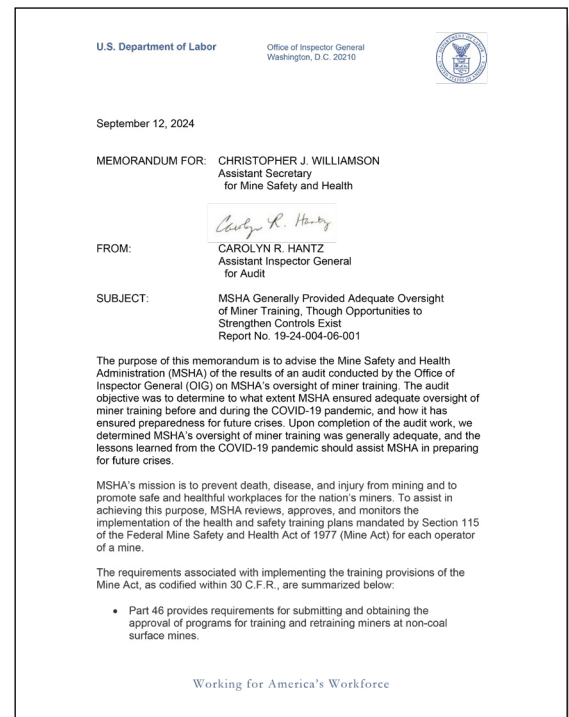
MSHA's mission is to prevent death, disease, and injury from mining and to promote safe and healthful workplaces for the nation's miners. To assist in achieving this purpose, MSHA reviews, approves, and monitors the implementation of the health and safety training plans mandated by Section 115 of the Federal Mine Safety and Health Act of 1977 for each operator of a mine. The OIG previously reported on the challenges MSHA experienced during the COVID-19 pandemic, specifically from April 29, 2020, through May 2020.

#### What OIG Did

We performed this audit to determine the following:

**To what extent MSHA ensured adequate oversight of miner training before and during the COVID-19 pandemic, and how has it ensured preparedness for future crises?**

Our work for this audit covered the period of October 1, 2017, through March 31, 2023, and focused on the efforts of the Mine Safety and Health Enforcement program. We reviewed documentation, laws, regulations, policies, and procedures related to miner training plans; interviewed key MSHA



## Worker Safety, Health, and Workplace Rights

headquarters, district, and field office officials; and determined if MSHA adequately monitored a sample of Mandatory Safety and Health Inspections.

### What OIG Found

MSHA districts and field offices generally displayed a consistent understanding of internal controls, policies, and procedures and conducted oversight of miner training, including the review of the training plans submitted by mine operators. Specifically, through the performance of safety and health inspections, MSHA ensured training plans were submitted timely and generally complied with federal laws and regulations. In addition, MSHA identified trends in miner accidents and fatalities and has already started to mitigate risks and improve miner safety.

Furthermore, MSHA gained insight from the COVID-19 pandemic in the areas of communications, training, operations, and staffing that should better prepare the agency for future crises. However, we determined MSHA could enhance its internal controls over miner training by applying a tool already used for Metal/Nonmetal inspections to its coal mine inspections.

### What OIG Recommended

With the issuance of our memorandum, our audit objective is satisfied, and the audit is closed. We did not issue recommendations to MSHA.

For more information, go to <https://www.oig.dol.gov/public/reports/oa/2024/19-24-004-06-001.pdf>, Report No. 19-24-004-06-001 (September 12, 2024).

# Wage and Hour Division

*The Wage and Hour Division (WHD) enforces federal minimum wage, overtime pay, recordkeeping, the Providing Urgent Maternal Protections (PUMP) for Nursing Mothers Act, and child labor requirements of the Fair Labor Standards Act (FLSA). WHD also enforces the Migrant and Seasonal Agricultural Worker Protection Act, the Employee Polygraph Protection Act, the Family and Medical Leave Act, the wage garnishment provisions of the Consumer Credit Protection Act, and a number of employment standards and worker protections as provided in several immigration related statutes. Additionally, WHD administers and enforces the prevailing wage requirements of the Davis-Bacon and Related Acts, the Service Contract Act and other statutes applicable to federal contracts for construction and for the provision of goods and services.*

## **Federal Jury Convicts Owner of Massachusetts Pizzeria Chain of Forced Labor and Attempted Forced Labor**

On June 7, 2024, a federal jury found Stavros Papantoniadis, the owner and operator of a pizza restaurant chain in Massachusetts, guilty of three counts of forced labor and three counts of attempted forced labor.

Papantoniadis used threats of arrest, deportation, and physical violence to ensure that employees, who were non-citizens, continued to work for him. He also thinly staffed his restaurants and purposely employed workers who lacked legal immigration status, allowing him to require employees to work for 14 or more hours per day and up to seven days per week. To maintain control of these workers, Papantoniadis threatened to physically harm them or have them deported. He monitored the workers with surveillance cameras and constantly demeaned, insulted, and harassed them.

When Papantoniadis became aware that a worker planned to quit, he violently choked the victim, who managed to flee the restaurant. As others separately expressed their intentions to quit, he told one victim he would kill him and call immigration authorities. Papantoniadis chased another worker, who had also fled, and made a false report to the police to pressure the victim to return to work.

This is a joint investigation with HSI. *United States v. Stavros Papantoniadis* (D. Massachusetts)



# Employment and Training Programs



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**Employment and Training Administration**

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**Foreign Labor Certification Programs**

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# Employment and Training Administration

*The Employment and Training Administration administers federal workforce development programs. This includes programs authorized by the Workforce Innovation and Opportunity Act (WIOA) that provide employment assistance; labor market information; and job training for adults, youth, dislocated workers, and other targeted populations. The WIOA aims to strengthen the public workforce system and help get Americans—including youth and those with significant barriers to employment—into high-quality jobs and careers. The WIOA also helps employers hire and retain skilled workers.*

### Former Executive Director of Washington Tribal Non-Profit Sentenced

On May 30, 2024, Debbie Rawle, the former executive director of the Western Washington Indian Employment Training Program (WWIETP), was sentenced to five months in prison and ordered to pay restitution of more than \$99,000 for embezzling from a federally funded program.

WWIETP received federal grant funds, including DOL funding, of more than \$698,000 in 2018 and more than \$700,000 in 2019 to provide employment and training services for eligible tribal members.

In September 2019, the DOL-ETA, Division of Indian and Native American Programs uncovered questionable personal expenditures made by Rawle on a WWIETP debit card. She used the organization's debit card for personal purchases, including various transactions at electronics stores, a pool maintenance kit, \$1000 in motorcycle accessories, a cedar pavilion, and an above-ground swimming pool.

From approximately May 2018 through September 2019, the total loss attributable to Rawle's fraudulent misuse of a WWIETP debit card is more than \$99,000.

This is a joint investigation with the FBI. *United States v. Rawle* (W.D. Washington)

# Foreign Labor Certification Programs

*ETA administers a number of foreign labor certification (FLC) programs that allow U.S. employers to employ foreign workers to meet domestic worker shortages: PERM, CW-1, H-1B, H-2A, and H-2B. The PERM program allows an employer to hire foreign nationals to work in the United States on a permanent basis while the CW-1, H-1B, H-2A, and H-2B programs are for temporary employment in the United States. The CW-1 program allows employers to hire workers on a temporary basis in the Commonwealth of the Northern Mariana Islands. The H-1B program allows employers to hire foreign workers on a temporary basis in specialty occupations or as fashion models of distinguished merit and ability. The H-2A program allows employers to hire foreign workers for temporary agricultural jobs, in contrast to the H-2B program, which is for temporary non agricultural jobs. ETA ensures the admission of foreign workers into the United States on a PERM, CW-1, H-2A, or H-2B visa will not adversely affect job opportunities, wages, and working conditions of U.S. workers. The Department's Wage and Hour Division (WHD) has been delegated enforcement authority to ensure employers in H-1B, H-2A, and H-2B programs are in compliance with labor certification requirements. The OIG also investigates labor trafficking cases that involve fraud against FLC programs.*

## Idaho Foreman Pled Guilty to Extorting H-2A Visa Workers

On September 19, 2024, Ernesto Garibay Garza was sentenced to 27 months in federal prison for extorting H-2A agricultural workers and filing a false tax return. Garza worked as a supervisor and foreman of farm workers at F.D.C., an agricultural services company that operates farms throughout Idaho.

F.D.C. employed H-2A agricultural workers from approximately 2005 to 2019, specifically during the months of March to November. During this time, Garza was responsible for preparing and submitting payroll timesheets for H-2A workers based on the hours worked. He also assigned various tasks and projects to the workers he supervised.

Between approximately 2014 and 2019, Garza charged certain H-2A agricultural workers \$750 to \$2,500 to work at F.D.C. under the H-2A visa program. He charged the fees without F.D.C.'s knowledge or approval. The H-2A workers paid the fees to Garza each year because they feared they would be fired or prevented from returning to F.D.C. under the H-2A visa program in future years. Under H-2A agricultural worker rules and regulations, Garza was not permitted to request or collect such fees.

Garza deposited more than \$490,000 in unreported income into his personal bank accounts, a portion of which came from the H-2A extortion scheme. Garza did not disclose the additional income on his tax returns for tax years 2013 through 2019, which resulted in false Form 1040 tax returns being prepared and filed.

This is a joint investigation with the IRS-CI. *United States v. Garza* (D. Idaho)





# Labor Racketeering

# Labor Racketeering

*Under the Inspector General Act of 1978, as amended, the OIG is responsible 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 continue to identify fraudulent payments from employers to union representatives in order to gain favorable labor agreements for the employer. Our investigations have also identified complex financial and investment schemes used to defraud union affiliated benefit plans, resulting in millions of dollars in losses to plan participants.*

## **Connecticut Residents Sentenced for \$40 Million Scheme to Steal Client Health Care Funds and Defraud Lenders**

On August 20, 2024, Anthony Riccardi was sentenced to 10 years in prison for conspiracy to commit wire fraud and bank fraud. On September 12, 2024, Vanessa Battle, a co-conspirator, was sentenced to 5 years of probation after she pled guilty to conspiracy to commit wire fraud and bank fraud. Both Riccardi and Battle were ordered to pay more than \$14.8 million in restitution, jointly and severally with the other co-conspirators.

Riccardi was a co-owner and executive vice president of Employee Benefit Solutions (EBS), that, among other things, provided third-party health care claims administration (TPA) services to clients who elected to self-fund their employee health care plans. Battle was an EBS employee.

From 2015 to 2019, EBS served as a TPA for a company's self-funded employee healthcare program and generated bi-monthly invoices that were purportedly for healthcare expenses. During that time, the company transferred approximately \$26 million to EBS for payment of healthcare claims. However, most of the funds were never used to pay the claims. Instead, approximately \$17.87 million in healthcare payments from the company were misappropriated with the overwhelming majority transferred by EBS into its own operating account, which was used for non-health care expenses by the managers and owners of EBS. This included home mortgages and personal credit card charges relating to boating, luxury cars, and golf.



## Labor Racketeering

By 2017, as EBS buckled under mounting outstanding fiduciary obligations. Riccardi and Battle falsified applications for various loans and merchant cash advances which were used, in part, to pay various fiduciary obligations that EBS owed to their client company. As a result, EBS fraudulently obtained millions of dollars in loans under the auspices of facilitating business for EBS.

This is a joint investigation with the DOL- EBSA, the United States Postal Inspection Service (USPIS), and the USSS. *United States v. Anthony Riccardi et al.* (S.D. New York)

### **Former IBEW Local 98 Business Manager and Company Officials Sentenced for Public Corruption and Embezzlement Convictions**

On July 11, 2024, John Dougherty, former business manager of the International Brotherhood of Electrical Workers Local Union 98 (Local 98), was sentenced to 72 months in prison and ordered to forfeit approximately \$350,000.

On September 11, 2024, Dougherty was ordered to pay more than \$1.6 million in restitution, jointly and severally with his co-conspirators, to Local 98 and approximately \$126,000 to the IRS. On the same date, Brian Burrows, former Local 98 president, was ordered to pay more than \$925,000 in restitution, jointly and severally with his co-conspirators, to Local 98 and approximately \$10,000 to the IRS.

In January 2019, a federal grand jury indicted Dougherty, Burrows, and four other union employees for multiple federal offenses connected to their illegal use of Local 98 funds for personal and other unauthorized expenses. The use of union funds was contrary to the provisions of IBEW's constitution, the by-laws of Local 98, and the beneficial interests of Local 98 members. The indictment also charged Dougherty and Burrows with concealing the embezzlement of Local 98's funds by filing false labor management reports with the DOL. They were also charged with tax fraud for failing to report their personal use of the funds on their tax returns.

On December 7, 2023, a federal jury convicted Dougherty of 65 counts, including: conspiracy to embezzle Local 98 funds; embezzlement; wire fraud; signing; and submitting false labor management forms, and filing false federal income tax returns. The jury convicted Burrows of 20 counts, including: embezzlement; signing and submitting false labor management forms; and filing false federal income tax returns.

On November 15, 2021, during a separate trial for public corruption charges, Dougherty was convicted of conspiracy to commit honest services fraud and honest services wire fraud.

This is a joint investigation with the FBI, the IRS-CI, the DOL-EBSA, the DOL-OLMS, and the Pennsylvania State Police with assistance from the Pennsylvania Attorney General's Office. *United States v. John Dougherty et al.* (E.D. Pennsylvania)





# Departmental Management

## Departmental Management

*The OIG performs oversight work involving the Department's operations, financial management, and IT services.*

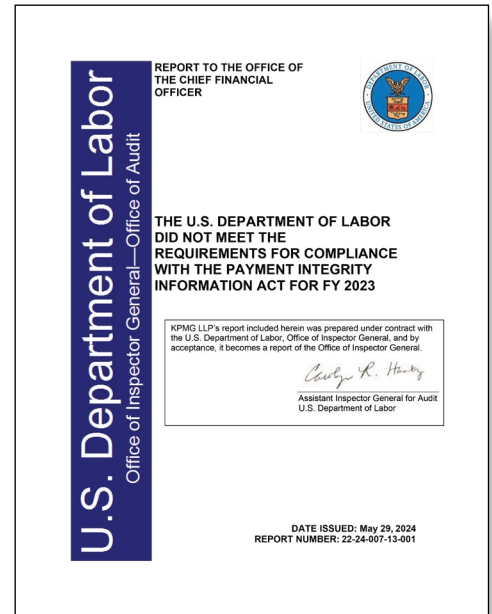
### THE U.S. DEPARTMENT OF LABOR DID NOT MEET THE REQUIREMENTS FOR COMPLIANCE WITH THE PAYMENT INTEGRITY INFORMATION ACT FOR FY 2023

#### Why OIG Conducted the Audit

The Payment Integrity Information Act of 2019 (PIIA) requires federal agencies to identify programs susceptible to significant improper payments, estimate the improper payments for those programs, and report on actions to reduce the improper payments in those programs.

#### What OIG Did

The OIG contracted with KPMG LLP (KPMG) to conduct a performance audit related to DOL's compliance with PIIA, as defined in 31 U.S.C. § 3351(2), for the fiscal year ended September 30, 2023. KPMG's objective to evaluate DOL's compliance with PIIA included determining whether DOL met six PIIA compliance requirements in relation to the UI, PUA, and FECA programs.



#### What OIG Found

KPMG concluded DOL met five of the six requirements for compliance with PIIA for the UI program<sup>35</sup> three of the six requirements for the PUA program, and all six requirements for the FECA program.

<sup>35</sup> As noted in the prior year report, DOL has continued to report the Federal State Unemployment Insurance program, which includes the PEUC program and FPUC payment activity collectively as one program—the UI program—based on OMB's approval. This report, The U.S. Department of Labor Did Not Meet the Requirements for Compliance with the Payment Integrity Information Act for FY 2022, Report No. 22-23-006-13-001 (June 9, 2023), is available at: <https://www.oig.dol.gov/public/reports/oa/2023/22-23-006-13-001.pdf>.

# Departmental Management

See Table 2 for the requirements not met for UI and PUA.

**Table 2: Criteria for PIIA Requirements Not Met for the UI Program and PUA**

Program	Requirement No.	Criteria
PUA	1	Published improper payments information with the annual financial statement of DOL for the most recent fiscal year, and posted on the website of DOL that statement and any accompanying materials required under guidance of OMB
PUA	5	Published improper payments reduction targets established under section 3352(d) that DOL may have in the accompanying materials to the financial statement for each program or activity assessed to be at risk, and has demonstrated improvements and developed a plan to meet the reduction targets
UI & PUA	6	Reported an improper payment rate of less than 10 percent for each program and activity for which an estimate was published under section 3352(c)

KPMG found requirements 1 and 5 were not met for the PUA program. DOL only reported PUA program outlays from April 2020 until September 2021, when the program expired. Outlays reported for that period were \$121.2 billion. However, the PUA program has continued to have residual outlays for eligible claims of \$7.4 billion from its expiration through September 30, 2023. Additionally, DOL did not report a reduction target for FY 2024 for the PUA program and did not publish a plan to meet a reduction target. As a result, DOL was not in compliance with requirements 1 and 5 of PIIA.

KPMG also determined requirement 6 was not met for the UI or PUA programs because the reported rates were above 10 percent. DOL reported a 14.83 percent improper payment rate and an unknown<sup>36</sup> payment rate of 1.64 percent, for a combined total rate of 16.47 percent, in FY 2023 for the UI program—compared to a combined total rate of 22.20 percent in FY 2022. For the PUA program, DOL reported an 18.53 percent improper payment rate and an unknown payment rate of 17.40 percent for a combined total rate of 35.93 percent.

<sup>36</sup> An unknown payment is defined as a payment that could be either proper or improper, but the agency is unable to discern whether the payment was proper or improper as a result of insufficient or lack of documentation.

## Departmental Management

In addition, KPMG noted, during its review of the improper payment information reported through the OMB data call, DOL management omitted \$43.4 million in reported fraud for the FECA program and excluded of \$2.8 billion in established overpayments and \$602.1 million in recoveries for the Federal Pandemic Unemployment Compensation and PEUC programs. The errors occurred because DOL's review procedures were not designed at a level of precision to identify necessary changes to the calculated formulas used within the supporting schedules for its OMB data call reporting.

### What OIG Recommended

KPMG made three recommendations to DOL management to continue improvements needed to meet PIIA thresholds, improve improper payments reporting, and improve completeness of PUA reporting. DOL management agreed, in part, with two of the three recommendations. However, DOL management did not concur with one finding regarding the PUA program's compliance with requirements 1 and 5 and the associated recommendation. KPMG reviewed management's response; however, management's concerns did not result in any changes to the finding or recommendation.

For more information, go to <https://www.oig.dol.gov/public/reports/oa/2024/22-24-007-13-001.pdf>, Report No. 22-24-007-13-001 (May 29, 2024).

### DOL's Purchase and Travel Card Risks Assessed as Low

The Government Charge Card Abuse Prevention Act of 2012 (Charge Card Act) was designed to prevent recurring waste, fraud, and abuse of government-wide charge cards. We contracted with KPMG to assist with the risk assessment of DOL's purchase and travel card programs for the period October 1, 2022, through September 30, 2023, pursuant to the Charge Card Act. To perform the risk assessment, key program objectives were assessed for the purchase and travel card programs.

Various methods of review and analytical testing were used to assess the residual risks<sup>37</sup> as of September 30, 2023, assign a risk impact and risk likelihood level,<sup>38</sup> and then assign a risk level ranging from very low to very high. For the purchase card program, three objectives had a low risk level and the other three had a very low risk level. For the travel card program, one objectives had a moderate risk level, two had a low risk level, and three had a very low risk level (see Figure 4).

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37 Residual risk is the exposure remaining from an inherent risk after action has been taken to manage it, using the same assessment standards as the inherent assessment.

38 Risk impact is the likely magnitude that the risks would have on the key objective. Risk likelihood is the level of possibility that a risk will occur that affects the key objective.



# Departmental Management

**Figure 4: Definitions of Risk Impacts and Likelihoods**

Risk Level	Risk Impact Definition	Risk Likelihood Definition
<b>Very High</b>	The degradation of an activity or role is <b>severe</b> , impacting the ability to meet one or more strategic goals or objectives, produce key deliverables, or reach required levels of performance to meet the mission.	Risk event is almost certain to occur. Likelihood of occurrence is 90-100 percent.
<b>High</b>	The degradation of an activity or role is <b>major</b> , requiring immediate escalation or management intervention to reach required levels of performance of key functions.	Risk event is highly likely to occur. Likelihood of occurrence is 50-90 percent.
<b>Moderate</b>	The degradation of an activity or role is <b>moderate</b> with material impact on performance of key functions.	Risk event is possible to occur. Likelihood of occurrence is 25-50 percent.
<b>Low</b>	The degradation of an activity or role is <b>minor</b> . It is noticeable and may affect performance of key functions.	Risk event is unlikely to occur. Likelihood of occurrence is 10-25 percent.
<b>Very Low</b>	The degradation in activity or role is <b>negligible</b> and is not expected to significantly affect performance of key functions.	Risk event occurrence is remote. Likelihood of occurrence is 0-10 percent.

Source: DOL OIG Framework for Enterprise Risk Management, Version 3.0, May 31, 2022

Based on the results of the assessment, the overall risk of illegal, improper, or erroneous use of DOL’s purchase and travel cards is low. The detailed assessments of DOL’s purchase and travel card programs were provided to DOL officials.

For more information, go to <https://www.oig.dol.gov/public/reports/oa/2024/22-24-006-50-598.pdf>, Report No. 22-24-006-50-598 (April 18, 2024).

## **District of Columbia Workmen’s Compensation Act Special Fund Financial Statements and Independent Auditors’ Report**

The District of Columbia Workmen’s Compensation Act of 1928 Special Fund (DCCA Special Fund) provides medical benefits, compensation for lost wages, and rehabilitation services for job-related injuries, diseases, or death of certain private-sector workers in the District of Columbia. The DCCA Special Fund also extends benefits to dependents if any injury resulted in the employee’s death. The OIG contracted with public accounting firm KPMG to audit the financial statements of the DCCA Special Fund as of September 30, 2023. KPMG issued an unmodified opinion, meaning the financial statements presented fairly, in all material respects, the financial position of the DCCA Special Fund,

## Departmental Management

and its net costs, changes in net position, and budgetary resources for the years then ended in accordance with U.S. generally accepted accounting principles.

As part of its audit, KPMG also considered the DCCA Special Fund's internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the DCCA Special Fund's internal control over financial reporting nor to identify all deficiencies that might be material weaknesses or significant deficiencies. However, KPMG identified certain deficiencies in internal control that it considers to be a material weakness.

The Office of Chief Financial Officer's control for reviewing the District of Columbia Workmen's Compensation Act journal entries was not operating effectively. Specifically, the journal entry reviewer did not identify the appropriate accounting entry associated with refunds of carrier assessments. In addition, management omitted the impact of the refund of carrier assessments within financial statement disclosures 6 and 7.

As part of obtaining reasonable assurance, KPMG also performed certain tests of the DCCA Special Fund's compliance with applicable laws and regulations, and its test results disclosed no instances of noncompliance or other matters required to be reported under government auditing standards.

To address the deficiencies noted above, we recommend the Deputy Chief Financial Officer update the journal entry review procedures to confirm it has all necessary information regarding a transaction before the review and approval of journal entries.

For more information, go to <https://www.oig.dol.gov/public/reports/oa/2024/22-24-009-04-432.pdf>, Report No. 22-24-009-04-432 (July 17, 2024).

### **Longshore and Harbor Workers' Compensation Act Special Fund Financial Statements and Independent Auditors' Report**

The Longshore and Harbor Workers' Compensation Act Special Fund (Longshore Special Fund) provides medical benefits, compensation for lost wages, and rehabilitation services for job-related injuries and diseases sustained by private-sector workers in certain maritime and related employment. The Longshore Special Fund also extends benefits to dependents if any injury results in the worker's death. The OIG contracted with public accounting firm KPMG to audit the financial statements of the Longshore Special Fund as of September 30, 2023. KPMG issued an unmodified opinion, meaning the financial statements presented fairly, in all material respects, the financial position of the Longshore Special Fund, and its net costs, changes in net position, and budgetary resources for the years then ended in accordance with U.S. generally accepted accounting principles.

As part of its audit, KPMG also considered the Longshore Special Fund's internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the

## Departmental Management

Longshore Special Fund's internal control over financial reporting nor to identify all deficiencies that might be material weaknesses or significant deficiencies. However, KPMG identified certain deficiencies in internal control that it considers to be a material weakness.

The Office of Chief Financial Officer's control for reviewing the Longshore and Harbor Workers' Compensation Act journal entries was not operating effectively. Specifically, the journal entry reviewer did not identify the appropriate accounting entry associated with refunds of carrier assessments. In addition, management omitted the impact of the refund of carrier assessments within financial statement disclosures 8 and 9.

As part of obtaining reasonable assurance, KPMG also performed certain tests of the Longshore Special Fund's compliance with applicable laws and regulations and its test results disclosed no instances of noncompliance or other matters required to be reported under government auditing standards.

To address the deficiencies noted above, we recommend the Deputy Chief Financial Officer update the journal entry review procedures to confirm it has all necessary information regarding a transaction before the review and approval of journal entries.

For more information, go to <https://www.oig.dol.gov/public/reports/oa/2024/22-24-008-04-432.pdf>, Report No. 22-24-008-04-432 (July 17, 2024).

### **Service Auditors' Report on the Integrated Federal Employees' Compensation System for the Period October 1, 2023, through June 30, 2024**

The OIG contracted with the independent certified public accounting firm KPMG to perform an examination of the Integrated Federal Employees' Compensation System (iFECS) transaction processing for application and general controls for the period October 1, 2023 through June 30, 2024. The examination was to determine if iFECS application and general controls, as described in the report, were fairly presented, suitably designed, and effectively operating. The controls and control objectives included in the description are those that the management of OWCP's Division of Federal Employees' Longshore and Harbor Workers' Compensation and the Office of the Assistant Secretary for Administration and Management believe are likely to be internal controls for financial reporting relevant to user entities of the FECA Special Fund and iFECS throughout the period. KPMG examined the suitability of the design and operating effectiveness of the controls and control objectives. KPMG concluded in all material respects that the description fairly presented the claims processing system and that the related controls were suitably designed and operating with sufficient effectiveness to provide reasonable, but not absolute, assurance that the control objectives were achieved for the audit period.

This report, No. 22-24-010-04-431 (September 17, 2024), contains sensitive information and will not be released publicly.

# Single Audits

*A single audit provides an organization-wide examination of an entity expending federal assistance funds 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 recipients such as states, schools, universities, and nonprofits.*

## Quality Control Review of Single Audits

Under OMB Uniform Guidance,<sup>39</sup> cognizant federal agencies ensure the implementation of single audit requirements. A nonfederal entity expending more than \$50 million a year in federal awards has a cognizant agency for audit.<sup>40</sup> DOL is currently cognizant for 12 entities.

The OIG periodically performs Quality Control Reviews (QCR) of single audits of entities over which DOL has cognizance. During this reporting period, we conducted three QCRs: (1) Quality Control Review of the Single Audit of the Chicago Cook Workforce Partnership for the Year Ended June 30, 2022; (2) Quality Control Review of the Single Audit of Job Service North Dakota for the Year Ended June 30, 2023; and (3) Quality Control Review for the Single Audit of the County of Greenville, South Carolina for the Fiscal Year Ended June 30, 2023.



## Quality Control Review of the Single Audit of the Chicago Cook Workforce Partnership for the Year Ended June 30, 2022

We performed a QCR of the independent certified public accounting firm Evolve Financial I’s single audit of the Chicago Cook Workforce Partnership for the year ended June 30, 2022. Our QCR covered the Workforce Innovation and Opportunity Act program cluster, which totaled \$50.5 million of DOL funds. We determined the single audit report and audit work performed by Evolve Financial

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<sup>39</sup> Uniform Guidance refers to 2 C.F.R. Part 200, OMB’s “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.”

<sup>40</sup> According to Uniform Guidance, the designated cognizant agency for audit must be the federal awarding agency that provides the predominant amount of funding directly to a nonfederal entity unless OMB designates a specific cognizant agency for audit. Cognizant agencies for audit are the federal agencies designated to carry out the responsibilities described in Uniform Guidance § 200.513(a).

## Departmental Management

I generally met the requirements of generally accepted government auditing standards, generally accepted auditing standards, and the requirements of OMB Uniform Guidance. However, we found Evolve Financial I needs to improve its maintenance of audit documentation and correctly report the Type A/B Threshold on the data collection form. Since Evolve Financial I took corrective actions, our report did not contain any recommendations.

For more information, go to <https://www.oig.dol.gov/public/reports/oa/2024/24-24-003-50-598.pdf>, Report No. 24-24-003-50-598 (May 16, 2024).

### **Quality Control Review of the Single Audit of Job Service North Dakota for the Year Ended June 30, 2023**

We performed a QCR of the independent certified public accounting firm Brady, Martz & Associates, P.C.'s single audit of Job Service North Dakota for the year ended June 30, 2023. Our QCR covered unemployment insurance and the employment service major program cluster, which totaled \$78.6 million of DOL funds. We determined the single audit report and audit work performed by Brady, Martz & Associates, P.C. generally met the requirements of generally accepted government auditing standards, generally accepted auditing standards, and the requirements of OMB Uniform Guidance. However, we found Brady, Martz & Associates, P.C. needed to correctly report the Type A/B Threshold. Since Brady, Martz & Associates, P.C. took corrective action, our report did not contain any recommendations.

For more information, go to <https://www.oig.dol.gov/public/reports/oa/2024/24-24-004-50-598.pdf>, Report No. 24-24-004-50-598 (June 26, 2024).

### **Quality Control Review for the Single Audit of the County of Greenville, South Carolina for the Fiscal Year Ended June 30, 2023**

We performed a QCR of the independent certified public accounting firm Mauldin & Jenkins, LLC's single audit of the County of Greenville, South Carolina for the year ended June 30, 2023. Our QCR covered the Workforce Innovation and Opportunity Act program cluster, which totaled \$2.4 million of DOL funds. We determined Mauldin & Jenkins, LLC's audit work on the single audit was acceptable and met the requirements of generally accepted government auditing standards, generally accepted auditing standards, and OMB Uniform Guidance. Our report did not contain any recommendations.

For more information, go to <https://www.oig.dol.gov/public/reports/oa/2024/24-24-005-50-598.pdf>, Report No. 24-24-005-50-598 (September 4, 2024).







# Employee Integrity Investigations

# Employee Integrity Investigations

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

- The OIG conducted an investigation into allegations that the DOL overpaid for a contract for scheduling internal DOL conference rooms. The investigation determined a new contract for services was approved and was within the allocated funding for the project. No further action was warranted.
- The OIG conducted an internal investigation into allegations that a senior management official engaged in misconduct in their official position. The investigation determined there was no evidence to support the allegations. No further action was warranted.
- The OIG conducted an internal investigation into allegations that a senior employee was engaged in a personal business during duty hours. The investigation was referred for prosecution but later declined and referred for administrative action. The employee resigned in lieu of termination.
- The OIG conducted an internal investigation into allegations that a senior management official misused official travel funds during overseas travel. The investigation determined there was no evidence to support the allegation. No further action was warranted.



# OIG Whistleblower Activities

# OIG Whistleblower Activities

## Whistleblower Protection Coordinator

DOL employees, contractors, subcontractors, and grantees perform an important service by reporting evidence of wrongdoing, including misconduct, fraud, waste, and abuse, in DOL programs. Whistleblowers should never be subjected to, or threatened with, retaliation for having engaged in a protected communication or protected activity. The OIG plays a vital role in ensuring that DOL employees and employees of DOL grantees and contractors are informed of their rights and protections against retaliation for “blowing the whistle.” This work is done by the OIG Whistleblower Protection Coordinator Program, housed in the OIG’s Office of Legal Services.

Pursuant to Section 2 of the Whistleblower Protection Coordination Act of 2018 (S.1869, June 25, 2018), every Inspector General’s office is required to designate a Whistleblower Protection Coordinator. According to Section 2, the Whistleblower Protection Coordinator:

1. educates agency employees about prohibitions against retaliation for protected disclosures;
2. educates agency employees who have made or are contemplating making a protected disclosure about their rights and the remedies against retaliation for protected disclosures, including the means by which employees may seek review of any allegation of reprisal, as well as about the roles of the OIG, the Office of Special Counsel, the Merit Systems Protection Board, and any other relevant entities; and
3. provides general information about the timeliness of such cases, the availability of any alternative dispute mechanisms, and avenues for potential relief. Within the OIG, a Supervisory Associate Counsel to the Inspector General has been designated to serve as the Whistleblower Protection Coordinator.

Pursuant to this designation, the Whistleblower Protection Coordinator has:

- provided input into training that is required to be completed by all DOL employees, entitled “Prohibited Personnel Practices, Whistleblower Protection”;
- provided input into training that is required to be completed by all DOL supervisors and managers entitled “Responding to Whistleblower Retaliation Complaints/Overview of Prohibited Personnel Practices – Annual Training” and provided live training to DOL supervisors and managers in May 2024;

## OIG Whistleblower Activities

- developed training for new employees titled “Whistleblower Rights and Protections for DOL Employees” that is included in all DOL employees’ New Employee Orientation and regularly provides this training live to Solicitor’s Office’s Honors Attorneys;
- updated the DOL-OIG public-facing website titled “Whistleblower Protection Coordinator,” which is available to all DOL and OIG employees, to provide information on whistleblower protections and options for DOL employees and employees of DOL contractors and grantees;
- established a dedicated e-mail address—OIGWhistleblower@oig.dol.gov—respond to whistleblower-related inquiries from DOL employees and employees of DOL contractors and grantees;
- obtained the OIG’s recertification of its 2302(c) program from the Office of Special Counsel (July 2023);
- monitored whistleblower retaliation complaints received by the OIG, as well as whistleblower retaliation investigations conducted by the OIG;
- conducted training for various agencies within DOL upon request; and
- participated on the panel of Whistleblower Protection Coordinators for the Council of the Inspectors General on Integrity and Efficiency Whistleblower Education Forum.

### Whistleblower Retaliation Investigations

The OIG can initiate its own investigations into allegations of improper or illegal retaliation brought by DOL employees or, on a discretionary basis, refer such allegations to the Office of Special Counsel for review and investigation.

Further, pursuant to 41 U.S.C. § 4712, the OIG is required, with some exceptions, to investigate whistleblower retaliation allegations made by employees of DOL contractors or grantees.

**Table 3: Whistleblower Investigations, April 1, 2024-September 30, 2024**

Investigation Type	Number
Pending DOL employee complaint investigations	3
Reports related to DOL employee whistleblower retaliation complaints sent to the appropriate agencies within the Department	1
Grantee/contractor employee complaints closed after preliminary inquiry	0
Pending grantee/contractor employee complaint investigations	2
Reports pending with DOL	2
Decision issued by the DOL Assistant Secretary for Administration and Management in grantee/contractor employee complaints	0







# Legislative Recommendations

# Legislative Recommendations

*The Inspector General Act of 1978, as amended, requires the Office of Inspector General (OIG) to review existing or proposed legislation and regulations and to make recommendations in the Semiannual Report to Congress 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 propose the following legislative actions to increase efficiency and protect the U.S. Department of Labor's (DOL or Department) programs.*

Inspector General Larry D. Turner, in congressional testimonies and through other means, highlighted four high-priority recommendations for congressional consideration:

1. Immediately extend the statute of limitations for fraud involving pandemic-related unemployment insurance (UI) programs;
2. Ensure DOL and the OIG have ongoing, timely, and complete access to UI claimant data and wage records;
3. Grant the OIG statutory authority to participate in asset forfeiture funds to combat UI fraud and other crime; and
4. Ensure effective payment integrity controls to reduce improper payments in all UI programs, including temporary ones, such as through broader requirements for mandatory cross-matching.

Details on these and other legislative recommendations follow.

## **Immediately Extend the Statute of Limitations Associated with Pandemic-Related UI Fraud**

Time is running out to extend the statute of limitations associated with pandemic-related UI fraud. Unless Congress acts urgently, the statute of limitations for many of the OIG's pandemic-related UI fraud investigations will begin to expire in early 2025. This is our final Semiannual Report to Congress before these statutes begin to expire, substantially restricting our ability to pursue justice in these cases. Given that the statutes often used to prosecute UI fraud have a 5-year limitation, many groups and individuals that have defrauded the UI program may escape justice.

Even with the OIG's tireless efforts, a failure to extend the current statute of limitations associated with UI fraud means federal law enforcement will have to stop short of fully investigating and prosecuting some of the most egregious cases of pandemic UI fraud. This is particularly the case

## Legislative Recommendations

given the volume and complexity of UI fraud matters we investigate. This issue is further complicated by our limited resources resulting from the expenditure of all supplemental funding provided to conduct oversight of pandemic-related programs. The U.S. Small Business Administration faced a similar issue regarding the statute of limitations for pandemic-related fraud in the Paycheck Protection and Economic Injury Disaster Loan programs. To address those concerns, Congress passed legislation to extend associated statutes of limitations.

Congress could likewise act to extend the statute of limitations for fraud associated with pandemic-related UI programs. This would help ensure both investigators and prosecutors have time to effectively pursue and hold accountable those who defrauded the UI programs during the pandemic. With an extension of the statute of limitations, and appropriate resources, the OIG could continue to vigorously pursue those who defrauded pandemic UI programs, particularly by means of large-scale identity theft schemes.

### Ensure DOL and OIG Access to UI Claimant Data and Wage Records

In addition to the authority provided by the Inspector General Act of 1978, as amended, Congress should consider legislative action specifically authorizing DOL and the OIG to have ongoing, timely, and complete access to State Workforce Agencies' (SWA) UI claimant data and wage records for our respective oversight responsibilities. The Department has stated that—outside of revising existing regulations through notice and rulemaking—it lacks the authority to require SWAs to provide the OIG with access to UI claimant data and wage records except when the OIG is investigating a particular instance of suspected UI fraud.

DOL is in the process of amending the regulations to facilitate the OIG's ongoing access to UI data. However, detriments to this approach include potential gaps in data availability given how long the rulemaking process can take. Furthermore, the OIG is already authorized under the Inspector General Act of 1978, as amended, to have timely access without constraints to this data and needs access to all UI program data. Ongoing, timely, and complete access to SWA UI claimant data and wage records would assist in enabling the OIG to quickly identify large-scale fraud and expand its current efforts to share emerging fraud trends with the Employment and Training Administration (ETA) and states to strengthen the UI program and deter fraud. Further, this action would assist the Department in its programmatic oversight responsibilities to identify weak controls and improper payments in the UI program.

**Ongoing, timely, and complete access to SWA UI claimant data and wage records would assist in enabling the OIG to quickly identify large-scale fraud and expand its current efforts to share emerging fraud trends with the Employment and Training Administration and states to strengthen the UI program and deter fraud.**

## Legislative Recommendations

To underscore this point, based on the data obtained by the OIG, our auditors, investigators, and data scientists collaboratively identified \$46.9 billion dollars in potential fraud paid in six specific high-risk areas, such as multistate claimants and deceased persons.<sup>41</sup> The OIG has shared its methodology and underlying data for these six high-risk areas with DOL for further dissemination to SWAs. This information allows the Department and SWAs to analyze concerning claims and to strengthen controls to detect and deter future fraud. The OIG was further able to recommend the Department make programmatic changes and put billions in federal funds to better use. If Congress provides the OIG with the requested access, the OIG can: conduct data analytics; identify program weaknesses; and recommend corrective actions that would improve the timeliness of UI benefit payments and the integrity of the UI program.

### Authorize OIG Participation in Asset Forfeiture Funds

Legislative authority in the area of asset forfeiture would increase the OIG's ability to effectively and efficiently investigate UI fraud and other crimes. Allowing the OIG to recover fraudulently obtained funds would deprive criminals of their ill-gotten proceeds.<sup>42</sup> Asset forfeiture is a critical legal tool that serves a number of compelling law enforcement purposes. It is designed to deprive criminals of the proceeds of their crimes, to break the financial backbone of organized criminal syndicates, and to recover property that may be used to compensate victims and deter criminal activity.

While the OIG could make significant use of asset forfeiture in our UI fraud investigations, we could also use that authority in other areas of our investigative jurisdiction, including labor trafficking involving the Department's foreign labor certification programs; Office of Workers Compensation provider fraud matters; and labor racketeering matters involving labor unions and their affiliated employee benefit plans. Currently, the OIG is not a participant in the U.S. Department of the Treasury (Treasury) Forfeiture Fund or the U.S. Department of Justice (DOJ) Asset Forfeiture Fund. This lack of authority to participate limits the OIG's ability to effectively recover proceeds of UI fraud and other crimes under the OIG's jurisdiction. Statutory authority to seize and forfeit illicit funds would allow the OIG to participate in the Treasury Forfeiture Fund and the DOJ Asset Forfeiture Fund, thus enabling the OIG to better combat UI fraud and other crimes in the future.

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41 Alert Memorandum: ETA Needs to Incorporate Data Analytics Capability to Improve Oversight of the Unemployment Insurance Program, Report No. 19-23-012-03-315 (September 25, 2023), available at: <https://www.oig.dol.gov/public/reports/oa/2023/19-23-012-03-315.pdf>

42 According to the FBI, "Asset forfeiture entails a legal process whereby the ownership of an asset is removed from individuals because they used it illegally, received or derived it from illicit activity, or employed it to facilitate a crime. The vesting of title with the government follows a civil, criminal, or administrative proceeding." FBI, Law Enforcement Bulletin, "Asset Seizure and Forfeiture: A Basic Guide," (August 10, 2016), available at: <https://leb.fbi.gov/articles/featured-articles/asset-seizure-and-forfeiture-a-basic-guide>

## Legislative Recommendations

### Enact the UI Integrity Legislative Proposals

The OIG encourages Congress to consider and adopt key DOL proposals to aid the Department's efforts to combat improper payments in the UI program. In its Fiscal Year (FY) 2025 Congressional Budget Justification,<sup>43</sup> the Department proposed provisions designed to provide new and expanded tools and controls for states to help ensure workers are properly paid and to prevent improper payments, including fraud, in the UI system.

The Department stated the proposals collectively would result in savings of more than \$3 billion over the 10-year budget window. These are similar to DOL proposals included in prior DOL budget requests that would help address UI program integrity and the high improper payment rates in the UI program. These proposals include the following:

**The OIG encourages Congress to consider and adopt key DOL proposals to aid the Department's efforts to combat improper payments in the UI program.**

- require SWAs to cross-match UI claims against the National Directory of New Hires;
- require SWAs to cross-match UI claims with a system(s)...that contains information on individuals who are incarcerated;
- require states to disclose information to the OIG;
- allow SWAs to retain up to 5 percent of recovered fraudulent UI overpayments for program integrity use;
- require SWAs to use [UI] penalty and interest collections solely for UI administration; and
- permit the Department to collect and store states' UI claimant data.

These legislative proposals are consistent with previous OIG reporting to improve the UI program. To maintain UI program integrity, the OIG has recommended establishing legislation that requires SWAs to cross-match high-risk areas, such as UI benefits paid to individuals with Social Security numbers filed in multiple states and belonging to deceased persons.

### Lack of Fiscal Year Limitations Hinders DOL's Ability to Properly Manage Temporary Emergency Program Funds

The OIG encourages Congress to implement a time limit for states' acceptance of UI emergency program benefit claims after the expiration of programs' eligibility periods for current and future temporary emergency benefit programs.

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43 DOL FY 2025 Congressional Budget Justification, ETA, State Unemployment Insurance and Employment Service Operations, available at: <https://www.dol.gov/sites/dolgov/files/general/budget/2025/CBJ-2025-V1-07.pdf>

## Legislative Recommendations

During our audit of the Mixed Earners Unemployment Compensation (MEUC) program, we found that, under the enacting law and agreements between the Department and SWAs, SWAs are entitled to reimbursement of 100 percent of the cost of eligible benefits paid under the Mixed Earners Unemployment Compensation program no matter when the claim is filed. Funds for this program, like most pandemic-related UI programs, were appropriated by Congress without fiscal year limitation. Because of this, the Employment and Training Administration (ETA) continues to set aside pandemic funds to reimburse SWAs for eligible MEUC claims. The ETA must reimburse states until all eligible claims from the program period have been administered—even if this requires the agency to do so years after the conclusion of the program period in September 2021.

If the enacting law and subsequent agreements between DOL and the SWAs contained a termination date by which all claims must be administered or returned to Treasury, remaining pandemic funds could be returned to Treasury sooner and reprogrammed for more urgent needs of the American taxpayer. The pandemic assistance funds, such as MEUC, were authorized to quickly meet the urgent financial needs of American taxpayers during the pandemic. However, paying pandemic-related claims long after the pandemic has ended and the U.S. economy has recovered, is counterproductive to the original intent of the funds—even if claimants are eligible under the program period.

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

If DOL is to have a meaningful role in the foreign labor certification process for H-1B specialty occupation visas, it must have the statutory authority to ensure the integrity of that process. This authority should include the ability to verify the accuracy of information provided on labor condition applications and to initiate its own H-1B investigations more broadly.

Currently, unlike H-2A and H-2B investigations, DOL's authority to investigate H-1B employers is limited and typically requires a complaint by an aggrieved party. In the absence of such a complaint, with limited exceptions, DOL may only initiate its own H-1B investigations if the Secretary (or Acting Secretary) personally certifies there is reasonable cause to believe the employer is not in compliance. Even assuming such personal certification is obtained, the scope of Secretary-certified investigations is limited. These investigations are restricted to willful, pattern- or- practice, or substantial violations of the Labor Condition Application requirements regarding prevailing wage and benefits, working conditions, labor disputes, recruitment of U.S. workers, and notification of applications.



Additionally, such an investigation must be conducted under specific procedures and may only be initiated for reasons other than completeness and obvious inaccuracies by the employer in complying



## Legislative Recommendations

with H-1B requirements. In most circumstances, a notice also must be provided to the employer to allow a rebuttal of the allegations before the investigation begins.

Our concern with the Department's limited ability to ensure the integrity of the certification process is heightened by the results of OIG audits and investigations showing the program is susceptible to significant fraud and abuse, including by certain employers and attorneys. For example, some staffing companies utilize the H-1B program without having scheduled jobs already lined up. Some employers and attorneys misrepresent their need for workers to DOL, then reassign the extra workers to other companies or require foreign workers to find their own work. There have also been instances when companies illegally generated profits by requiring foreign workers to pay fees and recurring payments to secure H-1B visas.

Without statutory authority, the Department generally cannot verify employers' attestations to H-1B certifications unless a complaint is filed or the Department utilizes a Secretary-certified investigation. The Department can also initiate a random investigation of a willful violator within 5 years of the violation being cited. As some foreign workers may be reluctant to file complaints for fear of retaliation and losing their jobs, the Department's process is unlikely to result in verification action being taken.

### Amend Pension Protection Laws

Legislative changes to the Employment Retirement Income Security Act of 1974 (ERISA) and criminal penalties for ERISA violations would enhance the protection of assets in pension plans. To this end, the OIG continues to recommend the following legislative actions:

- **Repeal ERISA's limited-scope audit exemption.** This exemption excludes pension plan assets invested in financial institutions, such as banks and savings and loan firms, from audits of employee benefit plans. Notwithstanding recent changes to auditing standards that strengthen limited-scope audits, these audits prevent independent public accountants who are auditing pension plans from rendering an opinion on the plans' financial statements in accordance with professional auditing standards. These "no opinion" audits offer weak assurance of asset integrity either to plan participants or to the Department.
- **Expand the authority of the Employee Benefits Security Administration to correct substandard benefit plan audits and ensure that auditors with poor records do not perform additional audits.** Changes should include providing the Employee Benefits Security Administration with greater enforcement authority over registration, suspension, and debarment as well as the ability to levy civil penalties against employee benefit plan auditors. The ability to correct substandard audits and take action against auditors is essential because benefit plan audits help protect participants and beneficiaries by ensuring the proper valuation of plan assets and computation of benefits.

## Legislative Recommendations

- **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 improprieties are addressed, we recommend plan administrators or auditors be required to report potential ERISA violations directly to DOL. This change would ensure the timely reporting of violations and would more actively involve auditors in safeguarding pension assets as a first line of defense against the abuse of workers' pension plans.
- **Strengthen criminal penalties in U.S.C. Title 18.** Three sections of U.S.C. Title 18 serve as the primary criminal enforcement tools for protecting pension plans covered by ERISA. Section 664 sets penalties for embezzlement or theft from employee pension and welfare plans; Section 1027 sets penalties for making false statements in documents required by ERISA; and Section 1954 sets penalties for giving or accepting bribes related to the operation of ERISA-covered plans. Sections 664 and 1027 subject violators to up to 5 years' imprisonment while Section 1954 calls for up to 3 years' imprisonment for violators. The OIG recommends raising the maximum penalty up to 10 years for all three violations to correspond with the 10-year penalty imposed by Section 669 (for theft from health care benefit programs). An increased penalty would serve as a greater deterrent and, consequently, further protect employee pension plans.

### Improve the Integrity of the FECA Program

Legislative reforms should be considered in the following areas to improve the effectiveness and integrity of the Federal Employees' Compensation Act (FECA) program:

- **Provide statutory access to the National Directory of New Hires and Social Security wage records.** Currently, the Department has no direct access to the National Directory of New Hires data and can access Social Security wage information only if the claimant gives it permission. Granting the Department routine access to these databases would aid in detecting fraud committed by individuals receiving FECA wage loss compensation but failing to report income they have earned.
- **Establish a 3-day waiting period at the beginning of the claims process.** FECA legislation provides for a 3-day waiting period, which is intended to discourage the filing of frivolous claims. As currently written, however, the legislation places the waiting period at the end of the 45-day continuation-of-pay period, thereby negating its purpose. Legislation that passed in 2006 placed the waiting period for postal employees immediately after an employment-related injury. If the intent of the law is to ensure a true waiting period before an employee applies for benefits, then that period should likewise come immediately after an employment-related injury—for all federal workers, not exclusively postal employees. This proposal was included in the President's FY 2021 budget as part of the Office of Workers' Compensation Programs' (OWCP) FECA reform.

## Legislative Recommendations

- **Allow the temporary suspension of medical providers pending the outcome of criminal investigations.** While FECA regulations allow OWCP to exclude a provider through administrative means, OWCP must give notice to the provider and afford the provider an opportunity for a hearing before DOL's Office of Administrative Law Judges. This process and the various procedures involved can be lengthy. Legislative changes are necessary to enable DOL to immediately suspend all medical providers who have been indicted for fraudulent billing practices from providing further medical services and receiving payments. This proposal was included in the President's FY 2021 budget as part of OWCP's FECA reform.

### **Authorize and Increase Authority to Enforce Disclosure Requirements**

The Office of Labor-Management Standards (OLMS) is responsible for enforcing requirements under the Labor-Management Reporting and Disclosure Act of 1959 for disclosing persuader activity when an employer hires someone to influence an employee regarding unionization. OLMS promotes labor-management transparency by making available reports showing employers' expenditures for their activities in persuading workers during union organizing campaigns. OLMS obtains and publicly releases persuader activity reports. In May 2024, we reported that OLMS' limited enforcement authority, such as the ability to levy fines and penalties, gives employers and consultants little incentive to comply with the requirements. The OIG recommends Congress work with OLMS to take legislative action to increase OLMS' enforcement authority.





# Appendices

## Appendices

# Reporting Requirements Under the Following Acts

### The Inspector General Act of 1978, as Amended

REPORTING	REQUIREMENT	PAGE
Section 4(a)(2)	Recommendations on existing and proposed legislation and regulations relating to the programs and operations of DOL	79
Section 5(a)(1)	Description of significant problems, abuses, and deficiencies relating to the administration of programs and operations of the establishment and associated reports and recommendations for corrective action made by the Office	All
Section 5(a)(2)	Identification of each recommendation made before the reporting period, for which corrective action has not been completed, including the potential costs savings associated with the recommendation	All
Section 5(a)(3)	Summary of significant investigations closed during the reporting period	36-61
Section 5(a)(4)	Identification of the total number of convictions during the reporting period resulting from investigations	118
Section 5(a)(5)	Information regarding each audit, inspection, or evaluation report issued during the reporting period, including— (A) a listing of each audit, inspection, or evaluation; (B) if applicable, the total dollar value of questioned costs (including a separate category for the dollar value of unsupported costs) and the dollar value of recommendations that funds be put to better use, including whether a management decision had been made by the end of the reporting period	94
Section 5(a)(6)	Information regarding any management decision made during the reporting period with respect to any audit, inspection, or evaluation issued during a previous reporting period	99
Section 5(a) (7)	Information from the Federal Financial Management Improvement Act Section 804(b) — instances in which an agency has not met intermediate target dates in a remediation plan, and the reasons	None to report
Section 5(a)(8)	Peer review reporting: (A) results of any peer review conducted by another OIG, or (B) a statement identifying the date of the last peer review conducted	120

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Section 5(a)(9)	Outstanding peer review recommendations	None to report
Section 5(a)(10)	Peer reviews conducted by the OIG and recommendations outstanding or not fully implemented	None to report
Section 5(a)(11)	Statistical tables on investigative findings showing total number of: (A) reports issued; (B) persons referred to the U.S. Department of Justice for prosecution; (C) persons referred to state and local prosecuting authorities; and (D) indictments and criminal information that resulted from any prior referral to prosecuting authorities	118
Section 5(a)(12)	Metrics used for developing the data for the statistical tables	118
Section 5(a)(13)	Summary of investigations of senior government employees where allegations of misconduct were substantiated, including the facts, circumstances, status, and disposition of the matter	73
Section 5(a)(14)	Description of whistleblower retaliation cases including information about the official found to have engaged in retaliation and what, if any, consequences that establishment imposed to hold that official accountable	75
Section 5(a)(15) and Section 6(c)(2)	Information related to interference by the establishment, including— (A) a detailed description of any attempt by the establishment to interfere with the independence of the Office, including— (i) with budget -constraints designed to limit the capabilities of the Office; and (ii) incidents where the establishment has resisted or objected to oversight activities of the Office or restricted or significantly delayed access to information, including the justification of the establishment for such action; and (B) a summary of each report made to the head of the establishment under section 6(c)(2) during the reporting period	None to report
Section 5(a)(16)	(A) Descriptions of inspections, evaluations, audits, and investigations that are closed and were not disclosed to the public; and (B) Descriptions of investigations conducted by the office involving a senior government employee that are closed and were not disclosed to the public	None to report

### Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010

REPORTING	REQUIREMENT	PAGE
Section 989(C)	Peer review reporting	120

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# Funds Recommended for Better Use

Funds Put to a Better Use Agreed to by DOL <sup>44</sup>	Number of Reports	Dollar Value (\$ millions)
For which no management decision had been made as of the commencement of the reporting period	3	\$30,970 <sup>45</sup>
Issued during the reporting period	0	\$0
Subtotal	3	\$30,970
For which a management decision was made during the reporting period:		
• Dollar value of recommendations that were agreed to by management		
• 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	3	\$30,970

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	4	\$44,260
For which management or appeal decisions were made during the reporting period		
Subtotal	4	\$44,260
For which management decision was made during the reporting period:		
• Dollar value of recommendations that were actually completed	1	\$156
• 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 reporting period	3	\$44,104

44 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 of 1978, as amended, 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 Treasury to be used for other purposes.

45 Due to the use of rounding methodology, the beginning balance shown differs from the ending balance reported during the last SAR.

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### Questioned Costs

Resolution Activity: Questioned Costs <sup>46</sup>	Number of Reports	Questioned Costs (\$ millions)
For which no management decision had been made as of the commencement of the reporting period (as adjusted)	2	\$426
Issued during the reporting period	1	\$130
Subtotal	3	\$556
For which a management decision was made during the reporting period:		
• Dollar value of disallowed costs		
• Dollar value of costs not disallowed	0	\$0
For which no management decision had been made as of the end of the reporting period	3	\$556
For which no management decision had been made within six months of issuance	0	\$0

Closure Activity: Disallowed Costs <sup>47</sup>	Number of Reports	Disallowed Costs (\$ millions)
For which final action had not been taken as of the commencement of the reporting period (as adjusted)	3	\$173
For which management or appeal decisions were made during the reporting period	0	0
Subtotal	3	\$173
For which final action was taken during the reporting period:		
• Dollar value of disallowed costs that were recovered	0	\$0
• Dollar value of disallowed costs that were written off	0	\$0
• Dollar value of disallowed costs that entered appeal status	0	\$0
For which no final action had been taken by the end of the reporting period	3	\$173

46 As defined by the Inspector General Act of 1978, as amended, 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.

47 Disallowed costs are costs that the OIG questioned during an audit as unsupported or unallowable and that 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 Treasury.

## Appendices

# Final Audit Reports Issued

Report Title; Report Number; Date Issued	Number of Recommendations	Questioned Costs (\$)	Funds Put To Better Use (\$)	Management Decision Made by End of Reporting Period
<b>Employment and Training Administration</b>				
COVID-19: ETA's Oversight of Short-Time Compensation Did Not Detect \$129.6 Million in Questioned Costs; Report No. 19-24-003-03-315; 06/26/24	3	\$129,565,581	\$0	Yes
ETA Did Not Ensure States Sufficiently Implemented the Mixed Earners Unemployment Compensation Program; Report No. 19-24-005-03-315; 09/11/24	4	\$0	\$0	No
Total (2 Reports)				
<b>Mine Safety and Health Administration</b>				
MSHA Generally Provided Adequate Oversight of Miner Training, Though Opportunities to Strengthen Controls Exist; Report No. 19-24-004-06-001; 09/12/24	0	\$0	\$0	No Response Required
Total (1 Report)				
<b>Office of Labor Management Standards</b>				
OLMS Can do More to Protect Workers' Rights to Unionize Through Enforcing Persuader Activity Disclosure; Report No. 09-24-002-16-001; 05/03/24	6	\$0	\$0	Yes
Total (1 Report)				

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Office of the Assistant Secretary for Administration and Management				
U.S. Department of Labor's Purchase and Travel Card Risk Assessed as Low; Report No. 22-24-006-50-598; 04/18/24	0	\$0	\$0	No Response Required
<sup>48</sup> DOL Implemented its Wireless Network Securely, Through Security Gaps Exist in Testing, Updating, Patching, and Continuous Review; Report No. 23-24-003-07-720; 09/11/24	4	\$0	\$0	No
Total (2 Reports)				
Office of the Chief Financial Officer				
The U.S. Department of Labor Did Not Meet the Requirements for Compliance with the Payment Integrity Information Act for Fiscal Year 2023; Report No. 22-24-007-13-001; 05/29/24	3	\$0	\$0	Yes
Total (1 Report)				
Office of Workers' Compensation Programs				
Longshore and Harbor Workers' Compensation Act Special Fund Financial Statements and Independent Auditors' Report September 30, 2023, and 2022; Report No. 22-24-008-04-432; 07/17/24	1	\$0	\$0	Yes
District of Columbia Workmen's Compensation Act Special Fund Financial Statements and Independent Auditors' Report September 30, 2023, and 2022; Report No. 22-24-009-04-432; 07/17/24	1	\$0	\$0	Yes
OWCP Could Improve Its Existing Guidelines for Processing DEEOIC Claims; Report No. 09-24-001-04-437; 05/02/24	5	\$0	\$0	Yes
<sup>49</sup> Service Auditors' Report on the Integrated Federal Employees' Compensation System, and Service Auditors' Report on the Optum Workers' Compensation and Auto No-Fault's Retail Pharmacy Network Services System, and Service Auditors' Report on the U.S. Department of Labor Workers' Compensation Medical Billing Program System; Report No. 22-24-010-04-431; 09/17/24	0	\$0	\$0	No Response Required
Total (4 Reports)				
<b>Final Audit Total (11 Reports)</b>	<b>27</b>	<b>\$129,565,581</b>	<b>\$0</b>	

48 This report contains sensitive information and content was not posted for public viewing

49 This report contains sensitive information and content was not posted for public viewing.

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## Other Reports

Report Title; Report Number; Date Issued	Number of Recommendations	Management Decision Made by End of Reporting Period
<b>Employment and Training Programs</b>		
<b>Workforce Innovation and Opportunity Act</b>		
Quality Control Review of the Single Audit of the Chicago Cook Workforce Partnership for the Year Ended June 30, 2022; Report No. 24-24-003-50-598; 05/16/24	0	No Response Required
Quality Control Review of the Single Audit of Job Service North Dakota for the Year Ended June 30, 2023; Report No. 24-24-004-50-598; 06/26/24	0	No Response Required
Quality Control Review for the Single Audit of the County of Greenville, South Carolina for the Fiscal Year Ended June 30, 2023; Report No. 24-24-005-50-598; 09/04/24	0	No Response Required
Total (3 Reports)		
<b>Other Reports Total (3 Reports)</b>	<b>0</b>	



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# Unresolved Audit Reports Over 6 Months Old

Agency	Report Title; Report Number; Date Issued	Number of Unresolved Recommendations	Questioned Costs (\$)
<b>Agency Management Decision or Grant/Contracting Officer's Final Determination Did Not Resolve; OIG Negotiating with Agency</b>			
ETA	COVID-19: More Can Be Done to Mitigate Risk to Unemployment Compensation Under the CARES Act; Report No. 19-20-008-03-315; 08/07/20	1	\$0
ETA	Alert Memorandum: The Employment and Training Administration Needs to Issue Guidance to Ensure State Workforce Agencies Provide Requested Unemployment Insurance Data to the Office of Inspector General; Report No. 19-21-005-03-315; 06/16/21	2	\$0
ETA	Unemployment Insurance Overpayments Related to Work Search Underscore the Need for More Consistent State Requirements; Report No. 04-21-001-03-315; 09/29/21	1	\$0
ETA	Alert Memorandum: Potentially Fraudulent Unemployment Insurance Payments in High Risk Areas Increased to \$45.6 Billion; Report No. 19-22-005-03-315; 09/21/22	2	\$0
ETA	Alert Memorandum: ETA Needs to Incorporate Data Analytics Capability to Improve Oversight of the Unemployment Insurance Program; Report No. 19-23-012-03-315; 09/25/23	2	\$0
ETA	COVID-19: ETA Needs a Plan to Reconcile and Return to the U.S. Treasury Nearly \$5 Billion Unused by States for a Temporary Unemployment Insurance Program; Report No. 19-23-015-03-315; 09/28/23	1	\$105,100,000
MSHA	MSHA Needs to Provide Better Oversight of Emergency Response Plans; Report No. 05-17-002-06-001; 03/31/17	2	\$0
MSHA	COVID-19: MSHA Did Not Complete or Accurately Report Mandatory Inspections; Report No. 19-24-001-06-001; 10/17/23	7	\$0
OASAM	FISMA Fiscal Year 2015: Ongoing Security Deficiencies Exist; Report No. 23-16-002-07-725; 09/30/16	1	\$0
OSEC	DOL's IT Governance Lacked the Framework Necessary to Support the Overall Mission; Report No. 23-21-002-01-001; 09/30/21	1	\$0
OSHA	COVID-19: OSHA Needs To Do More To Address High Injury Rates of Warehouse Workers; Report No. 19-23-013-10-105; 09/27/23	3	\$0

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OWCP	OWCP Did Not Ensure Best Prices and Allowed Inappropriate, Potentially Lethal Prescriptions in the FECA Program; Report No. 03-23-001-04-431; 03/31/23	2	\$321,261,486
<b>Agency Management Decision or Grant/Contracting Officer's Final Determination Not Issued By Close of Period</b>			
<b>Total Nonmonetary Recommendations and Questioned Costs</b>		<b>25</b>	<b>\$426,361,486</b>

Agency	Report Title; Report Number; Date Issued	Number of Recommendations	Funds Recommended for Better Use (\$)
<b>Agency Management Decision or Grant/Contracting Officer's Final Determination Did Not Resolve; OIG Negotiating with Agency</b>			
ETA	Alert Memorandum: Potentially Fraudulent Unemployment Insurance Payments in High Risk Areas Increased to \$45.6 Billion; Report No. 19-22-005-03-315; 09/21/22	1	\$29,581,490,253
ETA	Alert Memorandum: ETA Needs to Incorporate Data Analytics Capability to Improve Oversight of the Unemployment Insurance Program; Report No. 19-23-012-03-315; 09/25/23	1	\$1,292,205,723
ETA	COVID-19: The Employment and Training Administration Needs to Improve Oversight of Grants Awarded in New Jersey; Report No. 19-23-016-03-391; 09/28/23	1	\$100,098,923
<b>Total Funds Recommended for Better Use</b>		<b>3</b>	<b>\$30,973,794,899</b>

Total Audit Exceptions and Questioned Costs	25	\$426,361,486
Total Funds Recommended for Better Use	3	\$30,973,794,899
Total Audit Exceptions, Questioned Costs, and Funds Recommended for Better Use	28	\$31,400,156,385

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# Management Decision Made During this Reporting Period on Audits, Inspections, or Evaluations Issued during a Previous Reporting Period: Final Audit Reports Issued

Report Title; Report Number; Date Issued	Number of Recommendations	Questioned Costs (\$)	Funds Put to Better Use (\$)	Management Decision Made on Previously Issued Audits
<b>Bureau of Labor Statistics</b>				
BLS Could Do More to Identify Data Limitations and Increase Transparency; Report No. 17-24-001-11-001; 10/26/23	4	\$0	\$0	Yes
Total (1 Report)				
<b>Employment and Training Administration</b>				
A Review of Pandemic Unemployment Insurance Relief and Its Impact on Six Different U.S. Communities; Report No. 19-24-002-03-315; 03/28/24	0	\$0	\$0	No Response Required
Total (1 Report)				
<b>Mine Safety and Health Administration</b>				
COVID-19: MSHA Did Not Complete or Accurately Report Mandatory Inspections; Report No. 19-24-001-06-001; 10/17/23	11	\$0	\$0	Yes
Total (1 Report)				

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Office of the Assistant Secretary for Administration and Management				
Without an IT Modernization Framework, DOL Is Vulnerable to Inadequate Resource Prioritization for Ensuring Security and Availability of DOL Systems; Report No. 23-24-002-07-725; 11/17/23	3	\$0	\$0	Yes
FY 2023 FISMA DOL Information Security Report: Making Improvements Toward an Effective Program; Report No. 23-24-001-07-725; 12/06/23	3	\$0	\$0	Yes
Total (2 Reports)				
Office of the Chief Financial Officer				
FY 2023 Independent Auditors' Report on DOL's Consolidated Financial Statements; Report No. 22-24-004-13-001; 11/14/23	3	\$0	\$0	Yes
Management Advisory Comments Identified in an Audit of the Consolidated Financial Statements for the Year Ended September 30, 2023; Report No. 22-24-005-13-001; 12/20/23	6	\$0	\$0	Yes
Total (2 Reports)				
Office of Workers' Compensation Programs				
District of Columbia Workmen's Compensation Act Special Fund Financial Statements and Independent Auditors' Report September 30, 2022, and 2021; Report No. 22-24-002-04-432; 10/30/23	1	\$0	\$0	Yes
Longshore and Harbor Workers' Compensation Act Special Fund Financial Statements and Independent Auditors' Report September 30, 2022, and 2021; Report No. 22-24-001-04-432; 10/30/23	1	\$0	\$0	Yes
Special Report Relating to the Federal Employees' Compensation Act Special Benefit Fund September 30, 2023; Report No. 22-24-003-04-431; 11/01/23	0	\$0	\$0	No Response Required
Total (3 Reports)				
<b>Final Audit Total (10 Reports)</b>	<b>32</b>	<b>\$0</b>	<b>\$0</b>	

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# Management Decision Made During this Reporting Period on Audits, Inspections, or Evaluations Issued during a Previous Reporting Period: Other Reports

Report Title; Report Number; Date Issued	Number of Recommendations	Management Decision Made by End of Reporting Period
<b>Employment and Training Programs</b>		
<b>Workforce Innovation and Opportunity Act</b>		
Quality Control Review for the Single Audit of the American Association of Retired Persons (AARP) Foundation for the Fiscal Year Ended December 31, 2022; Report No. 24-24-001-50-598; 01/24/24	0	No Response Required
Quality Control Review of the Single Audit of the State of New Mexico Workforce Solutions Department for the Year Ended June 30, 2022; Report No. 24-24-002-50-598; 03/12/24	1	Yes
Total (2 Reports)		
<b>Other Reports Total (2 Reports)</b>	<b>1</b>	

# Corrective Actions Taken by the Department

*During this reporting period, we took final action to close recommendations within reports based on corrective action taken by the Department. The following is a summary of the most significant actions.*

## **COVID-19: MSHA Did Not Complete or Accurately Report Mandatory Inspections; Report No. 19-24-001-06-001; 10/17/23**

The Federal Mine Safety and Health Act of 1977 requires each underground mine to be inspected in its entirety at least four times a year and each surface mine in its entirety at least two times a year. The OIG had long-standing concerns regarding MSHA's operational risks associated with its mandatory inspections program and how such risks impact MSHA's mission to protect the lives of miners. Our audit found that MSHA did not complete an estimated 1,589 mandatory mine inspections during Fiscal Year 2018 through Fiscal Year 2021 despite reporting a nearly 100 percent completion rate.

In response, MSHA completed work to address our audit recommendation to transparently report on the number of idle mine visits and attempted inspections used to eliminate mandatory inspections each fiscal year. Specifically, MSHA added a footnote to its Congressional Budget Justification to clearly inform the reader that the completion percentage reported on mandatory inspections excludes idle mine visits and attempted inspections.

## **COVID-19: OSHA Needs to Do More to Address High Injury Rates of Warehouse Workers; Report No. 19-23-013-10-105; 09/27/23**

Before and during the COVID-19 pandemic, rates of injuries and illnesses amongst warehouse workers were consistently high, indicating that warehouses were and continued to be dangerous places to work. Our audit found that, despite consistently high injury and illness rates, OSHA conducted a limited number of warehouse inspections. Specifically, we found OSHA conducted a total of 3,762 inspections, which amounts to an annual average of 4.1 percent of the establishments self-classifying as warehouses. Further, we found OSHA's recently established National Emphasis Program (NEP) for warehouses, which mandated ergonomics training, did not describe the training requirements as previously included with similar NEPs.

In response to our audit, OSHA recently published a recorded training webinar with experts from OSHA's Directorate of Enforcement Programs providing Compliance Safety and Health Officers (CSHOs) information and guidance on conducting workplace inspections covered under the NEP. The training covered ergonomic hazards, typical violations, and CSHO resources. Additionally, the training provided information on other hazards encountered at these facilities, including material handling,



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walking-working surfaces, electrical, and heat. OSHA reports that as of March 8, 2024, 550 learners completed the webinar. Further, more learners continue to enroll in the recorded training, which is available and accessible to all CSHOs.

### **COVID-19: ETA Can Improve Its Oversight to Ensure Integrity over CARES Act UI Programs; Report No. 19-23-011-03-315; 09/22/23**

In Fiscal Year 2023, we issued a memorandum to the Employment and Training Administration (ETA) to alert management to three matters requiring attention relating to the National Association of State Workforce Agencies (NASWA). These matters resulted from our audit of ETA's oversight of Unemployment Insurance (UI) integrity for three key Coronavirus, Aid, Relief, and Economic Security (CARES) Act programs: Pandemic Unemployment Assistance, Pandemic Emergency Unemployment Compensation, and Federal Pandemic Unemployment Compensation. We found that: (1) ETA did not ensure an initial assessment of NASWA's Integrity Data Hub (IDH) was performed in compliance with federal requirements, (2) ETA did not provide documentation that it evaluated NASWA's security assessment reports, and (3) the IDH was less effective at identifying potentially improper multistate claims when compared to the OIG's data.

In response, ETA and the Department contracted with two vendors to conduct an exploratory study of the IDH. The study aimed to help ETA better understand: (1) how selected states use the IDH tool to detect and prevent fraud within their respective UI programs, (2) how effective states consider the IDH to be in detecting and preventing fraud, and (3) what options are available to inform continuous improvement and effectiveness of the IDH. At the end of March 2024, the team finalized the study and held a briefing to discuss the results and recommendations. The team was able to highlight some immediate areas for improvement and made recommendations for future studies. ETA is using the results of the exploratory study and working with NASWA to implement some of the study's recommendations.

### **COVID-19: OSHA Needs to Strengthen Its Process for Awarding Future Emergency Supplemental Funds to State Plans; Report No. 19-23-009-10-105; 08/30/23**

On March 11, 2021, the President signed the American Rescue Plan Act of 2021 (ARPA) into law. ARPA provided OSHA with no less than \$100 million in additional funding, of which no less than \$5 million was allotted for worker protection activities related to COVID-19. A prior audit identified concerns with the decreased level of COVID-19 inspections, leaving U.S. workers' safety at increased risk. We contracted with the independent certified public accounting firm of GenTech Associates, Inc. (GenTech) to determine if OSHA appropriately budgeted and spent ARPA funds to carry out COVID-19-related worker protection activities.

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GenTech determined OSHA appropriately budgeted ARPA funds to carry out COVID-19-related worker protection activities and, in general, OSHA appropriately expended ARPA funds. However, OSHA did not effectively manage the awarding process to maximize coverage across State Plans and had insufficient controls in place to expend funds designated for State Plan grants. Specifically, OSHA neglected to adequately coordinate with the Departmental Budget Center on the time State Plans needed to maximize their opportunity to meet the grant matching requirement. OSHA also awarded \$7.5 million to a grantee with known financial and reporting issues without establishing mitigating controls to help ensure the appropriate use and reporting of funds. OSHA did not follow proper grant application procedures to determine if the state's financial system could track, account for, and report on expenditures before awarding the funds.

In response to our audit, OSHA took action to address the first recommendation. Specifically, OSHA developed a plan for future crises (e.g., pandemic) to coordinate with the Departmental Budget Center on the time State Plans need to maximize their opportunity to receive appropriate federal assistance to ensure workers' safety.

### **MSHA Needs to Improve Efforts to Protect Coal Miners from Respirable Crystalline Silica; Report No. 05-21-001-06-001; 10/30/20**

Over the past four decades, various stakeholders have raised concerns about exposures to respirable crystalline silica—a carcinogen and contributing cause of black lung disease—in coal mines. More than three times as many coal miners were identified as having black lung disease from 2010 to 2014 compared to 1995 to 1999. Our audit found that MSHA had not sufficiently protected coal miners from exposure to respirable crystalline silica. Specifically, MSHA's silica exposure limit was out of date, the agency could not cite and fine mine operators for excess silica exposures alone, and MSHA's sampling for silica was potentially too infrequent to be sufficiently protective.

To address our audit recommendation of adopting a lower legal exposure limit for silica in coal mines, MSHA developed and issued a final rule in April 2024. The final rule lowered the permissible exposure limit to 50 micrograms per cubic meter of air ( $\mu\text{g}/\text{m}^3$ ) for a full shift—calculated as an 8-hour time-weighted average for all miners. This rule is designed to lower miners' exposure to respirable crystalline silica and improve respiratory protection. If a miner's exposure exceeds the limit, the final rule requires mine operators to take immediate corrective actions to come into compliance.

### **OSHA Procedures for Issuing Guidance Were Not Adequate and Mostly Not Followed; Report No. 02-19-001-10-105; 03/28/19**

In 2015, three events led us to question OSHA's guidance issuance processes. First, the Government Accountability Office reported stakeholder concerns that federal agencies inappropriately used guidance in place of rules. Second, industry stakeholders challenged OSHA guidance documents,

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alleging OSHA created new rules without going through the rulemaking process. Third, congressional members expressed concerns over procedures OSHA used when issuing certain guidance documents. Given these events, we conducted an audit and found that OSHA did not establish adequate procedures for issuing guidance, and those procedures that were established were mostly not followed. Specifically, OSHA lacked a procedure to determine the appropriateness of issuing a document as guidance instead of a rule. Further, OSHA did not follow procedures for 80 percent of sampled guidance.

In response to our audit, OSHA took additional steps to ensure guidance follow proper procedures. In particular, OSHA maintained complete records to demonstrate compliance with criteria for issuance, established and enforced a monitoring function, and trained officials and staff on their roles and responsibilities for internal controls. These actions included: (1) issuing a revised directive requiring the Solicitor's Office to review guidance and policy documents and describing the requirements for documentation and file retention, (2) establishing guidance for national office directorates and regional offices responsible for monitoring and self-assessing the process and files for the directives, and (3) developing and training staff on OSHA's new guidance directive, OSHA Clearance Process for NonPolicy and Policy Issuances.

### **ETA Violated the Bona Fide Needs Rule and Antideficiency Act; Report No. 26-17-002-03-370; 9/21/2017**

In 2015, Government Accountability Office (GAO) raised concerns that the Employment and Training Administration (ETA) may have violated the bona fide needs rule by improperly using unexpended funds for Program Years (PY) 2011, 2012, and 2013 for the needs of PYs 2012, 2013, and 2014, respectively. The bona fide needs rule prohibits agencies from obligating funds for the purchase of services delivered outside the time period for which the funds were originally designated. GAO referred this matter to the U.S. Department of Labor Office of Inspector General (OIG). Our audit found that ETA's use of Job Corps' operations funds for PYs 2012 and 2013 violated the bona fide needs rule. ETA used \$22.1 million in PYs 2012 and 2013 funds for services actually provided in PYs 2013 and 2014 respectively. We did not find any bona fide needs rule violations for PY 2011. These actions also violated the Antideficiency Act by improperly obligating the government to pay for services provided in PYs 2013 and 2014 before those years' funds were actually made available for obligation by Congress. As a result, we recommended that ETA report, in accordance with 31 USC, §1351, §1517(b), the Antideficiency Act violations caused by the bona fide needs rule violations identified in this report.

In response to our audit, ETA stated that they did not incur obligations in excess of the amount of the PY appropriation. Further, because 41 U.S.C. §3902 authorizes the use of current PY funds for future needs, ETA was not required to charge the four contract modifications identified by the IG in the Draft report to the subsequent PY. Accordingly, ETA did not violate the Antideficiency Act and will

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not implement the OIG’s recommendations rather ETA may seek a third-party determination regarding the allowability of the Antideficiency Act and bona fide needs rule to the four contract modifications. In ETA’s memorandum dated August 29, 2024, ETA provided evidence of its reengagement with Office of Management and Budget (OMB) on June 21, 2024, to obtain the third-party opinion requested. After reviewing the documentation ETA provided, OMB’s General Counsel rendered its opinion. On August 13, 2024, OMB communicated this opinion to ETA, indicating that an Antideficiency Act violation did not occur.

DOL ETA relied on 41 U.S.C. §3902 to justify entering into severable contracts that extended into the next fiscal year, as long as the contracts do not exceed one calendar year. However, DOL-OIG believed these modifications violated the bona fide needs rule (31 U.S.C. §1502) because they made funds available for contracts starting in the next program year. DOL ETA argued that the language in the modifications was defective, and the invoices showed that the obligations occurred within the current program year. After reviewing the documentation, OMB agreed with DOL ETA, stating “our office agrees with DOL ETA’s position that no ADA violations occurred, despite the defective modification language. The important distinction we found is that the ADA specifically concerns when obligations are made, and in this case, the actual obligations occurred in the current program year and not the following program year. The actual date of obligation is controlling over the erroneous date on the documentation.”

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# Unimplemented Recommendations

*During this reporting period, there was 1 instance of audits or evaluations provided to the Department for comment that were not responded to within 60 days. Management decisions were received in response to all audits and evaluations issued before the commencement of this reporting period.*

*From October 1, 2014, through March 31, 2024, the OIG made 1,116 audit recommendations, of which 144 have not been fully implemented. These 144 recommendations include 84 recommendations resulting from audits issued since the end of FY 2021, and, in many cases, the corrective action plans are in place.*

## RECOMMENDATIONS MADE PRIOR TO APRIL 1, 2024, NOT YET IMPLEMENTED

Fiscal Year	Total Number of Recommendations Made	Unimplemented Recommendations	
		Total Number	Monetary Impact (\$)
2014	128	1	\$0
2015	163	0	\$0
2016	100	1	\$0
2017	112	7	\$0
2018	98	1	\$0
2019	84	9	\$0
2020	105	8	\$0
2021	133	33	\$39,155,643,774
2022	67	11	\$29,581,490,253
2023	93	48	\$6,940,069,807
2024 <sup>50</sup>	33	25	\$0
<b>Total</b>	<b>1,116</b>	<b>144</b>	<b>\$75,677,203,834</b>

<sup>50</sup> FY 2024 shows data for the first half of the fiscal year (October 1, 2023, to March 31, 2024)

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# High-Priority Unimplemented Recommendations

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

Report Title; Report Number; Date Issued	Unimplemented Recommendation(s)
<b>Unemployment Insurance Benefits</b>	
COVID-19: More Can Be Done to Mitigate Risk to Unemployment Compensation Under the CARES Act; Report No. 19-20-008-03-315; 08/07/20	Issue guidance directing states to provide access to state UI claimant data to prevent and detect fraud.
Alert Memorandum: The Employment and Training Administration (ETA) Needs to Ensure State Workforce Agencies (SWA) Implement Effective Unemployment Insurance Program Fraud Controls for High Risk Areas; Report No. 19-21-002-03-315; 02/22/21	Establish effective controls, in collaboration with SWAs, to mitigate fraud and other improper payments to ineligible claimants, including the areas identified in the memorandum: UI benefits paid to multistate claimants, claimants who used the Social Security numbers of deceased individuals, potentially ineligible federal inmates, and claimants with suspicious email accounts. Effective controls will help prevent similar or greater amounts of fraud and allow those funds to be put to better use; Work with Congress to establish legislation requiring SWAs to cross-match high-risk areas, including the four areas identified in the memorandum.
COVID-19: States Struggled to Implement CARES Act Unemployment Insurance Programs; Report No. 19-21-004-03-315; 05/28/21	Continue to work with states to develop, operate, and maintain a modular set of technological capabilities to modernize the delivery of UI benefits that is sufficient to manage and process sudden spikes in claims volume during emergencies or high unemployment.
Alert Memorandum: The Employment and Training Administration Needs to Issue Guidance to Ensure State Workforce Agencies Provide Requested Unemployment Insurance Data to the Office of Inspector General; Report No. 19-21-005-03-315; 06/16/21	Amend 20 C.F.R. 603.5 and 603.6(a) through the rulemaking process to reinforce that UI information must be provided to DOL-OIG for all IG engagements authorized under the IG Act, including audits, evaluations, and investigations.
Alert Memorandum: Potentially Fraudulent Unemployment Insurance Payments in High-Risk Areas Increased to \$45.6 Billion; Report No. 19-22-005-03-315; 9/21/22	Implement immediate measures to ensure SWAs are required to provide ongoing access to the OIG by amending its current guidance to require disclosures to the OIG for audits and investigations as necessary, mandatory, and without time limitation for the proper oversight of the UI program; Expedite OIG-related amendments to 20 C.F.R. § 603.6(a) to make ongoing disclosures of UI information to DOL OIG mandatory by expressly adding the U.S. Department of Labor, Office of Inspector General (including its agents and contractors) to the list of required disclosures that are necessary for the proper oversight of the UI program without distinction as to purpose (e.g., audits versus investigations); Expedite OIG-related amendments to 20 C.F.R. § 603.5(i) to expressly make disclosures of UI information to federal officials for oversight, audits, and investigations of federal programs mandatory.

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<p>COVID-19: ETA and States Did Not Protect Pandemic-Related UI Funds from Improper Payments Including Fraud or from Payment Delays; Report No. 19-22-006-03-315; 09/30/22</p>	<p>Use data collected from monitoring and BAM reports to identify the areas of highest improper payments including fraud and create a plan to prevent similar issues in future temporary UI benefit programs; Work with NASWA to update the IDH Participant Agreement to require state to submit the results of their UI fraud investigations; Work with NASWA to ensure the IDH cross matches are effective at preventing the types of fraud that were detected during the pandemic and regularly update using the results of state fraud investigations.</p>
<p>ETA Did Not Provide Adequate Oversight of Emergency Administrative Grants; Report No. 19-23-006-03-315; 07/27/23</p>	<p>Specify within its policy the information states must include in their documentation to support compliance with the requirements to receive grant funds prior to disbursement of the funds; Remedy the \$136,353,568 in questioned costs.</p>
<p>COVID-19: Unemployment Relief for Governmental Entities and Nonprofit Organizations Should Have Been Better Managed; Report No. 19-23-010-03-315; 09/21/23</p>	<p>Obtain evidence from the states that ensures all EURGENO refunds and credits to which reimbursing employers are entitled have been provided; Work with states to reconcile remaining balances.</p>
<p>Alert Memorandum: ETA Needs to Incorporate Data Analytics Capability to Improve Oversight of the Unemployment Insurance Program; Report No. 19-23-012-03-315; 09/25/23</p>	<p>Obtain direct access to unemployment insurance claims data from all State Workforce Agencies; Create an integrity program that incorporates a data analytics capability and regularly monitors state unemployment insurance claims data to detect and prevent improper payments, including fraudulent payments, and to identify trends and emerging issues that could negatively impact the unemployment insurance program.</p>
<p>COVID-19: ETA Needs a Plan to Reconcile and Return to the U.S. Treasury Nearly \$5 Billion Unused by States for a Temporary Unemployment Insurance Program; Report No. 19-23-015-03-315; 09/28/23</p>	<p>Work with Oregon, Louisiana, Delaware, and Mississippi to ensure the appropriate return of approximately \$105.1 million in TFFF reimbursements for first-week regular UI compensation paid that were associated with ineligible weeks; Establish a deadline by which states are required to perform a timely review of past drawdowns and provide evidence that drawdowns were for reimbursement of eligible first-week regular UI compensation paid by the state for claim weeks that fell within the TFFF program period; Ensure that any state drawdowns of the remaining almost \$5 billion in TFFF funds are only for the reimbursement of first-week regular UI compensation paid by the state that fall within the TFFF program period (March 27, 2020, through September 6, 2021); Establish written procedures and deadlines for the timely return of funding for TFFF and future similar programs and consult with OMB and Treasury officials to execute the proper return of unused funds that remain within states' accounts.</p>
<p>COVID-19: ETA's Oversight of Short-Time Compensation Did Not Detect \$129.6 Million in Questioned Costs; Report No. 19-24-003-03-315; 06/26/24</p>	<p>Establish policies and procedures for monitoring, using lessons learned from the Short-Time Compensation (STC) program during the pandemic, that ensure states meet requirements for similar future temporary unemployment insurance programs that provide federal reimbursements to states; Review states' compliance with STC eligibility requirements and require all states with STC agreements to return federal funds used for reimbursements of STC benefit payments for weeks of unemployment beginning before March 27, 2020, and ending after September 6, 2021, as well as for reimbursements that exceeded benefits paid; Monitor states administering unemployment insurance programs subsidized with federal funds, including temporary programs such as STC, to ensure compliance with the 3-year records retention requirements established in the Code of Federal Regulations (2 C.F.R. § 200.334).</p>

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ETA Did Not Ensure States Sufficiently Implemented The Mixed Earners Unemployment Compensation Program; Report No. 19-24-005-03-315; 09/11/24	Perform an assessment of previous emergency UI programs and the pandemic-related UI programs to determine an appropriate historically-based time limit for states' acceptance of emergency program benefit claims after the expiration of the UI programs' eligibility periods and consider making a legislative proposal to Congress to use the determined time limit on future emergency programs.
<b>Worker Safety</b>	
MSHA Needs to Provide Better Oversight of Emergency Response Plans; Report No. 05-17-002-06-001; 03/31/17	Clarify mine operators' responsibilities for local coordination under the Mine Improvement and New Emergency Response (MINER) Act, including coordination and communication between the operator, mine rescue teams, and local emergency response personnel, and familiarizing local rescue personnel with surface functions that may be required in the course of mine rescue work.
MSHA Needs to Improve Efforts to Protect Coal Miners from Respirable Crystalline Silica; Report No. 05-21-001-06-001; 11/12/20	Enhance its sampling program to increase the frequency of inspector samples where needed (e.g., by implementing a risk-based approach).
OSHA's Diminished Enforcement Left More Workers at Risk for Exposure to Silica; Report No. 02-21-003-10-105; 09/29/21	Implement a policy for future emphasis programs that minimizes the lapse in enforcement between canceled, revised, or new programs; Establish meaningful goals and processes to assess whether OSHA's outreach events are achieving the desired results in reaching a targeted number of workers at risk of exposure to silica.
COVID-19: To Protect Mission Critical Workers, OSHA Could Leverage Inspection Collaboration Opportunities with External Federal Agencies; Report No. 19-22-003-10-105; 03/31/22	Develop an OSHA outreach plan to be activated during a large-scale safety and health crises such as the COVID-19 pandemic that (a) identifies external federal agencies with enforcement or oversight personnel who are active on worksites and (b) defines how OSHA will collaborate with those agencies. OSHA should consider incorporating into the plan: a process to identify and document highly visible safety and health hazards for large-scale safety and health crises; a plan for how OSHA will conduct related outreach and training on those hazards and how to refer them to OSHA; and a tracking system for agency referrals and outcomes of those referrals, using that information to periodically inform the outreach plan on areas and types of guidance and training the agencies' oversight and enforcement personnel need; Explore mechanisms to enhance collaboration, such as memorandums of understanding or other written agreements using GAO's seven key features for collaboration, and incorporate a process to utilize those mechanisms into the outreach plan.
COVID-19: OSHA'S Enforcement Activities Did Not Sufficiently Protect Workers from Pandemic Health Hazards; Report No. 19-23-001-10-105; 10/31/22	As part of OSHA's rulemaking on infectious diseases, require employers to notify all employees of all known positive cases of infectious diseases at the worksite; Develop and implement a tracking tool to ensure OSHA receives and reviews all items CSHOs request during inspections to ensure alleged hazards have been mitigated.
OSHA Needs to Better Address Complaints and Referrals for Increased Worker Safety; Report No. 02-23-001-10-105; 03/06/23	Modify the Field Operations Manual to include a policy for mandatory interviews of complainants and witnesses or document the rationale for lack thereof and provide training to Compliance Safety and Health Officers on the updated requirements.
COVID-19: OSHA Needs to do More to Address High Injury Rates of Warehouse Workers; Report No. 19-23-013-10-105; 09/27/23	Develop specific, measurable inspection goals for the Site-Specific Targeting program, including a baseline for the number of inspections in each Site-specific Targeting category, and periodically monitor progress toward those goals; Develop a more effective enforcement strategy to improve employer Form 300A compliance; Assess Form 300A data categories and gather more specific supporting information about injuries to better identify the count and type of injuries reported, such as musculoskeletal disorders; Develop specific measurable inspection goals for the warehousing National Emphasis Program, including a baseline for the number of inspections to complete and periodically monitor progress toward those goals. Ensure the goals contain metrics that demonstrate the outcomes of the program.

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Employee Benefits	
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	Reduce or eliminate exemption thresholds for small plans.
OWCP Did Not Ensure Best Prices and Allowed Inappropriate, Potentially Lethal Prescriptions in the FECA Program; Report No. 03-23-001-04-431; 3/31/23	Implement a process to ensure competitive prices for the FECA program by regularly evaluating alternate pricing methodologies and other sources—including publicly available benchmark price lists, state fee schedules, market research, and comparable payers—and updating its pricing methodology as appropriate; Implement a technology solution to perform ongoing prescription-claim-level reviews in near real-time.
OLMS Can Do More to Protect Workers' Rights to Unionize Through Enforcing Persuader Activity Disclosure; Report No. 09-24-002-16-001; 05/03/24	Outline requirements needed to strengthen enforcement authority to align with the Labor-Management Reporting and Disclosure Act of 1959's intentions to protect workers' rights and interests to unionize by recommending rule changes or legislative changes to increase employer and consultant compliance.
Departmental Management	
FISMA Fiscal Year 2015: Ongoing Security Deficiencies Exist; Report No. 23-16-002-07-725; 09/30/16	Realign the organizational structure as it relates to the Chief Information Officer to address organizational independence issues.
FY 2019 FISMA DOL Information Security Report: Implementation of Security Tools Hindered by Insufficient Planning; Report No. 23-20-002-07-725; 12/23/19	Implement improvements in DOL's information security program for the following areas: configuration management, and access control technologies.
DOL Needs to Do More to Secure Employees' Personally Identifiable Information in the Travel Management System; Report No. 23-20-003-13-001; 09/10/20	Establish and implement procedures to ensure E2 Solutions (E2) account management practices enforce DOL's security policies; Establish and implement procedures to ensure E2 is managed in compliance with contractual security requirements and DOL computer security policies for contracted information systems.
FY 2020 FISMA DOL Information Security Report: Progress Needed to Improve Risk Management and Continuous Monitoring Information Security Controls; Report No. 23-21-001-07-725; 12/22/20	Implement a process for approving deviations from established configuration settings.
DOL's IT Governance Lacked the Framework Necessary to Support the Overall Mission Report; Report No. 23-21-002-01-001; 09/30/21	Reorganize the Chief Information Officer position to have a direct reporting relationship to the Deputy Secretary and independent of ASAM; Ensure the Chief Information Officer is a lead member with voting rights of DOL's executive strategy and management boards and committees, including but not limited to the Management Review Board, Enterprise Shared Services Governance Board, COVID-19 Coordination team, and Enterprise Risk Management Council; Establish an MOU or other agreement between the Office of the Chief Information Officer and all departmental agencies to establish and state the roles and responsibilities of IT between each set of respective agencies; Reassess the incorporation of BLS and OCFO as part of IT Shared Services within 2021, and document the reasoning for the decision reached; Codify the policies and procedures that define IT governance and key supporting IT elements.
FY 2022 FISMA DOL Information Security Report: DOL's Information Security Program Not Remaining Current with Security Requirements; Report No. 23-23-001-07-725; 02/10/23	Update DOL entity-wide and system-level security policies, procedures, and plans to comply with NIST SP 800-53, Rev. 5; Implement data loss prevention tools and alerts based on the results of agencies' data exfiltration tests.

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# Summary of Reports with Unimplemented Recommendations with Cost Savings / Funds Put to Better Use

Report Title; Report Number; Date Issued	Number of Unimplemented Recommendations	Funds Put to Better Use (\$)
<b>Employment and Training Administration</b>		
<p>Alert Memorandum: The Employment and Training Administration (ETA) Needs to Ensure State Workforce Agencies (SWA) Implement Effective Unemployment Insurance Program Fraud Controls for High-Risk Areas; Report No. 19-21-002-03-315; 02/22/21</p> <p>Establish effective controls, in collaboration with SWAs, to mitigate fraud and other improper payments to ineligible claimants, including the areas identified in the memorandum: UI benefits paid to multistate claimants, claimants who used the Social Security numbers of deceased individuals, potentially ineligible federal inmates, and claimants with suspicious email accounts. Effective controls will help prevent similar or greater amounts of fraud and allow those funds to be put to better use.</p>	1	\$5,409,966,198
<p>COVID-19: States Struggled to Implement CARES Act Unemployment Insurance Programs; Report No. 19-21-004-03-315; 05/28/21</p> <p>Continue to work with states to develop, operate, and maintain a modular set of technological capabilities to modernize the delivery of UI benefits that is sufficient to manage and process sudden spikes in claims volume during emergencies or high unemployment.</p>	1	\$33,745,677,576
<p>Alert Memorandum: Potentially Fraudulent Unemployment Insurance Payments in High-Risk Areas Increased to \$45.6 Billion; Report No. 19-22-005-03-315; 09/21/22</p> <p>Expedite OIG-related amendments to 20 C.F.R. § 603.6(a) to make ongoing disclosures of UI information to DOL OIG mandatory by expressly adding the U.S. Department of Labor, Office of Inspector General (including its agents and contractors) to the list of required disclosures that are necessary for the proper oversight of the UI program without distinction as to purpose (e.g., audits versus investigations).</p>	1	\$29,581,490,253
<p>Alert Memorandum: ETA Needs to Incorporate Data Analytics Capability to Improve Oversight of the Unemployment Insurance Program; Report No. 19-23-012-03-315; 09/25/23</p> <p>Establish effective controls, in collaboration with State Workforce Agencies, to mitigate fraud and other improper payments to ineligible claimants in high-risk age categories.</p>	1	\$1,292,205,723

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<p>COVID-19: ETA Needs a Plan to Reconcile and Return to the U.S. Treasury Nearly \$5 Billion Unused by States for a Temporary Unemployment Insurance Program; Report No. 19-23-015-03-315; 09/28/23</p> <p>Establish written procedures and deadlines for the timely return of funding for TFFF and future similar programs and consult with OMB and Treasury officials to execute the proper return of unused funds that remain within states' accounts.</p>	1	\$4,948,811,006
<p>COVID-19: The Employment and Training Administration Needs to Improve Oversight of Grants Awarded in New Jersey; Report No. 19-23-016-03-391; 09/28/23</p> <p>Develop and implement risk tolerance for the amount of participants being served under the WIOA Adult, Youth, and Dislocated Workers program.</p>	1	\$100,098,923
<p><b>Total</b></p>	<b>6</b>	<b>\$75,078,249,679</b>

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# Reports with Unimplemented Recommendations for Management Improvement or Disallowed Costs Owed

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 September 30, 2024). For identification of each recommendation made before September 30, 2024, visit our online [Recommendation Dashboard](#).

Report Title; Report Number; Date Issued	Number of Unimplemented Recommendations	Unimplemented or Disallowed Costs Owed
<b>Bureau of Labor Statistics</b>		
BLS Could Do More to Identify Data Limitations and Increase Transparency; Report No. 17-24-001-11-001; 10/26/23	4	\$0
<b>Employee Benefits Security Administration</b>		
Limited-Scope Audits Provide Inadequate Protections to Retirement Plan Participants; Report No. 05-14-005-12-121; 09/30/14	1	\$0
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	1	\$0
<b>Employment and Training Administration</b>		
COVID-19: More Can Be Done to Mitigate Risk to Unemployment Compensation Under the CARES Act; Report No. 19-20-008-03-315; 08/07/20	1	\$0
Alert Memorandum: The Employment and Training Administration (ETA) Needs to Ensure State Workforce Agencies (SWA) Implement Effective Unemployment Insurance Program Fraud Controls for High-Risk Areas; Report No. 19-21-002-03-315; 02/22/21	1	\$0
COVID-19: States Struggled to Implement CARES Act Unemployment Insurance Programs; Report No. 19-21-004-03-315; 05/28/21	1	\$0
Alert Memorandum: The Employment and Training Administration Needs to Issue Guidance to Ensure State Workforce Agencies Provide Requested Unemployment Insurance Data to the Office of Inspector General; Report No. 19-21-005-03-315; 06/16/21	3	\$0

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Unemployment Insurance Overpayments Related to Work Search Underscore the Need for More Consistent State Requirements; Report No. 04-21-001-03-315; 09/29/21	3	\$0
ETA Did Not Sufficiently Plan and Execute the American Apprenticeship Initiative Grant Program; Report No. 05-21-004-03-375; 09/30/21	2	\$0
COVID-19: Safety and Remote Learning Challenges Continue for Job Corps; Report No. 19-22-001-03-370; 11/12/21	1	\$0
Alert Memorandum: Potentially Fraudulent Unemployment Insurance Payments in High-Risk Areas Increased to \$45.6 Billion; Report No. 19-22-005-03-315; 09/21/22	2	\$0
COVID-19: ETA and States Did Not Protect Pandemic-Related UI Funds from Improper Payments, Including Fraud or from Payment Delays; Report No. 19-22-006-03-315; 09/30/22	3	\$0
Quality Control Review of South Carolina Department of Employment Workforce's Single Audit; Report No. 24-23-003-50-598; 09/26/23 <sup>51</sup>	7	\$0
ETA Did Not Provide Adequate Oversight of Emergency Administrative Grants; Report No. 19-23-006-03-315; 07/27/23	2	\$136,353,568
COVID-19: Unemployment Relief for Governmental Entities and Nonprofit Organizations Should Have Been Better Managed; Report No. 19-23-010-03-315; 09/21/23	3	\$29,074,061
COVID-19: ETA Can Improve Its Oversight to Ensure Integrity over CARES Act UI Programs; Report No. 19-23-011-03-315; 09/22/23	1	\$0
Alert Memorandum: ETA Needs to Incorporate Data Analytics Capability to Improve Oversight of the Unemployment Insurance Program; Report No. 19-23-012-03-315; 09/25/23	2	\$0
COVID-19: Pandemic Unemployment Assistance for Non-Traditional Claimants Weakened by Billions in Overpayments, Including Fraud; Report No. 19-23-014-03-315; 09/27/23	1	\$0
COVID-19: ETA Needs a Plan to Reconcile and Return to the U.S. Treasury Nearly \$5 Billion Unused by States for a Temporary Unemployment Insurance Program; Report No. 19-23-015-03-315; 09/28/23	6	\$105,100,000
COVID-19: The Employment and Training Administration Needs to Improve Oversight of Grants Awarded in New Jersey; Report No. 19-23-016-03-391; 09/28/23	4	\$7,165,040

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51 The QCR Single Audit Report recommendations are addressed to the accounting firm; however, ETA funds the grant and are copied during report issuance. Hence the addition to the ETA section of the table. The accounting firm will address the recommendations.

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<b>Mine Safety and Health Administration</b>		
MSHA Needs to Provide Better Oversight of Emergency Response Plans; Report No. 05-17-002-06-001; 03/31/17	6	\$0
MSHA Can Improve Its Pre-Assessment Conferencing Program; Report No. 05-19-001-06-001; 09/23/19	9	\$0
MSHA Needs to Improve Efforts to Protect Coal Miners from Respirable Crystalline Silica; Report No. 05-21-001-06-001; 11/12/20	1	\$0
MSHA Can Improve How Violations Are Issued, Terminated, Modified, and Vacated; Report No. 05-21-002-06-001; 03/31/21	9	\$0
COVID-19: MSHA Did Not Complete or Accurately Report Mandatory Inspections; Report No. 19-24-001-06-001; 10/17/23	9	\$0
<b>Office of the Assistant Secretary for Administration and Management</b>		
FISMA Fiscal Year 2015: Ongoing Security Deficiencies Exist; Report No. 23-16-002-07-725; 09/30/16	1	\$0
FY 2019 FISMA DOL Information Security Report: Implementation of Security Tools Hindered by Insufficient Planning; Report No. 23-20-002-07-725; 12/23/19	3	\$0
FY 2020 FISMA DOL Information Security Report: Progress Needed to Improve Risk Management and Continuous Monitoring Information Security Controls; Report No. 23-21-001-07-725; 12/22/20	1	\$0
FY 2021 FISMA DOL Information Security Report: Information Security Continuous Monitoring Controls Remain Deficient; Report No. 23-22-001-07-725; 01/28/22	2	\$0
FY 2022 FISMA DOL Information Security Report: DOL's Information Security Program Not Remaining Current with Security Requirements; Report No. 23-23-001-07-725; 02/10/23	2	\$0
Without an IT Modernization Framework, DOL Is Vulnerable to Inadequate Resource Prioritization for Ensuring Security and Availability of DOL Systems; Report No. 23-24-002-07-725; 11/17/23	3	\$0
<b>Office of the Chief Financial Officer</b>		
DOL Needs To Do More to Secure Employees' Personally Identifiable Information in the Travel Management System; Report No. 23-20-003-13-001; 09/10/20	2	\$0
FY 2023 Independent Auditors' Report on DOL's Consolidated Financial Statements; Report No. 22-24-004-13-001; 11/14/23	3	\$0
Management Advisory Comments Identified in an Audit of the Consolidated Financial Statements, for the Year Ended September 30, 2023; Report No. 22-24-005-13-001; 12/20/23	6	\$0

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Office of Federal Contract Compliance Programs		
OFCCP Did Not Show It Adequately Enforced EEO Requirements on Federal Construction Contracts; Report No. 04-20-001-14-001; 03/27/20	1	\$0
Office of the Secretary		
DOL's IT Governance Lacked the Framework Necessary to Support the Overall Mission; Report No. 23-21-002-01-001; 09/30/21	5	\$0
Occupational Safety and Health Administration		
OSHA Needs to Improve the Guidance for Its Fatality and Severe Injury Reporting Program to Better Protect Workers; Report No. 02-18-203-10-105; 09/13/18	1	\$0
Review of the Occupational Safety and Health Administration's Referral to and Reclamation of Debt from the U.S. Department of the Treasury; Report No. 22-20-006-10-001; 03/16/20	1	\$0
COVID-19: Increased Worksite Complaints and Reduced OSHA Inspections Leave U.S. Workers' Safety at Increased Risk; Report No. 19-21-003-10-105; 02/25/21	1	\$0
OSHA's Diminished Enforcement Left More Workers at Risk for Exposure to Silica; Report No. 02-21-003-10-105; 09/29/21	2	\$0
COVID-19: To Protect Mission Critical Workers, OSHA Could Leverage Inspection Collaboration Opportunities with External Federal Agencies; Report No. 19-22-003-10-105; 03/31/22	2	\$0
COVID-19: OSHA's Enforcement Activities Did Not Sufficiently Protect Workers from Pandemic Health Hazards; Report No. 19-23-001-10-105; 10/31/22	4	\$0
OSHA Needs to Better Address Complaints and Referrals for Increased Worker Safety; Report No. 02-23-001-10-105; 03/06/23	3	\$0
OSHA Needs to Strengthen Its Process for Awarding Future Emergency Supplemental Funds to State Plans; Report No. 19-23-009-10-105; 08/30/23	1	\$0
COVID-19: OSHA Needs To Do More To Address High Injury Rates Of Warehouse Workers; Report No. 19-23-013-10-105; 09/27/23	6	\$0
Office of Workers' Compensation Programs		
OWCP Did Not Ensure Best Prices and Allowed Inappropriate, Potentially Lethal Prescriptions in the FECA Program; Report No. 03-23-001-04-431; 03/31/23	3	\$321,261,486
Wage and Hour Division		
COVID-19: The Pandemic Highlighted the Need to Strengthen Wage and Hour Division's Enforcement Controls; Report No. 19-21-008-15-001; 09/30/21	2	\$0
<b>Totals</b>	<b>138</b>	<b>\$598,954,155</b>

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## Investigative Statistics

	Division Totals	Total
<b>Investigative Reports Issued / Cases Closed</b> (includes investigative reports issued, case closing reports, and matters referred for possible civil and/or administrative action):		291
Program Fraud Labor Racketeering	265 26	
<b>Cases Opened:</b>		137
Program Fraud Labor Racketeering	131 6	
<b>Cases Referred for Prosecution</b> (each case is measured as a singular statistic and may include more than one person or business entity):		95
Program Fraud Labor Racketeering	91 4	
<b>Cases Referred for Administrative/Civil Action</b> (each case is measured as a singular statistic and may include more than one person or business entity):		87
Program Fraud Labor Racketeering	85 2	
<b>Persons Referred to the Department of Justice for Criminal Prosecution</b> (includes the number of individuals and business entities referred for prosecution):		147
Program Fraud Labor Racketeering	143 4	
<b>Persons Referred to State and Local Prosecuting Authorities for Criminal Prosecution</b> (includes the number of individuals and business entities referred for prosecution):		48
Program Fraud Labor Racketeering	27 21	
<b>Indictments and Criminal Informations That Resulted from Any Prior Referral to Prosecuting Authorities</b> (includes sealed and unsealed indictments):		253
Program Fraud Labor Racketeering	239 14	
<b>Indictments</b> (includes sealed and unsealed indictments):		253
Program Fraud Labor Racketeering	239 14	
<b>Convictions:</b>		249
Program Fraud Labor Racketeering	237 12	
<b>Statutory Debarments:</b>		2
Program Fraud Labor Racketeering	0 2	

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<b>Recoveries, Cost-Efficiencies, Restitutions, Fines/Penalties, Forfeitures, and Civil Monetary Actions:</b>		\$60,377,230.65
Program Fraud	\$58,690,188.39	
Labor Racketeering	\$1,687,042.26	

<b>Recoveries</b> (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):	\$748,109.37
<b>Cost-Efficiencies</b> (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):	\$746,024.54
<b>Restitutions/Forfeitures</b> (the dollar amount/value of restitutions and forfeitures resulting from OIG criminal investigations):	\$56,488,383.74
<b>Fines/Penalties</b> (the dollar amount/value of fines, assessments, seizures, investigative/court costs, and other penalties resulting from OIG criminal investigations):	\$0.00
<b>Civil Monetary Actions</b> (the dollar amount/value of forfeitures, settlements, damages, judgments, court costs, and other penalties resulting from OIG criminal investigations):	\$2,394,713.00
<b>Total</b>	\$60,377,230.65

<b>No-Knock Entries</b> In accordance with the Executive Order on Advancing Effective, Accountable Policing and Criminal Justice Practices to Enhance Public Trust and Public Safety (EO 14074, May 25, 2022), federal law enforcement agencies are required to report on the use of no-knock entries. For FY 2024, the OIG reports the following:	
<b>Number of no-knock entries that occurred pursuant to judicial authorization</b>	0
<b>Number of no-knock entries that occurred pursuant to exigent circumstances</b>	0
<b>Law Enforcement Officers or other persons injured in the course of no-knock entries</b>	0

# Peer Review Reporting

*The following meets the requirement of the Inspector General Act of 1978, as amended that the Inspectors General include their peer review results as an appendix to each semiannual report.*

## Peer Review of the Office of Personnel Management Office Inspector General Audit Organization

DOL-OIG conducted a peer review of the Office of Personnel Management Office of Inspector General audit organization's system of quality control for the period ending March 31, 2024. The peer review report issued on September 4, 2024, resulted in an opinion that the system of quality control was suitably designed and complied with to provide the DOL-OIG with reasonable assurance of performing and reporting conformity with applicable professional standards and applicable legal and regulatory requirements in all material respects.

## Peer Review of DOL-OIG Inspection and Evaluation Function

The Federal Housing Finance Agency OIG conducted an external peer review to assess the extent to which the DOL-OIG met seven standards in the Council of the Inspectors General on Integrity and Efficiency's Quality Standards for Inspection and Evaluation (Blue Book), issued January 2012. The peer review report, issued on April 25, 2023, concluded that the DOL-OIG's policies and procedures and the three reviewed reports were consistent with and complied with the covered Blue Book standards for the period ended September 30, 2022. The report contained no recommendations.

## Peer Review of DOL-OIG Audit Function

The U.S. Department of Health and Human Services OIG conducted a peer review of the system of quality control for DOL-OIG's audit function for the period ending September 2021. The peer review report, which was issued on September 15, 2022, resulted in an opinion that the system of quality control was suitably designed and provided reasonable assurance of DOL-OIG's conforming to professional standards in the conduct of audits. The peer review covered audit work performed during the unprecedented COVID-19 pandemic, and the DOL-OIG received a clean report with a rating of pass with no recommendations.

## Appendices

### **Peer Review of DOL-OIG Investigative Function**

The United States Postal Service-OIG conducted a peer review of the system of quality control for DOL-OIG's investigative function for the period ending November 1, 2019. The peer review report, which was issued on December 2, 2019, resulted in an opinion that the system of quality control was suitably designed and provided reasonable assurance of DOL-OIG's conforming to professional standards in conduct of investigations. The peer review did not find any reportable findings.

## Appendices

### 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 April 1, 2024, through September 30, 2024, a total of 2,240 complaints were opened in the OIG Hotline’s complaint management system. A significant number of these complaints involve concerns regarding COVID-19-related unemployment benefits. Effective the previous SAR period, the OIG suspended the referral of pandemic UI matters to State Workforce Agencies due to resource issues. During this reporting period, the OIG Hotline received additional complaints that are awaiting processing.*

Complaints Received (by method reported)	Totals
Telephone	2
E-mail/Internet	2,197
Mail	41
Fax	0
Walk-In	0
<b>Total</b>	<b>2,240</b>

Contacts Received (by source)	Totals
Complaints from Individuals or Non-Governmental Organizations	1,160
Complaints/Inquiries from Congress	0
Referrals from GAO	4
Complaints from Other DOL Agencies	12
Complaints from Other (non-DOL) Government Agencies	1,064
<b>Total</b>	<b>2,240</b>

Disposition of Complaints Reviewed and Processed	Totals
Referred to OIG Components for Further Review and/or Action	135
Referred to DOL Program Management for Further Review and/or Action	135
Referred to Non-DOL Agencies/Organizations	99
No Referral Required/Informational Contact	636
<b>Total</b>	<b>1,005</b>

## Acronyms and Abbreviations

AI	Artificial Intelligence	FY	Fiscal Year/fiscal year	PEUC	Pandemic Emergency Unemployment Compensation
ATF	Bureau of Alcohol, Tobacco, Firearms and Explosives	H-1B	visa program for workers in specialty occupations	PII	personally identifiable information
CARES Act	Coronavirus Aid, Relief, and Economic Security Act	H-2A	visa program for agricultural workers	PIIA	Payment Integrity Information Act of 2019
CIO	Chief Information Officer	H-2B	visa program for non-agricultural workers	PUA	Pandemic Unemployment Assistance
DCCA Special Fund	District of Columbia Workmen's Compensation Act of 1928 Special Fund	HHS	U.S. Department of Health and Human Services	PPP	Paycheck Protection Program
Department or DOL	U.S. Department of Labor	IRS	Internal Revenue Service	SBA	Small Business Administration
DOJ	U.S. Department of Justice	IT	information technology	SSA	Social Security Administration
EBSA	Employee Benefits Security Administration	KPMG	KPMG LLP	SWA	State Workforce Agency
EDD	Employment Development Department	Longshore Special Fund	Longshore and Harbor Workers' Compensation Act Special Fund	TFFF	Temporary Full Federal Funding of the First Week of Compensable Regular Unemployment for States with No Waiting Week
EIDL	Economic Injury Disaster Loan	MSHA	Mine Safety and Health Administration	Treasury	U.S. Department of the Treasury
Energy	Energy Employees Occupational Illness Compensation Program	NLRB	National Labor Relations Board	Trust Fund	Black Lung Disability Trust Fund
ERISA	Employment Retirement Income Security Act of 1974	OCFO	Office of Chief Financial Officer	TSP	Thrift Savings Plan
ETA	Employment and Training Administration	OCIO	Office of Chief Information Officer	UI	unemployment insurance
EURGENO	Emergency Unemployment Relief for Governmental Entities and Nonprofit Organizations	OIG	Office of Inspector General	USPIS	United States Postal Inspection Service
FBI	Federal Bureau of Investigation	OLMS	Office of Labor-Management Standards	USSS	United States Secret Service
FECA	Federal Employees' Compensation Act	OMB	Office of Management and Budget	WHD	Wage and Hour Division
FLC	Foreign Labor Certification	OSHA	Occupational Safety and Health Administration	WIOA	Workforce Innovation and Opportunity Act
		OWCP	Office of Workers' Compensation Programs		
		PERM	permanent employment certification program		





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