2013 Top Management Challenges Facing the Department of Labor

For 2013, the OIG considers the following as the most serious management and performance challenges facing the Department:

- Protecting the Safety and Health of Workers
- Protecting the Safety and Health of Miners
- Improving Performance Accountability of Workforce Investment Act Grants
- Ensuring the Effectiveness of the Job Corps Program
- Reducing Improper Payments
- Ensuring the Security of Employee Benefit Plan Assets
- Securing and Protecting Information Management Systems
- Ensuring the Effectiveness of Veterans' Employment and Training Service Programs

For each challenge, the OIG presents the challenge, the OIG's assessment of the Department's progress in addressing the challenge, and what remains to be done. These top management challenges are intended to identify and help resolve serious weaknesses in areas that involve substantial resources and provide critical services to the public.

CHALLENGE: Protecting the Safety and Health of Workers

OVERVIEW

The Occupational Safety and Health Administration (OSHA) was established by the Occupational Safety and Health Act of 1970. OSHA's mission is to assure, so far as possible, that every working man and woman has safe and healthy working conditions. OSHA ensures the safety and health of more than 130 million workers at over 8 million establishments by setting and enforcing workplace safety and health standards; providing training, outreach, and education; and encouraging continuous improvement in workplace safety and health. Combined with its state partners OSHA has approximately 2,200 inspectors – which translates to about one inspector for every 59,000 workers.

CHALLENGE FOR THE DEPARTMENT

U.S. workplace fatalities have fallen steadily since OSHA was established in 1970. Most recently, for instance, from 2011 to 2012, the fatal injury rate fell from 3.5 to 3.2 deaths per 100,000 full-time equivalent workers. However, with more than eight million entities under its oversight, OSHA is challenged in assuring that employers abate workplace safety and health hazards. To that end, since it can only reach a fraction of the entities it regulates, OSHA must target its compliance activities to those areas where it can have the greatest impact. OSHA also faces challenges in measuring the impact of its policies and programs, and those of the 21 states authorized by OSHA to operate their own safety and health programs, on reported declines in workplace injuries, illnesses, and deaths

Recent OIG audits have found that the highest risk industries and worksites were not always targeted and inspected; and OSHA lacked outcomes-based performance metrics to measure and demonstrate the causal effect of its own Federal programs on the safety and health of workers nationwide. Without such metrics, OSHA cannot determine the effectiveness of either Federally-operated or state-run worker safety and health programs, and, as such, cannot ensure that its limited resources are being used efficiently and with the greatest possible impact on worker safety and health.

DEPARTMENT'S PROGRESS AND WHAT REMAINS TO BE DONE

OSHA established a workgroup in FY 2012 with state representatives and developed effectiveness measures for state-operated safety and health programs. OSHA formally revised the State Activity Mandated Measures in FY 2013 and introduced 10 new measures, one of which is intended to help OSHA determine the effectiveness of State Plan inspection targeting. OSHA has also implemented a number of industry-specific National and Local Emphasis programs targeting areas such as Chemical Process Safety, Grain Facilities, and Nursing Homes, among others.

Moreover, OSHA is working on establishing regular processes for evaluating the success of its enforcement strategies. In this regard, the Department initiated a multi-year study of OSHA's Site Specific Targeting (SST) program to assess the impact of the program interventions on future employer compliance. The study is scheduled to be completed by September 2014.

OSHA is also currently working to develop program evaluation systems to ensure that its programs are being run effectively and efficiently. Specifically, OSHA has committed resources to determine the effectiveness of some of its more complex and resource-intensive investigations, such as fatality and catastrophe investigations by implementing an inspection weighting system. Additionally, OSHA has begun the rulemaking process to improve the tracking of occupational injuries and illnesses by expanding OSHA's legal authority to collect and make available injury and illness information.

OSHA still needs to ensure it includes the highest risk worksites in SST program targeting, and prioritize and complete inspections of the highest risk worksites. OSHA also needs to move forward with its plans to test and evaluate the inspection weighting system intended to improve OSHA's ability to target its resources.

CHALLENGE: Protecting the Safety and Health of Miners

OVERVIEW

The Federal Mine Safety and Health Act of 1977, as amended, charges the Mine Safety and Health Administration (MSHA) with protecting the health and safety of more than 387,000 miners who work at over 14,000 mines nationwide.

CHALLENGE FOR THE DEPARTMENT

MSHA continues to be challenged in effectively managing its resources to meet statutory mine inspection requirements while successfully administering other enforcement responsibilities designed to help ensure miners are afforded all protections so they can safely return home at the end of each work day. While MSHA has made progress in this area, it must continue its efforts to instill a culture of mine safety and prevention of accidents to protect the rights of miners to report workplace safety and health concerns. Our recent audit of MSHA's actions in response to two review reports that reviewed MSHA's actions preceding the deadly explosion at the Upper Big Branch Mine found MSHA had made significant progress in implementing the reports' recommendations, but needs to build a process into its internal review framework to rank and prioritize recommendations, and to continue to work on those recommendations that did not have anticipated completion dates to ensure they are being diligently pursued.

MSHA also remains challenged in maintaining a cadre of experienced, diverse and properly trained enforcement staff to meet its statutory enforcement obligations. This challenge will soon be exacerbated by retirements, with 39 percent of MSHA's health and safety personnel eligible to retire by 2017. This is a particularly pressing issue given that it takes nearly two years to train new mine inspectors. Moreover, with seventy-eight percent of MSHA's top leadership becoming eligible for retirement by 2017, MSHA is challenged to develop future leaders in order to avoid leadership gaps in future years.

DEPARTMENT'S PROGRESS AND WHAT REMAINS TO BE DONE

Fatality and injury rates were at an all-time low in FY 2011 and FY 2012 and this trend has continued in FY 2013. Other notable achievements included historic low levels of respirable dust – which results in black lung – at underground coal mines and an 18 percent drop in violations. However, mining remains an inherently dangerous industry with too many injuries and fatalities. To reduce those numbers, MSHA took a number of actions in FY 2013, including: making significant progress implementing recommendations from reviews conducted following the Upper Big Branch mine accident; improving its process for reviewing, approving and overseeing coal mine roof control plans; publishing an updated Accountability Program Handbook that addresses OIG recommendations made as a result of recent reviews; promulgating the final Coal Mine Examination Rule which requires underground coal mine operators to find and fix conditions consistent with the "Rules to Live By" standards. MSHA also published it final Pattern of Violations rule that implemented several of the OIG's recommendations. Other actions taken by MSHA include diversified education efforts and increased outreach to both miners and representatives of miners on rights provided by the Mine Act.

MSHA should continue to closely monitor its efforts to implement the recommendations made by the Upper Big Branch internal review. For the 100 recommendations resulting from the internal review, MSHA reports it has completed corrective actions for 68; 32 are still in process. MSHA has also taken several actions to address the 4 recommendations made by an Independent Assessment Panel and needs to complete other actions it has outlined. For coal mine roof control plans, MSHA needs to finalize its new Coal Mine Roof Control Plan Approval Procedures Handbook, which it anticipates will be completed by December 31, 2013. MSHA also needs to continue to follow up on all of its revised policy guidance to ensure the policy is being implemented as intended and is achieving the desired results.

With respect to succession planning, MSHA continues to identify and hire mine inspector candidates within authorized personnel levels. MSHA has also developed a draft succession plan and is engaged in succession planning activities. MSHA needs to continue its efforts to finalize a succession plan that will help MSHA maintain strong leadership and diversity into its workforce into the future, while staying focused on its primary mission to protect the safety and health of miners.

CHALLENGE: Improving Performance Accountability of Workforce Investment Act Grants

OVERVIEW

In Fiscal Year 2013, the Department's Employment and Training Administration (ETA) was appropriated $2.6 billion for grants to States for Workforce Investment Act (WIA) Adult, Dislocated Worker, and Youth programs. The WIA Adult formula program provides employment and training services through formula grants to states and territories. ETA also awards grants to states to provide reemployment services and retraining assistance to individuals dislocated from their employment. Youth programs are funded through grant awards that support program activities and services to prepare low-income youth for academic and employment success, including summer jobs. In addition to the grants to States and territories for WIA Adult, Dislocated Worker and Youth, ETA also administers competitive grants to service providers to design and operate programs for disadvantaged, often unemployed persons.

CHALLENGE FOR THE DEPARTMENT

The Department is challenged in ensuring that the WIA grant programs are successful in training and placing workers in suitable employment to reduce chronic unemployment, underemployment, and reliance on social payments by the population it serves. Our audit work over several decades, primarily as it relates to discretionary grants, has documented the difficulties encountered by the Department in obtaining quality employment and training providers; ensuring that performance expectations are clear to grantees and sub-grantees; obtaining accurate and reliable data by which to measure and assess the success of grantees and states in meeting the program's goals; providing active oversight of the grant making and grant execution process; disseminating proven strategies and programs for replication; and, most critically, ensuring that training provided by grantees leads to placement in training-related jobs paying a living wage.

For example, a 2011 OIG audit of the WIA Adult and Dislocated Worker program found that 37 percent of program participants either did not obtain employment or their employment was unrelated to the training that they received. OIG projected that the amount of funds paid for this training outcome totaled approximately $124 million. Similarly, our October 2012 audit of the $500 million Recovery Act Green Jobs program designed to train those most affected by the recession for jobs in "green" industries found that almost half of the training provided consisted of 1-5 days of instruction, that 92 percent of "credentials" received for participating in the training were merely certificates of completion, and that there were significant disparities in the participant job retention goals proposed by grantees and approved by ETA. Most recently, our December 2012 audit of discretionary grant closeouts found that grantees often failed to meet one or more of the goals in their grant agreement, yet ETA certified their performance as acceptable. A finding common in many of our audits has been the significant problem in obtaining accurate, reliable, and detailed performance data from grantees, which makes it more difficult for the Department to measure program success.

DEPARTMENT'S PROGRESS AND WHAT REMAINS TO BE DONE

ETA recently awarded 26 Workforce Innovation Fund grants with the goal of evaluating strategies for delivering services more efficiently, achieving better outcomes, and facilitating cooperation across programs and funding streams. ETA has indicated that it will capture promising practices and lessons learned and share them with the broader workforce system. In addition to this type of program evaluation, ETA should continue to closely monitor WIA grants and address the disconnections between the training provided and the realities of the job market. To that end, ETA should consider using Labor Market Information tools and provide technical assistance to grantees. ETA also needs to develop criteria for determining acceptable performance in its grant programs and implement a process that captures grantee performance results for use in future grant-making decisions.

ETA expects to receive the first evaluation report (on implementation) from the WIA Gold Standard Evaluation during the Fall of 2013, the first impact report in 2015 and the final report in 2016. Through this evaluation, ETA intends to measure the net impact of specific interventions, such as the incremental effects of the intensive and training services provided to adults and dislocated workers. The multi-year WIA Gold Standard is funded on an annual basis and is contingent on the availability of appropriated funding. In response to our audit of the Green Jobs program, ETA has taken a number of corrective actions, such as creating a Performance Reporting Workgroup that will identify recommendations for specific steps that ETA can take to clarify grantee data collection and reporting expectations, and developing and releasing its Enhanced Desk Monitoring Review tool.

ETA and the Department have identified the reauthorization of WIA as a legislative priority and have specified several goals that the Department believes should be a focus of the reauthorization process. Among those goals is improving accountability by updating the performance measures used by WIA programs. The OIG considers these initiatives to be of importance. In particular, we recommend that

ETA give maximum priority to developing processes to ensure grant agreements delineate clear, concise and measurable objectives that can be used to measure the success of grant performance, and that those programs or strategies that are successful are disseminated to the workforce investment system for replication.

CHALLENGE: Ensuring the Effectiveness of the Job Corps Program

OVERVIEW

The Employment and Training Administration's (ETA) Job Corps program provides residential and nonresidential education, training, and support services to approximately 60,000 disadvantaged, at-risk youths, ages 16-24, at 125 Job Corps centers nationwide. The goal of this $1.6 billion program is to offer an intensive intervention to this targeted population as a means to help them turn their lives around and prevent a life-time of unemployment, underemployment, dependence on social programs, or criminal behavior.

CHALLENGE FOR THE DEPARTMENT

The Department is challenged in providing a safe, residential and nonresidential education and training program which results in outcomes that truly assist at-risk, disadvantaged youth in turning their lives around including: placement in training-related employment, attainment of education and industry-recognized credentials, entrance into advanced vocational/apprenticeship training, entrance into higher education, or enlistment in the military. Our audits have consistently documented the Department's difficulty in ensuring the quality of residential life, a critical component of the Job Corps intensive intervention experience. Specifically, our audits have disclosed safety and health hazards and physical maintenance needs at various centers as well as, in some instances, a lack of enforcement of disciplinary policies.

Our audits have also demonstrated the challenge faced by the Department in obtaining and documenting desired program outcomes. ETA oversight of its centers did not adequately ensure academic and career technical training programs met performance goals and maximized student achievements. Specifically, under-performing programs were not identified for increased oversight and center assessments and performance improvement plans were not used effectively to improve performance. Additionally, most centers are operated by contractors through performance-based contracts with incentive fees and bonuses which are tied directly to contractor performance. Absent strict oversight, there is a risk that contractors will overstate performance results and maintain disruptive students on site. We have also documented problems with ETA's reporting of job training matches.

Most recently, budgeting missteps and poor financial planning, management, and oversight forced Job Corps to reprogram $26.2 million in June 2012 to cover its Program Year 2011 (July 1, 2011 – June 30, 2012) operating costs and impose a 3-month enrollment freeze in early 2013 to avoid a projected $61.5 million budget overrun for Program Year 2012 (July 1, 2012 – June 30, 2013). Our audit of Job Corps' funds and expenditures found the Department did not have a sound budget or spending plan for the Job Corps program or have a process in place to accurately project spending needs. If not adequately addressed, these financial management control weaknesses could result in further budget overruns and possibly future moratoriums on student enrollments. In addition, we have documented significant problems with centers being unable to ensure that major procurements are properly competed to ensure best value to the program and the taxpayers.

DEPARTMENT'S PROGRESS AND WHAT REMAINS TO BE DONE

Job Corps is continuing its efforts to improve the quality of program services and achieve better outcomes for the students it serves. These efforts include implementing a standards-based system of teaching and learning, identifying and replicating the practices of high-performing centers as well as closing some chronically low-performing centers. Job Corps also plans to increase its oversight of under-performing training programs by improving its monitoring, and by using performance improvement plans, center assessments, and other oversight activities more effectively.

To improve its reported performance data, Job Corps has updated its Job Training Match Crosswalk to align with the revised DOL O*NET-Standard Occupational Classification database, which characterizes all jobs in the U.S. labor market.

To avoid the financial difficulties it experienced in PY 2011 and PY 2012, the Department has refined Job Corps' processes for planning, requirements determination, budgeting, procurement and evaluation in order to enhance internal controls. This effort is intended to establish a more defined process for all aspects of financial and contractual activity well in advance of the start of a program year and allow for more rapid response to Job Corps budget changes. A key aspect will be the formalization of significantly enhanced communications among offices and leadership within ETA and the Department. Specifically, the Department established a new Office of Financial Administration within ETA and implemented a new management oversight process that includes the Office of the Chief Financial Officer, the Office of the Assistant Secretary for Administration and Management, and the Office of the Solicitor. The Department also adopted a new budgeting approach to adjust the number of students enrolled with the funding available in Job Corps' appropriation. Additional training has been provided to staff members who monitor Job Corps' contracts to improve their skills and enable them to provide better oversight. While these changes should help the agency to actively oversee the program and its expenses, Job Corps will need to be vigilant in its oversight to promptly identify and address potential problems.

ETA's Office of Contracts Management (OCM) recently inspected the contracting purchasing systems for many Job Corps center operators. In instances where there was an inadequate purchasing program, the cognizant Contracting Officer withdrew the approved purchasing plans. These center operators must now have each purchase (subcontract) approved by the responsible Contracting Officer.

OIG continues to recommend that Job Corps provide rigorous oversight of contractors at all centers to: ensure they provide a safe environment that is conducive to learning; improve the transparency and reliability of performance metrics and outcomes; and ensure that center operators and other service providers comply with applicable procurement requirements.

CHALLENGE: Reducing Improper Payments

OVERVIEW

The Unemployment Insurance (UI), the Workforce Investment Act (WIA) and the Federal Employees Compensation Act (FECA) programs are at risk of making significant improper payments. For example, for FY 2013, the Department reported improper payments totaling approximately $7.68 billion for the UI program alone. Outlays for the UI program decreased in FY 2013 to an estimated $66.7 billion, compared with $90.19 billion in FY 2012. This decrease reflects the decline in the number of new claims, the drop in Federally-funded emergency and additional benefits, and the efforts of DOL and the state workforce agencies to reduce improper payments. The 2013 UI improper payment rate is 9.32 percent for the reporting period July 2012 to June 2013, which is below the 10 percent target established by the Improper Payments Elimination and Recovery Act of 2010 but slightly above the 9.23 percent target rate identified by the Office of Management and Budget (OMB). However, in 2013 the Department, in conjunction with OMB, made a changein the way it computes the improper payment rate by subtracting overpayments recovered from total estimated overpayments. The true UI improper payment rate without netting out subsequent recoveries actually increased from 10.78 percent for the 2012 reporting period to 11.46 percent in 2013.

The leading cause of UI overpayments is claimants who have returned to work and continue to claim UI benefits, and OIG investigations continue to uncover fraud committed by individual UI recipients who do not report or underreport earnings, as well as fraud related to fictitious employer schemes.

CHALLENGE FOR THE DEPARTMENT

The Department's ability to identify and reduce the rate of improper payments in the UI, FECA and WIA programs continues to be a challenge for the Department. Notably, OMB has designated the Unemployment Insurance (UI) and Workforce Investment Act (WIA) programs as being particularly at risk for improper payments. Our audits have found that the Department lacked effective controls to ensure states are properly measuring improper payments and identifying and recovering overpayments for both the UI state and Federal programs.

The Department also remains challenged in identifying the full extent of improper payments in the FECA and WIA programs. As highlighted in past OIG audits, the estimation method used for the FECA program does not appear to provide a reasonable estimate of improper payments. Without this information, the Department cannot implement the appropriate corrective actions that will reasonably assure taxpayers' funds are adequately safeguarded. In addition, DOL OIG investigations continue to identify significant amounts of FECA compensation and medical fraud, which has often surpassed the Department's improper payments estimates. For the WIA program, data are not readily available to allow the Department to directly sample grant payments and develop a statistically valid estimate of improper payments.

DEPARTMENT'S PROGRESS AND WHAT REMAINS TO BE DONE

The Department continues to work with states to implement a number of strategies to improve the prevention, detection and recovery of UI improper payments. Among numerous other initiatives, the Department has launched a website that clearly identifies each state's estimated UI improper payment rate and payments over a 3-year period, as well as each state's progress in implementing the identified improper payment strategies. The Department has also undertaken the "Improper Payment High Priority States" initiative to reduce the UI improper payment rate in those states with unacceptably high levels over a prolonged period. In addition, the Department established a UI Integrity Center of Excellence to develop, implement, and promote innovative program integrity strategies to reduce improper payments, including the prevention and detection of fraud, in the UI program. However, the Department needs to employ cost benefit and return on investment analyses to evaluate the impact of those improper payment reduction strategies. The Department can further improve oversight of the states' detection and prevention of UI overpayments by increasing the frequency of on-site reviews at State Workforce Agencies. In addition, the Department needs to continue pursuing legislation to allow States to use a percentage of recovered UI overpayments to detect and deter benefit overpayments.

With respect to improper payments in the FECA program, the Department developed a methodology for estimating the FECA improper payment rate and plans to implement it for FY 2014. In the WIA program, the Department has attempted to identify the full extent of improper payments by including estimates from other sources, but it should continue to consider other sampling methods in order to provide a more complete estimate of improper payments. Further, the Department needs to provide full disclosure in the Agency Financial Report regarding the limitations of the data used to estimate WIA overpayments.

CHALLENGE: Ensuring the Security of Employee Benefit Plan Assets

OVERVIEW

The mission of the Department's Employee Benefits Security Administration (EBSA) is to protect the security of retirement, health, and other private-sector employer-sponsored benefit plans for America's workers, retirees, and their families. EBSA is responsible for administering and enforcing the fiduciary, reporting, and disclosure provisions of Title I of the Employee Retirement Income Security Act (ERISA). The agency is charged with protecting about 141 million workers, retirees and their families who are covered by nearly 684,000 private retirement plans, 2.4 million health plans, and similar numbers of other welfare benefit plans which together hold estimated assets of $7.6 trillion.

CHALLENGES FOR THE DEPARTMENT

EBSA's limited authority and resources present challenges in achieving its mission of administering and enforcing ERISA requirements protecting approximately 141 million participants and beneficiaries. An important part of EBSA's mission is to deter and correct violations of ERISA through a strong enforcement program to ensure workers receive promised benefits. Given the number of plans that the agency oversees relative to the number of investigators, EBSA has to focus its available resources on investigations that it believes will most likely result in the deterrence, detection, and correction of ERISA violations. In order to do so, EBSA must determine which of its enforcement initiatives are the most effective. EBSA has begun trying to quantify its results by using programs such as the Sample Investigation Program (SIP), which attempts to measure the effectiveness of enforcement initiatives.

Among EBSA's challenges over the past couple of decades has been the fact that billions in pension assets held in otherwise regulated entities, such as banks, escape audit scrutiny. Because ERISA authorizes these institutions to obtain so-called "limited scope audits," presumably because they are being audited by other entities for other purposes, the independent public accountants that conduct their audits express "no opinion" on the financial statements of the assets they hold on behalf of plans. These concerns were renewed and heightened by recent audit findings that as much as $3.3 trillion in pension assets received these types of limited scope audits, providing no assurances to participants as to the financial health of their plans. EBSA is further challenged by the many changes that have taken place in the employee benefit plan community since ERISA was enacted in 1974, such as the shift from defined benefit retirement plans to defined contribution retirement plans, as well as the large increase in the types and complexity of investment products available to pension plans. For example, our September 2013 audit of EBSA's oversight of employee benefit plans that hold alternative investments totaling almost $3 trillion found that EBSA needs to do more to ensure plan Administrator properly identify and value hard-to-value investments.

EBSA is also responsible for oversight of health coverage provided by employers through the administration and enforcement of Title I of ERISA. EBSA oversees approximately 2.4 million employer-sponsored health plans covering approximately 150 million participants and beneficiaries. EBSA, in conjunction with the Department of Treasury and the Department of Health and Human Services, has worked to implement the Patient Protection and Affordable Care Act (PPACA). Beginning in FY 2014, key provisions of PPACA will come into effect, and EBSA will be challenged to ensure plan sponsors and their benefit plans comply with the new law.

DEPARTMENT'S PROGRESS AND WHAT REMAINS TO BE DONE

As an initial step in developing performance metrics to measure the effectiveness of its enforcement program, EBSA implemented a broad Sample Investigation Program (SIP) in FY 2011. Now in its third year, the SIP is designed to measure overall compliance with ERISA and the impact of ERISA investigations on compliance rates. In addition, data collected by the SIP will be used to evaluate the effectiveness of EBSA's enforcement targeting strategies, as well as the impact of investigations on plan compliance. EBSA processed 273 SIP cases in 2013, and will implement a baseline compliance measure for 2014.

EBSA should continue to work to obtain legislative changes to repeal the limited scope audit exception, obtain additional authority over plan auditors to address deficient benefit plan audits, and ensure that auditors with poor records do not continue to perform substandard plan audits. In the interim, EBSA should use existing authority to clarify and strengthen limited scope audit regulations and evaluate the ERISA Council's recommendations on the issue. Finally, to mitigate potential challenges that may affect implementation and compliance with PPACA requirements, EBSA will need to take further action in its rulemaking, enforcement, reporting on benefits typically covered by employers, and Multiple Employer Welfare Arrangements (MEWA) regulations. These actions would help improve transparency to the public; provide additional compliance assistance to employers, plans and insurers; and help strengthen enforcement over MEWAs.

CHALLENGE: Securing and Protecting Information Management Systems

OVERVIEW

The Department's Information Technology (IT) systems contain sensitive information that is central to its mission and to the effective administration of its programs. DOL systems are used to analyze and house the nation's leading economic indicators, such as the unemployment rate and the Consumer Price Index. They also maintain critical data related to enforcement actions, worker safety, health, pension, and welfare benefits, job training services, and other worker benefits.

CHALLENGE FOR THE DEPARTMENT

Safeguarding data and information systems is a continuing challenge for all Federal agencies, including DOL. Recent OIG audits have identified deficiencies in configuration management, account management, vulnerability management, as well as security and access controls weaknesses in key departmental financial and support systems. These deficiencies can pose an increased risk to the security of data and information maintained in DOL systems.

DEPARTMENT'S PROGRESS AND WHAT REMAINS TO BE DONE

The Department has made progress in establishing risk mitigation as a priority via its Risk Management program. The Office of the Chief Information Officer (OCIO) established Priority Security Performance Metrics and began measuring agency progress on achieving these metrics resulting in the remediation and closure of 93% of prior year findings.

The Department has also begun an IT modernization program. As part of DOL's IT modernization, users will eventually access their network accounts by logging on to their desktops and/or laptop computers using their PIV card. The IT Modernization program also includes consolidating the Department's nine IT infrastructures in an effort to create a more unified and scalable IT service organization. In addition, DOL has acquired an enterprise IT system monitoring tool to assist in configuration management, vulnerability assessment, and accounting for the inventory of electronic devices connecting to each IT system.

To improve upon identity management and security issues, DOL needs to continue to reduce its IT footprint by completing its data center consolidation efforts and reducing the number of external connections. Furthermore, while the migration of email to the cloud was delayed and is now scheduled for implementation later this year, the Department must take steps to ensure that DOL systems and data will be secure in the cloud computing environment prior to implementation. To enhance security, reduce identity fraud, and protect personal privacy, DOL also needs to ensure its PIV card workstation logon process is fully implemented throughout the Department. Most importantly, a greater presence in IT system security is needed at the Executive Level; continuing current Risk Management and Continuous Monitoring Program processes will assist in that effort as Executives become integral to the discussion and understanding of their IT security risks and control weaknesses, including setting mitigation priorities.

CHALLENGE: Ensuring the Effectiveness of Veterans' Employment and Training Service Programs

OVERVIEW

The Veterans' Employment and Training Service (VETS) provides assistance to veterans and transitioning service members by protecting their employment and reemployment rights through investigation and resolution of claims from protected individuals. VETS also assists veterans in obtaining and maintaining civilian employment through its Jobs for Veterans State Grants (JVSG) Program. JVSG supports two principal staff positions in the Workforce System: Disabled Veterans Outreach Program (DVOP) specialists and Local Veterans Employment Representatives (LVERs). DVOP specialists provide intensive services to meet the employment needs of disabled and other eligible veterans, with an emphasis on serving those who are economically or educationally disadvantaged, including homeless veterans. LVERs conduct outreach to employers and engage in advocacy efforts to increase employment opportunities for veterans. Another VETS' program, the Transition Assistance Program (TAP), provides a three day employment workshop to separating service members and their spouses at military installations worldwide.

CHALLENGE FOR THE DEPARTMENT

VETS estimates that the U.S. military discharges about 270,000 service members annually. VETS is refocusing its efforts to ensure veterans who have significant barriers to employment are served by the DVOP program, while all other veterans will be served on a priority basis in DOL's Wagner-Peyser and Workforce Investment Act programs. These programs will be challenged to meet the employment needs of this expected influx of veterans. For VETS specifically, the Department projects that approximately 90 percent of future JVSG participants will require intensive services, such as career planning and counseling, skill assessment, referral to training and support services, and post-transition follow-up, to overcome significant barriers to employment.
VETS continues to be challenged to meet this increased demand for intensive services; our prior audit work has found that JVSG staff needed to do a better job of accurately assessing veterans' needs and documenting intensive service activities.

We have also found that VETS did not use measurable performance goals and outcomes to evaluate program effectiveness and lacked adequate contracting oversight for TAP workshop services. These deficiencies undermined VETS's ability to ensure that it was providing a high-quality program which helped veterans successfully transition from military to civilian employment.

DEPARTMENT'S PROGRESS AND WHAT REMAINS TO BE DONE

In a joint effort with the Department's Employment and Training Administration, VETS has launched the Veteran Gold Card program. The Veteran Gold Card provides post-9/11 veterans with extra support as they transition out of the military. Once a veteran has downloaded the Veteran Gold Card, he or she can access six months of personalized case management, assessments and counseling at the roughly 3,000 American Job Centers located across the country.

Over the past year, VETS has started working with State Workforce Agencies to convert LVERs to DVOPs in response to the increased demand for intensive services. VETS has also directed states to provide more oversight of DVOP services to ensure that veterans with significant barriers to employment are getting the assistance they need. In addition, VETS has requested an increase of 500 DVOPs in FY 2014. When combined with the conversions of LVERs to DVOPs already underway, VETS believes this will significantly increase the workforce focused directly on providing intensive services for those veterans with significant barriers to employment and should have a positive impact on employment outcomes for this population. VETS stated that it is developing clarifying guidance for distribution to State Workforce Agencies about the JVSG program, as well as a training program that will address JVSG expectations. The training is expected to be available in February 2014. VETS needs to closely monitor the program to ensure states can demonstrate that the DVOP program is operating as intended. VETS must also evaluate the effectiveness of the DVOP program and use evaluation results to modify and improve it.

VETS also completed a major effort to redesign the TAP employment workshop curriculum in January 2013. Unlike previous years, TAP is now mandatory for all separating service members and all workshops worldwide are being led by professional facilitators. The new workshop is designed to provide relevant, up-to-date content with a focus on experiential learning, best practices in career transition, and emphasis on networking and communicating the veteran's value to the hiring manager. VETS has developed and implemented outcome measures for FY 2014 to assess the effectiveness of the TAP workshops, and stated it is working with the Department of Defense and the Department of Veteran Affairs to explore new data sharing possibilities and ways to monitor veteran employment outcomes.

CHANGES FROM LAST YEAR:

Changes from the FY 2012 Top Management Challenges report include the deletion of the challenges pertaining to Foreign Labor Certification programs and procurement integrity. Although we still consider these challenges to be significant issues for the Department, we believe they no longer pose the greatest threat to the Department in meeting its mission to workers, retirees, beneficiaries and taxpayers. We will continue to conduct audit and investigative work and report the Department's challenges in these program areas in our "Significant Concerns" section of the OIG's Semiannual Report to the Congress.