



Top Management and Performance Challenges Facing the U.S. Department of Labor

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As required by the Reports Consolidation Act of 2000, the Office of Inspector General has identified the most serious management and performance challenges facing the U. S. Department of Labor (DOL). These challenges are included in DOL's "Agency Financial Report" for FY 2018.

The Department plays a vital role in the nation's economy and in the lives of workers and retirees, and therefore, must remain vigilant in its important stewardship of taxpayer funds, particularly in the era of shrinking resources.

In this report, we summarize the challenges, significant DOL progress to date, and what remains to be done to address them. The challenges we identified are:

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CHALLENGE: Protecting the Safety and Health of Workers

BACKGROUND

The Department's Occupational Safety and Health Administration (OSHA) is responsible for the safety and health of 136 million workers employed at more than 9 million establishments, while the Department's Mine Safety and Health Administration (MSHA) is responsible for the safety and health of approximately 320,000 miners who work at more than 13,000 mines.

CHALLENGE FOR THE DEPARTMENT

OSHA and MSHA face challenges in determining how to best use their resources to help protect the workers' safety and health, particularly in high-risk industries such as construction, forestry, fishing, agriculture, and mining. These challenges are exacerbated by underreporting of injuries by employers. Without reliable data regarding workplace injuries, OSHA and MSHA lack the information needed to effectively focus inspection and compliance efforts on the most hazardous workplaces.

Verifying the abatement of construction hazards remains a challenge for OSHA. The agency closed many citations for safety violations because the construction project ended, not because employers corrected the cited hazards. As a result, OSHA received no assurances employers would use improved safety and health practices at subsequent construction sites.

A recent study published in the American Journal of Public Health concluded that black lung cases are at a 25-year high in Appalachian coal mining states. MSHA is challenged to determine the reasons for this increase and develop strategies for addressing it. The Agency is currently soliciting comments, data, and information to develop a study to assess the impact of the August 2014 coal dust rule on the health of miners. However, because of the latency period between exposure to coal dust and development of black lung disease, it will likely take a decade or more to complete the study. An emerging challenge facing MSHA is reducing the number of powered haulage accidents¹, which accounted for 8 percent of all injuries and 50 percent of all fatalities in 2017.

DEPARTMENT'S PROGRESS

OSHA states that it encourages employers to comply with illness and injury reporting requirements through a variety of enforcement, outreach, and compliance assistance efforts. OSHA also established a program to develop, implement, and assess the effectiveness of agency internal controls.

MSHA reports it has increased its sampling of mines for silica, quartz, and diesel particulate emissions, and has ordered additional sampling devices for its inspectors and testing equipment for its lab in order to enhance sampling and enforcement for these airborne contaminants. The agency is also working with the mining industry to develop and install proximity detection/collision warning systems on equipment in surface and underground mines that can stop machine motion and/or send a warning signal to the machine operator when it detects a person or object in the machine's path.

¹ Per MSHA's Accident/Illness Investigation Handbook, a powered haulage accident is an accident caused by the motion of the haulage unit, including accidents that are caused by an energized or moving unit or failure of component parts. Haulage includes motors and rail cars, conveyors, belt feeders, longwall conveyors, bucket elevators, vertical manlifts, self-loading scrapers or pans, shuttle cars, haulage trucks, front-end loaders, load-haul-dumps, forklifts, cherry pickers, mobile cranes if traveling with a load, etc.

WHAT REMAINS TO BE DONE

OSHA needs to complete its initiatives to improve employer reporting of severe injuries and illnesses, and enhance staff training on abatement verification, especially of smaller and transient construction employers. OSHA also needs to complete the development of its evaluation and analysis program.

MSHA needs to identify methods for improving mine operators' reporting of accidents, injuries, and illnesses. To ensure mine operators comply with the Respirable Coal Dust rule, MSHA needs to: 1) review the quality of coal mine dust controls in mine ventilation and dust control plans; 2) analyze sampling data quarterly; 3) monitor operator sampling equipment; 4) re-evaluate the rule in light of new information; and 5) increase testing and enforcement for other airborne contaminants. MSHA also needs to continue its efforts to address the number of powered haulage accidents by conducting compliance and technical assistance visits, enhancing training, and increasing and sharing its knowledge of available technology.

CHALLENGE: Providing a Safe Learning Environment at Job Corps Centers

BACKGROUND

The Job Corps program provides education, training, and support services to approximately 50,000 disadvantaged, at-risk youth, ages 16–24, at 123 Job Corps centers nationwide, both residential and nonresidential. The goal of the nearly \$1.7 billion program is to offer an intensive intervention to members of this targeted population as a means to help them learn vocational skills, earn a high school diploma or GED, and find and keep a good job.

CHALLENGE FOR THE DEPARTMENT

The Job Corps program remains challenged in its efforts to control violence and provide a safe learning environment at its centers, which could hinder Job Corps' ability to attract students, teach them the skills they need, place them in meaningful jobs, or help them to obtain further education.

OIG audits over the past three years found a wide range of security and safety issues at Job Corps centers, from failure to report and investigate serious misconduct, to security staff shortages. Follow-up work we completed in December 2017 showed the Department had taken steps to establish, clarify, and enforce Job Corps safety and security policies. However, the Department's corrective action plan has not yet been fully implemented. Job Corps needs a fully implemented and documented oversight process to ensure future center compliance and safe and secure environments for Job Corps students and staff.

DEPARTMENT'S PROGRESS

Job Corps established the Division of Regional Operations and Program Integrity to improve oversight of center safety, and initiated a technology pilot to enhance security at selected centers. Phase I of the pilot, involving 13 centers, has been completed. According to Job Corps, most of the enhancements planned for Phase II, involving 18 centers, have been completed. Job Corps anticipates completing the remaining enhancements in FY 2019. Finally, Job Corps' Physical Security Specialist performed Physical Security System Utilization Reviews at four Phase I centers.

WHAT REMAINS TO BE DONE

Job Corps needs to implement staffing plans for continuous oversight, issue its standard operating procedures for oversight activities, and maintain documentation showing the deficiencies it identifies and the corrective actions taken to remediate the deficiencies. Further, Job Corps needs to expeditiously complete the various safety initiatives already in progress, and vigilantly ensure center operators and regional office personnel fully enforce Job Corps' safety and security policies and improve campus security system-wide.

CHALLENGE: Helping Adults and Youth Succeed in the Labor Market

BACKGROUND

In fiscal year (FY) 2018, the Department's Employment and Training Administration (ETA) received \$3.3 billion to operate a system of education, skills training, and employment services authorized by the Workforce Innovation and Opportunity Act (WIOA). Congress intends for these services to increase the post program employment and earnings of current and future workers, particularly low-income persons, dislocated workers, and at-risk and out-of-school youth. In addition, Job Corps received \$1.7 billion to provide residential and nonresidential education, training, and support to approximately 50,000 disadvantaged, at-risk youth, ages 16-24, at 123 Job Corps centers nationwide.

CHALLENGE FOR THE DEPARTMENT

The Department is challenged to ensure participants in its job training programs are securing the education, training, and support services they need to succeed in the labor market. Past OIG audits have found job training graduates were often placed in jobs unrelated to the occupational certifications and skills training they received, or in jobs that required little or no training.

An emerging challenge for the Department is developing an effective strategy for helping people affected by opioids become and remain employable. Recent research studies have reported individuals addicted to opioids commonly drop out of the labor market, and opioid dependency is most prevalent among prime-age individuals (those ages 25 to 54). Studies further noted workers on opioids are less productive, and employers in opioid-affected areas have difficulty finding dependable workers and filling job openings.

DEPARTMENT'S PROGRESS

The Department receives information on grantees' outcomes for a set of performance measures, which include employment, education, earnings, credential attainment and progress towards credential attainment or training completion of people who received job-related services from the workforce programs. The data reported by grantees under WIOA should improve the ability of the Department to analyze the relationship between training services and the participant's occupation of employment. The Department stated it has provided, and will continue to provide, technical assistance on sector strategies and performance reporting, based on analysis of the performance results.

In addition, ETA continued to provide resources through CareerOneStop.org to help job seekers, businesses, and career counselors better understand what credentials were available, along with indicators of the quality and labor market value of those credentials. This resource also identified licenses and education and training programs related to specific occupations. ETA also continued to emphasize the importance of earning credentials in its grant competitions.

In March 2018, ETA announced the availability of grant funds to serve or retrain workers impacted by opioid use, addiction, and overdose. Subsequently, the Department awarded more than \$22 million to six states (Alaska, Maryland, New Hampshire, Pennsylvania, Rhode Island, and Washington). The Department also issued guidance that allows states to use National Dislocated Worker Grant funds to provide services to eligible participants affected by the opioid crisis, as well as to train individuals to work in mental health treatment, addiction treatment, and pain management.

WHAT REMAINS TO BE DONE

To address this challenge, the Department needs complete and accurate performance information that allows it to make evidence-based and data driven decisions about job training programs. As mentioned above, the reporting required to calculate outcomes for grantees is underway. The Department needs to continue providing technical assistance to states regarding how to access and report performance information within the WIOA performance management system.

The Department should also continue pursuing statutory access to the National Directory of New Hires, and exploring new methods for data collection beyond the end of the grant period of performance. Moreover, the Department needs to finalize and issue guidance to states on data validation to ensure data used to calculate performance measures are complete and accurate. Finally, the Department needs to monitor the performance of the grants it has awarded for delivering services to the employers and workers impacted by the opioid crisis.

CHALLENGE: Protecting Retirement, Health, and Other Benefit Plans for Workers, Retirees, and Their Families

BACKGROUND

The Employee Benefits Security Administration (EBSA) is responsible for protecting the integrity of pensions, health, and other employee benefits for 149 million people. EBSA's enforcement authority extends to approximately 703,000 private retirement plans, 2.3 million health plans, and millions of welfare benefit plans that together hold \$9.8 trillion in assets. EBSA's responsibilities also include providing oversight of the federal Thrift Savings Plan (TSP), the largest defined contribution plan in the United States, with nearly 5.1 million participants and \$568 billion in assets as of December 31, 2017.

CHALLENGE FOR THE DEPARTMENT

EBSA is challenged in identifying the investigations, audits, reviews, and compliance assistance activities that will best protect workers' pensions, health, and other benefits. Specifically, EBSA is challenged to determine which of its enforcement initiatives are the most effective, particularly given the potential expansion of the health and retirement marketplaces as a result of the President's October 2017 Executive Order on expanding access to Association Health Plans, and the August 2018 Executive Order on expanding access to multiple employer retirement plans.

Past OIG audit findings revealed that as much as \$3.3 trillion in pension assets, including an estimated \$800 billion in hard-to-value alternative investments, received limited-scope audits that provided few assurances to participants as to the financial health of their plans. Auditors performing these limited reviews generally do not need to audit investment information certified by certain banks or insurance carriers, presumably because

they are being audited by other entities for other purposes. As a result, the independent public accountants that conduct limited-scope audits express “no opinion” on the financial statements of plans that receive certifications from the banks or insurance carriers holding assets on behalf of the plans. These limited-scope audits weaken assurances to stakeholders and put retirement plan assets at risk because such audits provide little or no confirmation regarding the existence or value of plan assets. EBSA has no legal authority to force these plans to conduct full-scope audits to provide significantly stronger assurances to participants.

In addition, EBSA needs to provide greater oversight of TSP by strengthening its audit program. Specifically, EBSA is challenged to ensure its audits of TSP are more focused and result in meaningful changes to Plan operations.

DEPARTMENT’S PROGRESS

In June 2018, EBSA issued regulatory guidance regarding Association Health Plans and other related reforms in the health care market resulting from the October 2017 Executive Order. In addition, EBSA has made efforts to place the repeal of the limited scope audit exemption on the Department’s legislative agenda, as well as worked to increase the information it collects from plans taking advantage of this exemption. Regarding TSP, EBSA has taken a number of steps to improve its audit risk assessment and encourage the Federal Retirement Thrift Investment Board to implement audit recommendations.

WHAT REMAINS TO BE DONE

EBSA needs to develop new outreach, education, and enforcement strategies for Association Health Plans to accommodate the new diversity of health plans now available in the market, as well as refocus its resources to ensure proper oversight of these plans. In addition, EBSA needs to develop regulatory guidance pursuant expanding access to multiple employer retirement plans. EBSA should continue to pursue legislative repeal of the limited scope audit exemption to ensure better security for retirement plans. EBSA needs to continue its efforts to improve its audit risk assessment for the TSP and improve the impact of its TSP audits. The agency should also seek an increase in its authority to further augment its oversight of TSP.

CHALLENGE: Reducing Improper Payments

BACKGROUND

In FY 2018, the Department continued to identify the Unemployment Insurance (UI) and Federal Employees’ Compensation Act (FECA) benefit programs as susceptible to improper payments. The UI Program provides unemployment benefits to eligible workers who are unemployed through no fault of their own and meet other eligibility requirements of state law. The UI program paid benefits totaling \$28.7 billion during the period July 1, 2017, to June 30, 2018. The FECA program provides workers’ compensation coverage to approximately 2.6 million federal and postal workers around the world for employment-related injuries and occupational diseases. During the period July 1, 2017, to June 30, 2018, the FECA program paid out \$3 billion in benefits to more than 216,000 beneficiaries.

CHALLENGE FOR THE DEPARTMENT

The Department faces challenges in ensuring improper payments are timely detected, prevented, and accurately reported in the UI and FECA benefit programs.

In the UI program, estimated improper payments totaled \$3.7 billion for the reporting period July 1, 2017 through June 30, 2018. The estimated improper payment rate was 13.0 percent, remaining above the 10 percent threshold set in the Improper Payment Elimination and Recovery Act, as amended, for designation as a “high priority” program.

The UI program is challenged to make timely benefit payments on a weekly basis while ensuring claimants meet eligibility requirements each week. A payment may later be determined improper due to receipt of information that was not available at the time the payment was required to be made, or as a result of requirements that claimants be provided due process prior to stopping payment of benefits. Inadequate information at the time initial eligibility is determined and the need to reassess payment eligibility each week contribute to the Department’s challenges in helping states address the three leading causes of UI improper payments: 1) claimants who fail to meet active work search requirements; 2) overpayment to claimants who continue to claim benefits after they returned to work; and 3) failure of employers or their third party administrators to provide timely and adequate information on the reason for an individual’s separation from employment. As OIG investigations have shown, fraud also continues to be a significant threat to the integrity of the UI program, as identity thieves and organized criminal groups have found ways to exploit program weaknesses. For example, the payment of benefits using non-state issued prepaid debit cards provides anonymity to those who are submitting fraudulent claims.

In the FECA program, the Department has been challenged to estimate the full extent of improper payments being made. The Department has excluded certain categories of compensation payments in its improper payment estimate for FECA, but did not determine the full effect of those exclusions on its estimate. Further, the Department did not determine the effect of issues identified by fraud investigations, nor did it estimate the extent to which these issues existed in the payment population. The lack of a more comprehensive analysis of FECA improper payments hampered the Department’s ability to identify and prevent these payments. This was especially true with respect to payments for pharmaceuticals, as discussed in the challenge related to monitoring and managing pharmaceuticals in the FECA program.

DEPARTMENT’S PROGRESS

In the UI program, the Department is developing an Integrity Data Hub to serve as a secure portal for states to cross-match public and private sources of data, including new identity verification tools that will help to prevent improper payments before they occur. One component of the Integrity Data Hub is the Suspicious Actor Repository, a tool now used in seven pilot states to share specific data elements associated with fraudulent UI claims for cross-matching purposes. An additional 21 states are now in the process of implementing the repository. In addition, the states have available targeted consultative services and business process analysis by UI subject matter experts to identify customized solutions to state-specific root causes of improper payments. In the FY 2018 and FY 2019 budgets, the Department has included legislative proposals to require states to implement certain improper payment reduction strategies, such as the State Information Data Exchange System to improve timely and accurate receipt of the reason for a claimant’s separation from employment.

In June 2018, the Department submitted an updated FECA improper payment estimation methodology to OMB taking into account previous OIG recommendations. OIG will assess the revised methodology as part of our next improper payments audit.

The FECA program increased its use of data analytics within the past year to examine medical providers and their billing patterns. Specifically, the program is monitoring medical billing data to identify and refer to the OIG potential fraud including incentivized prescribing and other possible kickbacks. According to the Department, the use of dashboards and data exploration tools also identified potential fraud, waste, and abuse in pharmaceutical billing trends that resulted in new controls to curb the activity.

WHAT REMAINS TO BE DONE

The Department needs to continue its efforts to pursue the UI program integrity legislative proposals included in the Department's FY 2018 and FY 2019 budgets. These legislative proposals include requiring states to cross match with SSA's prisoner database and other repositories of prisoner information, providing the Secretary of Labor greater authority to require corrective actions by state UI agencies, and allowing states to retain up to five percent of UI overpayment recoveries for program integrity use. Regarding FECA, the Department needs to continue exploring options for using data analytics to identify payment trends or irregularities that may indicate improper payments are occurring. The Department also needs to refer all potentially criminal violations to the OIG in a timely manner.

CHALLENGE: Monitoring and Managing Pharmaceuticals in the FECA Program

BACKGROUND

The FECA program provides workers' compensation coverage to approximately 2.6 million federal and postal workers around the world for employment-related injuries and occupational diseases. During the period July 1, 2017, to June 30, 2018, the FECA program paid out \$3 billion in benefits to more than 216,000 beneficiaries.

CHALLENGE FOR THE DEPARTMENT

The Department is challenged to effectively manage the use and cost of pharmaceuticals in the FECA program. Given the high risk of fraud related to prescription payments, the Department needs to conduct comprehensive analyses and monitoring of FECA costs to promptly detect and address problems. In one case alone, the OIG identified potential fraud involving nearly \$158 million. Coordination and collaboration between DOL's Office of Workers' Compensation Programs and the OIG on anti-fraud matters is key to reducing the amount of fraud impacting the FECA program.

For opioids in particular, the Department needs to develop quality information to help it identify claimants at risk of addiction and the associated costs of treatment. The results of our improper payment work show that the Department's lack of comprehensive analysis of medical benefit payments in the FECA program allowed prior increases in billings for compounded drugs to go undetected and could fail to identify other potential problems, such as the overuse of opioids. It is critical that the Department ensure prescription drugs reimbursed by the program are medically necessary, safe, effective, and obtained at a fair price.

DEPARTMENT'S PROGRESS

The Department has performed reviews of questionable providers acting in a fraudulent or abusive manner, implemented procedures to identify prescribers of prescription drugs, implemented quantity limits on initial fills and refills for compound drugs and opioids, performed an initial analysis of generic drug prescriptions, and implemented drug exclusion lists for drugs and drug ingredients.

Regarding compounded drugs, the Department developed an authorization process that requires physicians to certify medical necessity. This new process appears to have made an impact, as the cost of compounded drugs decreased from \$263 million in FY 2016 to \$37 million in FY 2017, and further decreased to approximately \$19 million in FY 2018. The Department also began requiring prior authorizations in May 2018 for certain physician-dispensed medications. The cost of these medications can be significantly higher than those distributed by a pharmacy, and this practice circumvented the Department's established controls over opioids and compounded drugs.

Similar to its process for compounded drugs, the Department developed authorization processes for approving payments for opioid prescriptions. However, its process for claimants with long-term opioid prescriptions lacks regularly scheduled certifications and is only requested at the discretion of FECA's medical benefits examination staff.

The Department stated it has taken other actions to manage the use and cost of pharmaceuticals better in the FECA program. These actions included implementing new policies related to the review and approval of pharmacy claims, providing information to claimants and doctors regarding the risks of opioid use and discussing alternate treatment options, and focusing data analytics efforts to learn about the population of opioid users, predict future behavior, and improve the detection of medical provider fraud and risky opioid prescribers. The Department also issued a new Circular stating that if the Suspension and Debarment official issues a notice of suspension or final debarment determination, it will apply that decision to FECA medical providers and stop payment.

WHAT REMAINS TO BE DONE

The Department needs to follow through on its planned actions, including completing procurement actions currently in process. After completing these planned actions, the Department needs to measure their impact on use and cost of prescription drugs, as well as consider additional options for monitoring and managing the use and cost of pharmaceuticals. These options include:

- Ensuring timely cessation of payments to indicted providers in the FECA program through suspensions and debarments;
- Conducting drug utilization reviews to prevent potentially harmful drug interactions;
- Implementing drug exclusion and formulary lists for all drugs and drug ingredients;
- Using alternative methods for calculating fair and reasonable pharmaceutical pricing;
- Requiring the use of preferred pharmacy providers;
- Pursuing inclusion under the "ceiling price" statute; and
- Improving edit checks to identify high drug prices requiring additional review and authorization.

The Department should continue its efforts to identify what insurance providers and other federal, state, and local agencies are doing to manage pharmaceutical use and costs and determine which best or promising practices may be transferable.

The Department should also continue its efforts to identify and refer allegations involving potential fraud in the FECA program to the OIG for further investigation. Finally, the Department needs to better utilize data analytics to monitor payments for pharmaceuticals, particularly opioid usage by claimants, and identify trends, risks, and appropriate treatment plans.

CHALLENGE: Maintaining the Integrity of Foreign Labor Certification Programs

BACKGROUND

The Department's foreign labor certification (FLC) programs are intended to provide U.S. employers with access to foreign workers to meet worker shortages, but only when U.S. workers are unavailable and their wages and working conditions are not adversely affected. The Department's Office of Foreign Labor Certification (OFLC) reviews applications from employers seeking to hire: 1) immigrant workers for permanent positions; 2) non-immigrant workers for temporary professional positions; and 3) agricultural and non-agricultural workers for temporary or seasonal positions.

CHALLENGE FOR THE DEPARTMENT

The Department is challenged by its limited statutory authority to act on potentially fraudulent foreign labor applications, which at times have led to unscrupulous employers misusing FLC programs for labor and human trafficking. OIG's investigations have shown the FLC programs, in particular the H-1B program that allows U.S. employers to temporarily employ foreign workers in specialty occupations, to be susceptible to significant fraud and abuse, often by dishonest immigration attorneys, employers, labor brokers, and organized criminal enterprises. One of the reasons this occurs is because the Department is statutorily required to certify H-1B applications, unless it determines them to be "incomplete or obviously inaccurate."

Another continued challenge for the Department is balancing the protection of U.S. workers' interests through the thorough review of foreign labor applications with employer needs for timely processing. Rising application levels and seasonal spikes in employer needs have resulted in periodic application processing delays.

DEPARTMENT'S PROGRESS

From FY 2016 to FY 2018, the Department has requested authorization through its annual budget formulation to establish and retain fees to cover the operating costs for foreign labor certification programs. Once fully implemented, the Department believes these fees would eliminate the need for appropriations to administer its foreign labor certification programs.

In June 2017, the Secretary of Labor issued a memorandum to ETA, the Wage and Hour Division, and the Solicitor of Labor regarding enforcement and coordination within the Department's non-immigrant and immigrant labor certification programs. Pursuant to that memorandum, the OIG worked with the Department on protocols to ensure that allegations of criminal fraud involving both the non-immigrant and immigrant labor certification programs administered by the Department are referred to the OIG expeditiously. The protocols went into effect in August 2017.

Further, in August 2017, the Department published a 60-day Notice in the Federal Register proposing substantial improvements to the Labor Condition Application for Nonimmigrant Workers (LCA/Form ETA 9035/9035E electronic). The Department's proposed enhancements to the form are intended to provide greater transparency for U.S. workers and the general public. In September 2017, the Department executed a comprehensive agreement with the OIG, authorizing OFLC to share immigrant and non immigrant visa program information for the purposes of enhancing worksite investigations and improving information sharing about program debarments and other sanctions imposed on program violators.

WHAT REMAINS TO BE DONE

The Department needs to seek statutory and regulatory authority to strengthen its ability to debar any employer and any individual acting directly or indirectly in the interest of an employer in relation to both non immigrant and immigrant workers, and any successor in interest to the employer found to have violated FLC regulations. In addition, the Department needs to refer all potentially criminal violations to the OIG in a timely manner. The Department also needs to enhance the reporting and application of suspensions and debarments government-wide.

In the H-2B program, which is used for hiring foreign workers for temporary, non-agricultural jobs, the Department needs to continue its efforts to ensure applications are processed in time for employers to hire foreign workers by their dates of need, while at the same time ensuring the review process protects the interests of U.S. workers. In the H-1B program, the Department needs to seek statutory authority to verify the accuracy of information provided on labor condition applications.

As the only agency within DOL statutorily authorized to investigate criminal fraud against the FLC programs, the OIG is concerned with its ability to respond to increases in criminal referrals resulting from greater coordination among DOL agencies. To mitigate this concern, the OIG has requested authorization to access funds received from visa fees to conduct necessary criminal investigations and audits to combat threats against the FLC programs.

CHALLENGE: Securing and Managing Information Systems

BACKGROUND

The Department's major information systems contain sensitive information central to its mission and to the effective administration of its programs. For instance, Departmental systems are used to analyze and house the nation's leading economic indicators, such as the unemployment rate and the Consumer Price Index. These systems also maintain critical and sensitive data related to the Department's financial activities, enforcement actions, job training services, worker safety and health, pensions, and welfare benefits. In FY 2019, the Department's Chief Information Officer (CIO) will have oversight responsibility for information technology investments totaling an estimated \$700 million.

CHALLENGE FOR THE DEPARTMENT

The Department is challenged with safeguarding its data and information systems, much like most federal agencies. The OIG continues to identify information security deficiencies in the areas of configuration management, contingency planning, third party oversight, risk management, and continuous monitoring. The Department has made improvements in these areas; however, these deficiencies continue to exist or recur, and represent ongoing risks to the confidentiality, integrity, and availability of the Department's information.

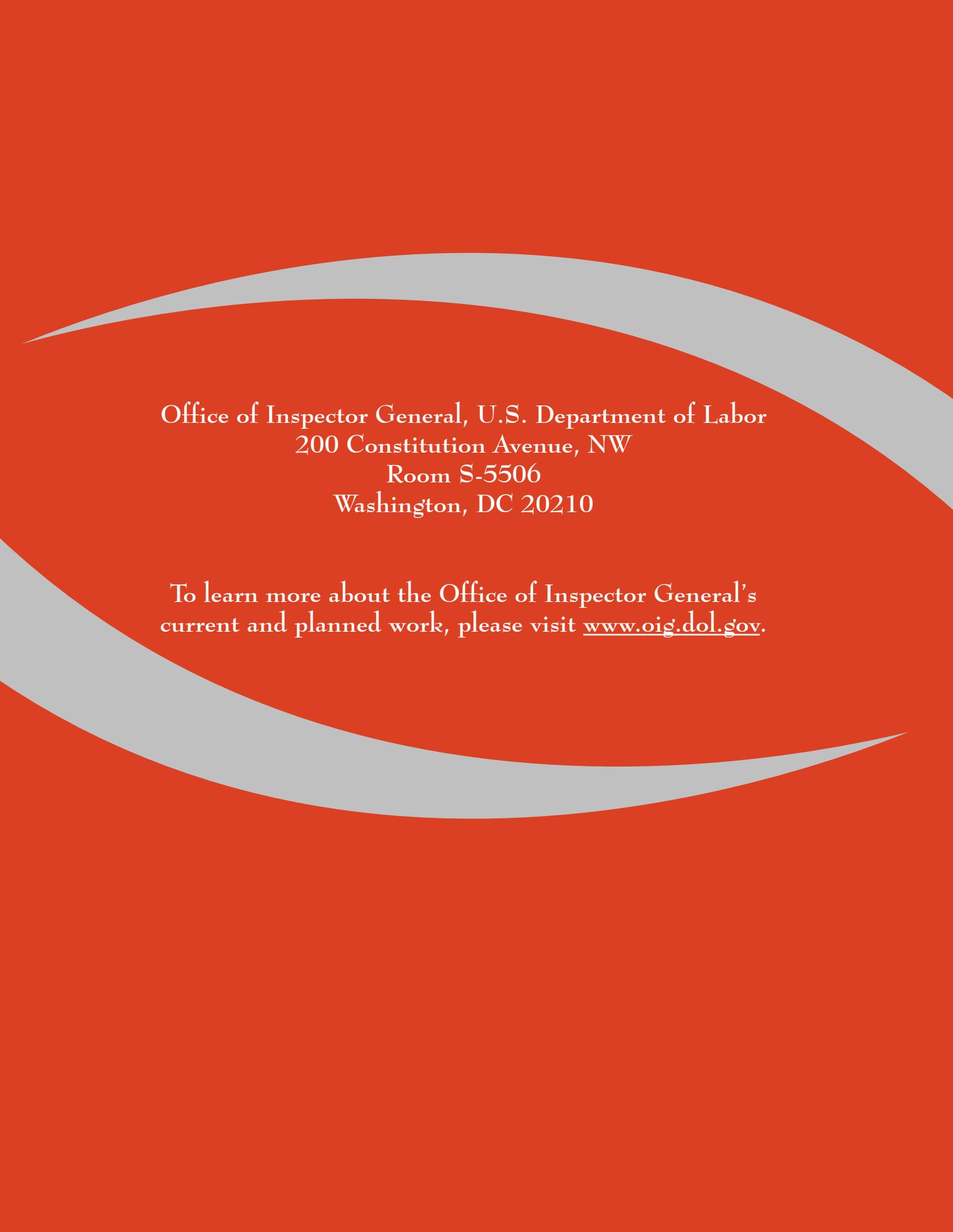
The Department also faces information technology management challenges in the areas of maintaining its current systems, modernizing or replacing legacy systems, and moving additional systems into the cloud. As with the entire information technology industry, DOL is challenged to maintain an effective information technology workforce, dealing with skills gaps, and shortages.

DEPARTMENT'S PROGRESS

The Department hired several new federal cybersecurity employees to strengthen security operations and strategic policy and planning, and completed several projects to modernize, secure, and consolidate information technology. The Department implemented tools provided by the U.S. Department of Homeland Security for monitoring network traffic and conducting weekly scans for external-facing systems. Finally, the Department implemented an Enterprise Cybersecurity Capability Portfolio and Process. This enhancement aligned with the Presidential Executive Order on Strengthening Cybersecurity of Federal Networks and Critical Infrastructure.

WHAT REMAINS TO BE DONE

Consistent with the intent of the *Information Technology Management Reform Act* and the *Federal Acquisition Reform Act* (collectively known as the *Clinger-Cohen Act*), we continue to recommend the Department realign the position of the CIO to provide greater independence and authority for implementing and maintaining an effective information security program. Under the Department's current organizational structure, the CIO reports to the Assistant Secretary of Administration and Management, the Office of the Chief Information Officer's largest customer. Additionally, the CIO needs to provide the resources and oversight to address information security deficiencies, some of which have been recurring since FY 2003, and ensure agencies within the Department and their systems adhere to the Department's information security policies, procedures, and controls.



Office of Inspector General, U.S. Department of Labor
200 Constitution Avenue, NW
Room S-5506
Washington, DC 20210

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