

## FY 2012 OIG Recovery Act Plan Overview

<b>OIG Name:</b>	United States Department of Labor (DOL) - Office of Inspector General (OIG)
<b>OIG Broad Recovery Act Goals:</b>	<p>OIG's goals for oversight of DOL's use of American Recovery and Reinvestment Act (ARRA) funds are to:</p> <ol style="list-style-type: none"> <li>1. Implement an audit plan to ensure DOL and its agencies:                         <ul style="list-style-type: none"> <li>• Adequately plan for administration and oversight of ARRA funds;</li> <li>• Award grants and contracts based on merit and evidence of responsible spending;</li> <li>• Report in a timely and transparent manner on recipients' performance;</li> <li>• Implement provisions of the ARRA, as required; and</li> <li>• Spend ARRA funds timely and appropriately.</li> </ul> </li> <li>2. Prevent and immediately address fraud, waste, and abuse of ARRA funds.</li> <li>3. Be pro-active. OIG will issue alert memos or other correspondence to the appropriate agency when auditors identify problems requiring corrective action.</li> <li>4. Target resources to high-risk programs.</li> </ol> <p>OIG is auditing DOL's implementation of ARRA provisions and use of ARRA funds in three phases — (1) how DOL is planning its administration and oversight, (2) how DOL awards funds to grantees and contractors, and (3) how grantees and contractors performed and what was accomplished with Recovery Act funding. FY 2012 work focuses on the third phase--outcomes--or what did taxpayers get out of the Recovery Act investments.</p>
<b>OIG Broad Training and Outreach Recovery Act Goals:</b>	<p>The OIG's outreach ARRA goals include work by the Office of Audit (OA), Office of Labor Racketeering and Fraud Investigations (OLRFI) and Office of Legal Services (OLS). The OA coordinates work and shares information on the status of ARRA audits with other Federal agencies through regular meetings and conference calls with Government Accountability Office and the Recovery Accountability and Transparency Board. The OLS, which operates OIG's hotline, has posted information about ARRA's whistleblower protection provisions on the OIG's Recovery Act web site at <a href="http://www.oig.dol.gov/recovery/">http://www.oig.dol.gov/recovery/</a>. The web site describes various ways (e.g., phone, e-mail, mail) of reporting whistleblower and other ARRA-related complaints to the hotline. OLS directed OIG staff who receive an ARRA-related complaint to forward it immediately to the OIG hotline for review. OLRFI, through coordination with Department of Labor agencies, other law enforcement entities, and non-law enforcement organizations with whom OLRFI interacts will provide training and instruction to OLRFI employees, states, ARRA recipients, and the general public on best practices for detecting and reporting potential fraud, waste, and abuse relating to ARRA funding. As requested, DOL-OIG will make presentations and provide training about its oversight work to other DOL and Federal agencies, as well as non-governmental associations and stakeholder groups.</p>
<b>OIG Recovery Act Risk Assessment Process:</b>	<p>DOL OIG reviewed the Recovery Act legislation to determine the distribution of funds across DOL agencies and to identify initiatives which require new or additional reporting and administrative responsibilities. Additionally, the OIG analyzed information from multiple sources to identify high-risk programs. These sources included prior risk assessments used to develop the annual Office of Audit workplan, findings and recommendations from previous OIG and GAO reports, testimony at Congressional hearings, and data from the annual DOL Performance and Accountability Report. Examples of areas related to DOL Recovery Act activities and expenditures that OIG plans to audit in FY 2012 include, but are not limited to: outcomes of Workforce Investment Act (WIA) training and services to adults and dislocated workers, outcomes of training for older adults in the Senior Community Service Employment Program, outcomes for workers enrolled in On-the-Job Training National Emergency Grants, detection and recovery of unemployment insurance, and outcomes for training jobseekers and others for "green jobs." OIG's risk assessment of these programs is ongoing.</p> <p>As OIG obtains and reviews new information about Recovery Act implementation from audit field work, related hotline complaints, Congressional hearings, meetings with DOL executive staff, and other events, DOL OIG may initiate audit work, as needed. Plans for FY 2012 audit work may also build on findings from Recovery Act and related audits conducted by OIG in FY 2011.</p>

## FY 2012 OIG Recovery Act Plan Overview

<b>OIG Recovery Act Funds:</b>	\$6,000,000
<b>Expiration Date of OIG Recovery Act Funds:</b>	30-Sep-12
<b>OIG Recovery Act Funds Allocated to Contracts:</b>	YES
<b>Purpose of Recovery Act Contracts:</b>	Contractors will perform audit work on various DOL programs and operations that have received ARRA funds or have responsibilities for ARRA implementation. Examples of contracts OIG has awarded to audit the following Recovery-Act-funded DOL programs, include, but are not limited to: Funds to Expand Senior Community Service Employment Services, Outcomes from the On-the-Job Training National Emergency Grants Program, and Required Employment Case Management Services Under the Trade and Globalization Adjustment Assistance Act of 2009.
<b>Types of Recovery Act Contracts Awarded to Date:</b>	OIG has awarded 15 contracts to date. The contract type for these competitions is firm-fixed price, plus actual travel costs. OIG only plans to use this type of contract for future contract work related to the Recovery Act.
<b>Link to OIG Recovery Act Work Plan:</b>	<a href="http://www.oig.gov/recovery/">http://www.oig.gov/recovery/</a>

OIG FY 2012 Recovery Act Work Plan

Agency	Program Area	Recovery Act Funds Associated w/Program Area	Type of Review	Entity Performing Review	Project Title	Background	Objective	Review Included on Prior Recovery Act Plan (Y/N)	Expected Quarter Work Begins	Expected Quarter(s) Reports Issued	Expected/Final Number of Reports
Employment and Training Administration	Trade Adjustment Assistance	None	Performance	Contractor	Recovery Act: Required Employment and Case Management Services under the Trade and Globalization Adjustment Assistance Act of 2009	<p>The Recovery Act reauthorized the Trade Adjustment Assistance (TAA) Act as the Trade and Globalization Adjustment Assistance Act (TGAAA). Since 1974, the TAA program has provided training and benefits to eligible workers who lost jobs due to imports, outsourcing, and other trade policies. TGAAA requires states to provide eight specific employment and case management services to eligible workers, and authorizes additional funds to pay for these activities. Because states previously received no TAA program funds for case management, they had to cover costs for those services out of administrative funds or other sources such as WIA formula funds.</p> <p>In June 2009, the ETA provided states with a supplemental distribution of more than \$455 million funded by the Recovery Act to implement new employment and case management services requirements in the TGAAA. However, implementation may pose challenges. When ETA conducted its Recovery Act "readiness" reviews, states and local areas specifically requested technical assistance on how to effectively implement the required case management services.</p>	<p>Did states provide eligible workers with employment services and case management services, as required by TGAAA? Did ETA provide adequate oversight of States' implementation of the TGAAA to provide assurance eligible workers received employment and case management services? Was ETA able to demonstrate that dispensed funds resulted in job placement and job retention for participants?</p>	Yes	Q1, FY 12	Q2, FY 12	1
Employment and Training Administration	Workforce Investment Act (WIA)	\$1.75 billion	Performance	OIG Staff	Recovery Act: Outcomes from WIA Training and Services to Adults and Dislocated Workers	<p>The Recovery Act provided the DOL \$500 million in additional Workforce Investment Act Adult program and \$1.25 billion in WIA Dislocated Worker program formula funds to award to states. ETA guidance required that states spend these funds no later than June 30, 2011. To promote training of those most impacted by the recession, Congress included key provisions related to the states' use of these additional WIA funds. For example, the Recovery Act required that states give priority to serving public assistance recipients and other low-income individuals with additional WIA Adult program funds. Additionally, to expedite training participants for high-demand jobs, the Recovery Act allowed local Workforce Investment Boards to contract directly with community colleges and other eligible providers, so long as these organizations can offer training — which would not interfere with customer choice — to multiple participants. This audit will be conducted in multiple states.</p>	<p>To what extent did States use additional WIA Adult and WIA Dislocated Worker formula funds under the Recovery Act to increase the percentage of participants they served with direct training and supportive services? To what extent did States give priority of service to public assistance recipients and low-income adults in the WIA Adult program, as required by the Recovery Act? Did ETA provide adequate technical assistance and oversight to states regarding their implementation of the provision to give priority of service to low-income persons in the WIA Adult Program?</p>	Yes	Q1, FY12	Q2, FY 12	1

OIG FY 2012 Recovery Act Work Plan

Agency	Program Area	Recovery Act Funds Associated w/Program Area	Type of Review	Entity Performing Review	Project Title	Background	Objective	Review Included on Prior Recovery Act Plan (Y/N)	Expected Quarter Work Begins	Expected Quarter(s) Reports Issued	Expected/Final Number of Reports
Employment and Training Administration	Senior Community Service Employment Program	\$120 million	Performance	Contractor	Recovery Act: Use of Recovery Act Funds to Expand Senior Community Service Employment Program (SCSEP)	The Recovery Act provided an additional \$120 million for current Senior Community Service Employment Program (SCSEP) grantees to supplement their Program Year 2009 funding. The SCSEP places eligible low-income persons 55 years and older in part-time community-service employment jobs at non-profits or government agencies. The goal of the program is to prepare older workers to enter or re-enter the workforce. The Recovery Act does not contain requirements for how grantees must spend the additional funds. However, ETA guidance stated that the Agency expected SCSEP grantees to use the extra resources to "expand the number of SCSEP participants assigned to community service work, especially in the growth industries emphasized in the Recovery Act (e.g., health care, child care, education, green jobs, energy efficiency and environmental services)." One of several challenges cited by ETA in its Recovery Act plan for the SCSEP was that both the legislation enabling SCSEP and the Recovery Act prohibit participants from doing work that was formerly done by a laid-off worker. Because many non-profit organizations and government agencies laid off workers due to the recession, SCSEP grantees may have faced difficulty placing participants.	To what extent did ETA ensure States administered and awarded Recovery Act funds properly to eligible grantees? To what extent have grantees monitored participants' training, placement, and continued employment? To what extent were employers reimbursed for On-the-Job Experience (OJE) training of placed participants?	Yes	Q1, FY 12	Q2, FY 12	1
Employment and Training Administration	National Emergency Grants	\$75 million	Performance		Recovery Act: Outcomes from On-the-Job Training National Emergency Grants (NEG) funded under the Recovery Act	In June 2010, the Secretary announced the award of \$75 million in Recovery Act funds for On-the-Job Training National Emergency Grants (OJT NEGs) to 41 states, the District of Columbia, and three federally recognized Native American tribes. According to ETA, OJT opportunities help dislocated workers develop new skill sets required to fill positions resulting from job creation due to Recovery Act infrastructure investments. OJT NEG grantees must spend the funds no later than June 30, 2012, and use them to partially reimburse the training costs incurred by participating employers. The grantees are required to submit an implementation plan to ETA describing how they will recruit participating employers and focus on dislocated workers with the greatest barriers to employment.	To what extent did ETA ensure States administered and awarded Recovery Act funds properly to eligible participants? To what extent have grantees monitored participants' training, placement and continued employment? To what extent were employers reimbursed for retention of participants?	Yes	Q1, FY 12	Q2, FY 12	1

OIG FY 2012 Recovery Act Work Plan

Agency	Program Area	Recovery Act Funds Associated w/Program Area	Type of Review	Entity Performing Review	Project Title	Background	Objective	Review Included on Prior Recovery Act Plan (Y/N)	Expected Quarter Work Begins	Expected Quarter(s) Reports Issued	Expected/Final Number of Reports
Occupational Safety and Health Administration	Workplace Safety and Health	\$13.5 million	Performance	Contractor	Recovery Act: OSHA Activities under the Recovery Act	The Department's initial operating plan for use of \$80 million in Departmental Management (DM) funds included transferring more than \$13.5 million to the Occupational Safety and Health Administration (OSHA) for enhanced inspection and enforcement activities. According to OSHA's Recovery Plan, the agency planned to use the additional funds to hire 76 FTE to conduct these activities. OSHA anticipated extra inspections and enforcement work in connection with Recovery Act-funded construction, transportation, and related projects. To help ensure worker health and safety on Recovery Act projects, OSHA stated that it planned to develop and implement local and national emphasis programs targeting Recovery Act-funded projects. However, according to OIG's review of DM Recovery Act obligation reports and operating plans submitted to Congress, as of August 13, 2010, OSHA had not obligated \$6.8 million or just more than half of the Recovery Act funds available to the agency to carry out additional inspection and enforcement activities.	How much money did OSHA receive under the Recovery Act and how did the agency spend it? Did OSHA achieve its objectives, as described in its Recovery Act Plan, to hire 76 FTE and to conduct additional inspections and enforcement activities?	Yes	Q1, FY12	Q2, FY12	1
Employment and Training Administration	Unemployment Insurance	\$61 billion	Performance	OIG Staff	Effectiveness of State Workforce Agency Controls for Detecting and Recovering Unemployment Insurance Overpayments	Executive Order 13520, signed by the President in November 2009, sets policies for Federal programs to identify and eliminate improper payments. Reducing and preventing overpayment of unemployment insurance (UI) benefits continues to be a major challenge at the Department of Labor (DOL). Due to the economic downturn, UI benefits increased from \$119 billion in FY 2009 to \$156 billion FY 2010. DOL's Employment and Training Administration (ETA) monitors State Workforce Agency (SWA) benefit payment control programs, which are designed to detect overpayments. In FY 2009, ETA started to require SWAs that did not report at least a 50 percent overpayment detection rate, prepare a corrective action plan.  As the slow economy leads to state budget and workforce cuts, the SWAs may shift limited resources from detecting and recovering UI overpayments to processing claims from the jobless. These conditions pose the risk that SWAs may not maximize the identification and recovery of UI overpayments. OIG plans to audit the effectiveness of SWA controls for UI overpayment detection and recovery in multiple states.	Do State Workforce Agency(s) have adequate internal controls to effectively identify and recovery UI overpayments? Does ETA effectively monitor the SWAs to ensure they can meet their performance goals for detecting UI overpayments, as defined in the State Quality Service Plans?	Yes	Q3, FY11	Q1, FY 12	1

OIG FY 2012 Recovery Act Work Plan

Agency	Program Area	Recovery Act Funds Associated w/Program Area	Type of Review	Entity Performing Review	Project Title	Background	Objective	Review Included on Prior Recovery Act Plan (Y/N)	Expected Quarter Work Begins	Expected Quarter(s) Reports Issued	Expected/Final Number of Reports
Employment and Training Administration	Emergency and Extended UI Benefits	\$57 Billion	Combination	Contractor	Recovery Act: Effectiveness of State Workforce Agency Controls for Detecting and Recovering Overpayments of Unemployment Insurance Benefits	Due to the 2008 recession, UI benefits increased from \$119 billion in Fiscal Year 2009 to \$156 billion in Fiscal Year 2010. The increase reflects \$57 billion that the Recovery Act provided DOL to fund the States to pay additional unemployment insurance (UI) benefits to eligible claimants. The Recovery Act authorized these funds through three programs: emergency UI extension program (\$37 billion); Federal Additional Compensation (\$14 billion); and extended benefits (\$6 billion). DOL's Employment and Training Administration (ETA) monitors State Workforce Agency (SWA) benefit control programs which are designed to detect overpayments. The recession and slow economic recovery may have prompted some SWAs to shift limited resources from detecting and recovering UI overpayments to processing claims from the jobless. This poses risks of potential overpayments and that SWAs may not have adequate controls to identify and recover those funds. OIG plans to audit the effectiveness of SWA controls for UI overpayment detection and recovery in multiple states and to identify potential overpayments.	Did State Workforce Agency(s) have adequate internal controls to effectively identify and recover overpayments from the \$57 billion that States received under the Recovery Act for additional UI benefits? Did ETA effectively monitor the SWAs to ensure they could detect and recover these overpayments?	No	Q3, FY12	TBD	Multiple (2-3)
Employment and Training Administration	Discretionary Grants	\$435 million	Performance	Contractor	Recovery Act: Outcomes for Participants that Received Training for "Green Jobs"	The Recovery Act provided \$435.4 million for training individuals for careers in energy efficiency and renewable energy, or "Green Jobs," as described in Section 171(e) (1) (B) of the Workforce Investment Act. The Department of Labor, Employment and Training Administration (ETA), awarded 97 grants from these Recovery Act funds under three different competitive grant programs. Examples of targeted groups served by the grants included persons living below or near poverty, and incumbent workers in need of skills upgrading because national energy and/or environmental policy impacted their jobs. As of June 30, 2011, grantees reported they served 52,762 of the targeted nearly 125,000 participants. As of this date, 61 percent of the grant periods had ended, and grantees reported placing just more than 8,000 participants (10 percent) into jobs out of the target of nearly 80,000 individuals. Congressional interest in Federal spending on "green jobs" continues to grow; several oversight and appropriations committee hearings have been held where Members questioned Federal officials about how agencies spent Recovery Act funds for "green jobs" and related activities. OIG plans to audit whether States and grantees trained participants for "green jobs" and if those individuals found related employment, as the Recovery Act intended.	How did grantees spend more than \$435.4 million in Recovery Act funds to train participants for careers in energy efficiency and renewable energy industries? Who received training and what type of training did they received? What outcomes did grantees achieve? Did participants obtain training-related employment; if so, at what level of skill and compensation?	No	Q3, FY 12	TBD	Multiple (2-3)

### OIG FY 2012 Recovery Act Work Plan

Agency	Program Area	Recovery Act Funds Associated w/Program Area	Type of Review	Entity Performing Review	Project Title	Background	Objective	Review Included on Prior Recovery Act Plan (Y/N)	Expected Quarter Work Begins	Expected Quarter(s) Reports Issued	Expected/Final Number of Reports
Employment and Training Administration	Workforce Investment Act (WIA)	\$1.75 billion	Performance	Contractor	Recovery Act: Outcomes for WIA Adults and Dislocated under the Recovery Act	The Recovery Act funds included a total of an additional \$1.75 billion in WIA formula funds for DOL to award to states for the WIA Adult (\$500 million) and WIA Dislocated Worker programs (\$1.25 billion). Congress expected States and local workforce areas to use these supplemental resources to serve more persons impacted most by the recession with job search, training, and support services to help them secure employment. As a result of the additional WIA funds, program participation soared. For example, the number of exiters from local WIA Dislocated Worker Programs increased 83 percent—from nearly 279,000 in 2009 to 510,455 in 2010. In a prior audit report of outcomes for WIA adults and dislocated workers that received training, OIG reported that 37 percent of the sampled exiters either did not obtain employment or their employment was unrelated to the training they received. OIG plans to look at outcomes for participants that received WIA services under the Recovery Act. We plan to audit and report on outcomes from multiple States, as well as nationally	Who received services with additional WIA Adult and Dislocated Worker funds provided to States under the Recovery Act? What services did they receive, and what were the outcomes? Did individuals obtain and retain employment? Did they obtain training-related employment? How did States determine that a job was “training-related?”	No	Q3, FY 12	TBD	Multiple (2-3)