



Semiannual Report to Congress

Office of Inspector General for the U.S. Department of Labor





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A Message from the Inspector General

I proudly submit to Congress and the Department this *Semiannual Report*, which highlights the most significant activities and accomplishments of the U.S. Department of Labor (DOL) Office of Inspector General (OIG) for the six-month period ending March 31, 2018.

Our audits and investigations continue to assess the effectiveness, efficiency, economy, and integrity of DOL's programs and operations, including those performed by its contractors and grantees. We also continue to investigate the influence of labor racketeering and organized crime in internal union affairs, employee benefits plans, and labor-management relations, and we have partnered with other law-enforcement agencies on human trafficking matters.

During this reporting period, the OIG issued 14 audits and other reports that, among other things, recommended that more than \$83.3 million in funds be put to better use and questioned \$1.4 million in costs. Among our many significant findings, we reported the following:

- Job Corps could not demonstrate that it had assisted participants in finding jobs for 94 percent of the placements in the reviewed sample.
- If the Employment and Training Administration reclassified YouthBuild participants who left the program without a measurable benefit as unsuccessful exits, as recommended, the program's reported successful exit rate would decrease from 82 percent to 77 percent.
- Following a review of the Secretary's travel, we found that the Department complied with federal laws, regulations, policy, and procedures for all 21 official government trips.
- DOL's information security program was not effective for FY 2017 and we reported 33 findings across the security controls areas of identity and access management, configuration management, contingency planning, and incident response.



The OIG's investigative work also yielded impressive results, with a total of 165 indictments, 108 convictions, and more than \$24.4 million in monetary accomplishments. Highlights of this work include the following:

- A Virginia business owner was sentenced to 28 months in prison and ordered to forfeit \$15 million for his role in a scheme to defraud the H-1B visa program.
- The executive director of a Los Angeles nonprofit was sentenced to six years in state prison and ordered to pay more than \$10 million in restitution along with her accomplices.
- A Kentucky otolaryngologist agreed to pay approximately \$2.79 million to settle claims of alleged improper billings under the Federal Employees' Compensation Act.
- A Pennsylvania man was sentenced to 41 months in prison for embezzlement and ordered to pay more than \$2.3 million in restitution.

These are just a few examples of the exceptional work done by our dedicated OIG staff. I would like to express my gratitude to them for their significant achievements during this reporting period.

We continue to work on many important audits. For more details, I invite you to review our updated audit work plan for FY 2018, which can be found in the appendix of this report. I look forward to continuing to work constructively with the Department and the Congress on our shared goals of identifying improvements to DOL programs and operations and of protecting the interests and benefits of the nation's workers and retirees.



Scott S. Dahl
Inspector General



OIG Mission

The Office of Inspector General (OIG) at the U.S. Department of Labor (DOL) conducts audits to review the effectiveness, efficiency, economy, and integrity of all DOL programs and operations, including those performed by its contractors and grantees. This work is conducted in order to determine whether: the programs and operations are in compliance with the applicable laws and regulations; DOL resources are efficiently and economically being utilized; and DOL programs achieve their intended results. The OIG also conducts criminal, civil, and administrative investigations into alleged violations of federal laws relating to DOL programs, operations, and personnel. In addition, the OIG conducts criminal investigations to combat the influence of labor racketeering and organized crime in the nation's labor unions in three areas: employee benefit plans, labor-management relations, and internal union affairs. The OIG also works with other law enforcement partners on human trafficking matters.

Core Values

Excellence

We deliver relevant, quality, timely, high-impact products and services through a workforce committed to accountability and the highest professional standards.

Integrity

We adhere to the highest ethical principles and perform our work in an honest and trustworthy manner.

Independence

We are committed to being free of conflicts of interest through objectivity and impartiality.

Service

We are a unified team, vigilant to duty through dedicated public service.

Transparency

We promote an environment of open communication through information sharing, accountability, and accurate reporting.

Strategic Goals

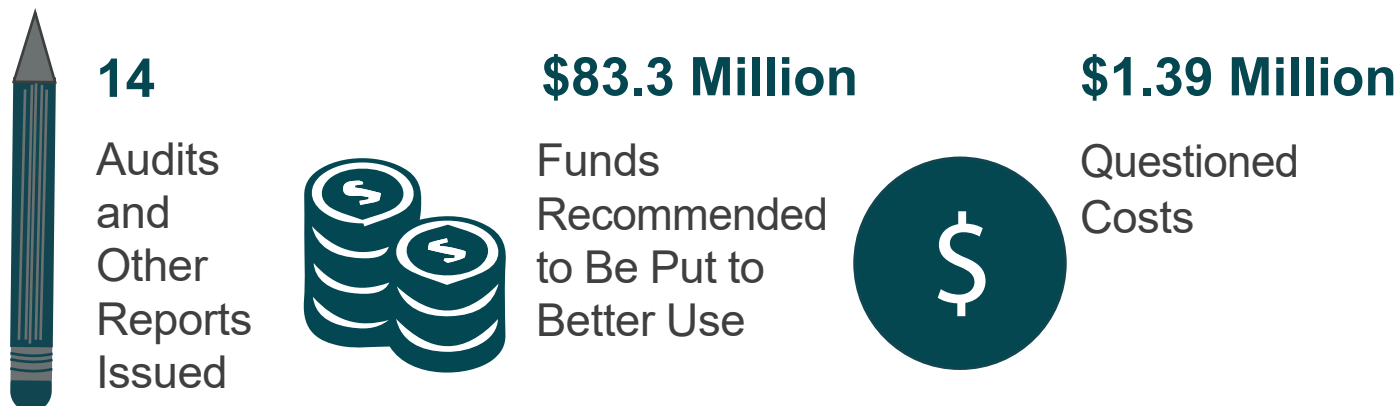
Goal 1: Deliver timely, relevant, and high-impact results.

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

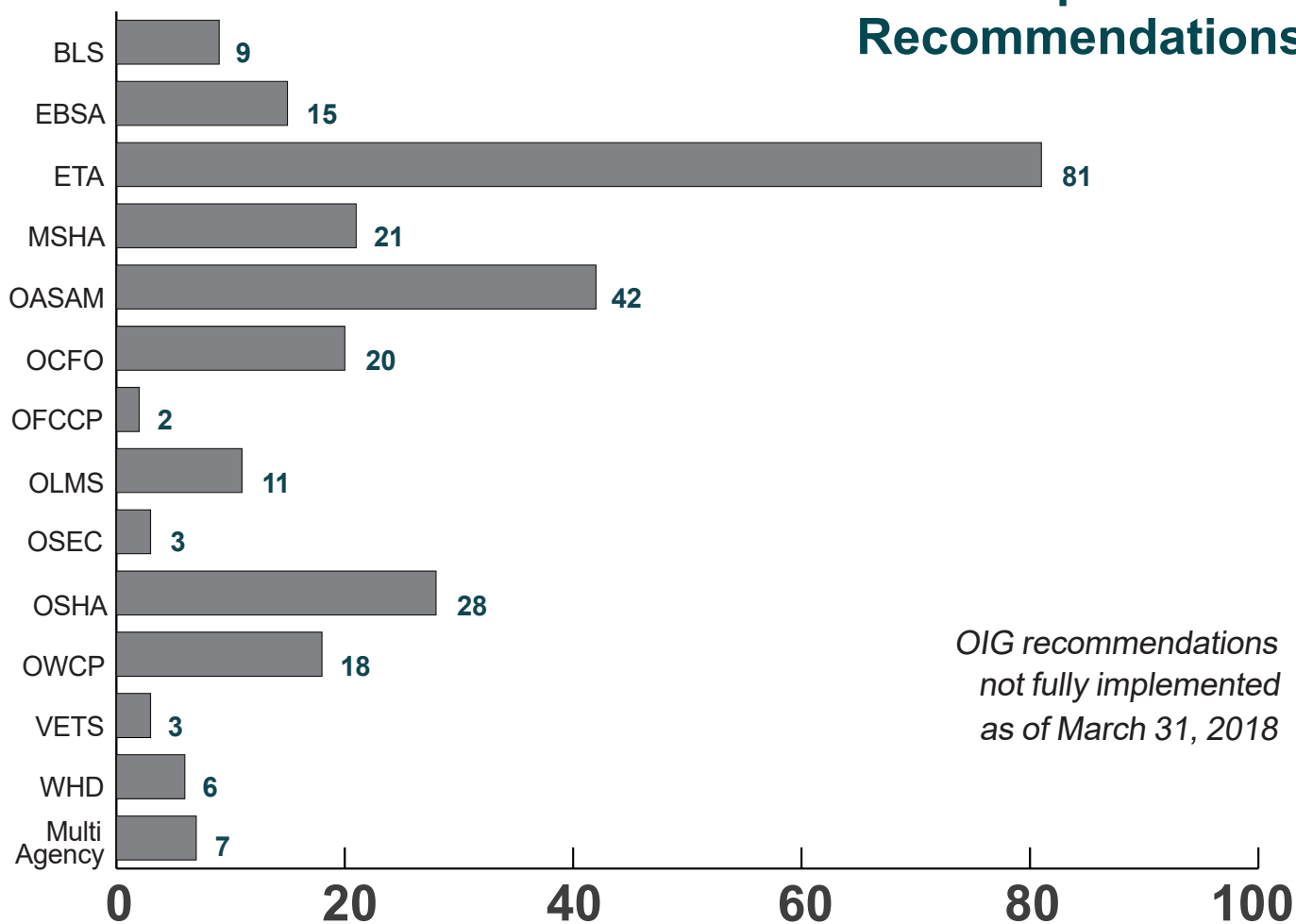
Goal 3: Promote responsible stewardship of OIG financial and non-financial resources.

Audit Statistics

First Half FY 2018

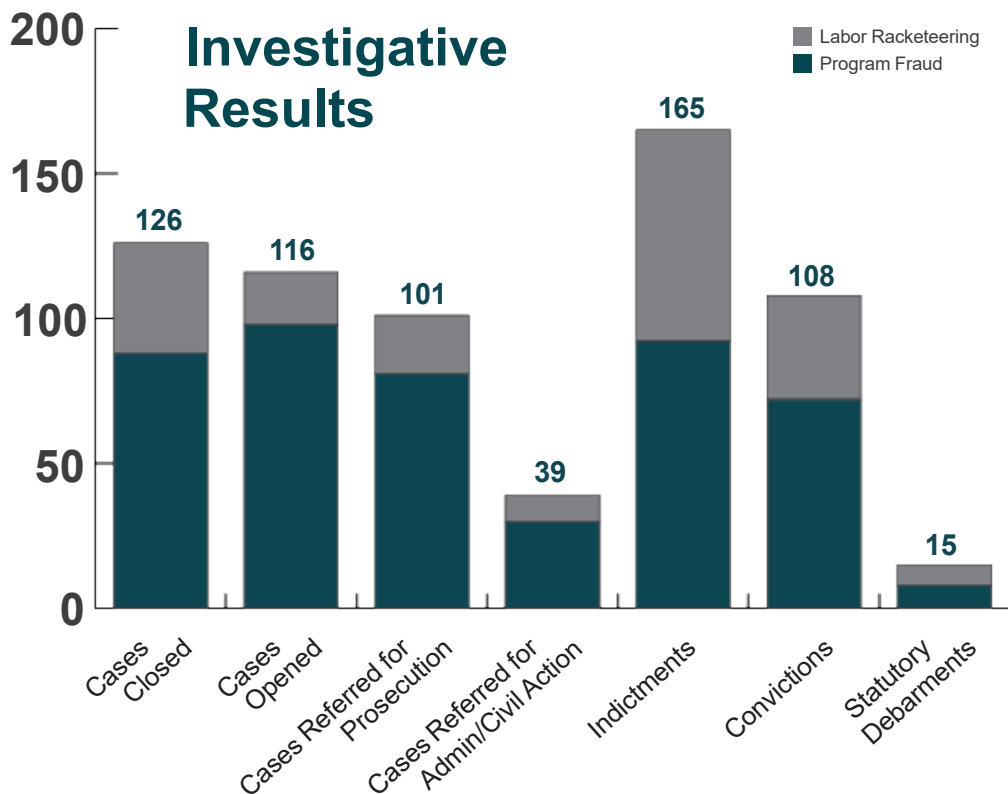


OIG Unimplemented Recommendations



Investigative Statistics

First Half FY 2018



116 / 126

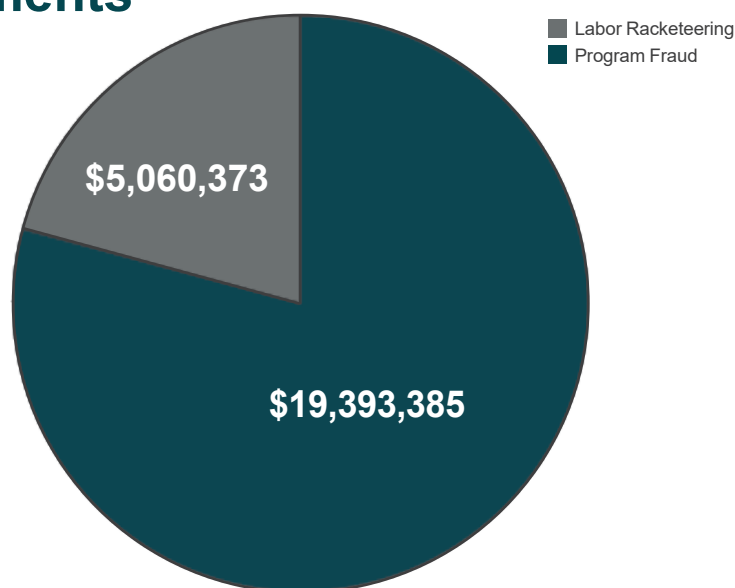


Over 110
investigative cases
opened and over
120 cases closed

Monetary Accomplishments



\$24,453,758
Total

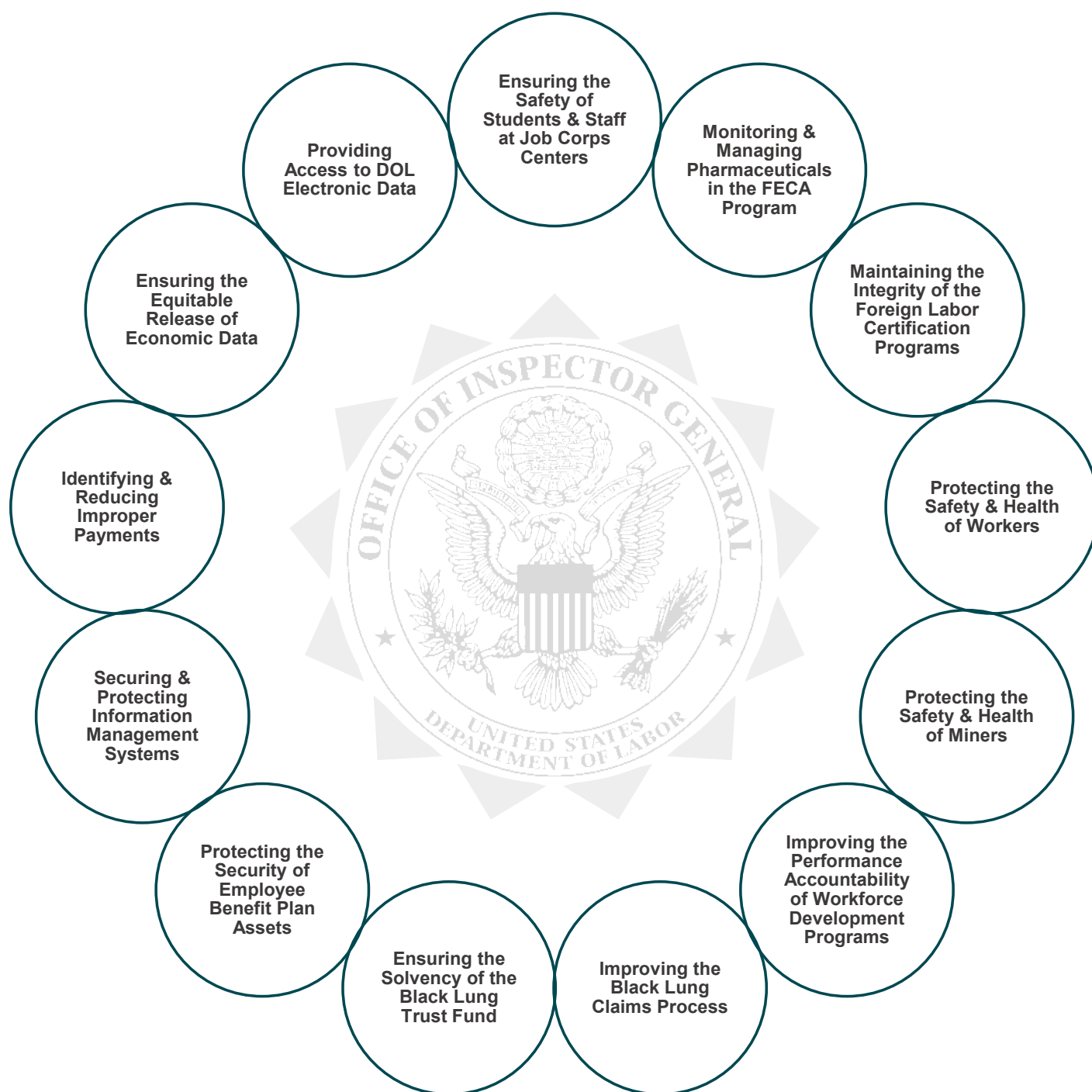


This includes:

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

Significant Concerns

The OIG has identified the following areas of significant concern that cause the Department to be at particular risk of fraud, mismanagement, waste, deficiencies, or abuse. Most of these issues appear in our annual Top Management and Performance Challenges report, which can be found in its entirety at www.oig.dol.gov.



Significant Concerns

Ensuring the Safety of Students and Staff at Job Corps Centers

The OIG remains concerned about the ability of the Job Corps program to provide a safe environment for its students and staff. Job Corps centers have been challenged by violence and other criminal behavior for years. OIG audits from 2015 and 2017 disclosed that some Job Corps centers failed to report and investigate serious misconduct, such as drug abuse and assaults, or downgraded incidents of violence to lesser infractions, creating an unsafe environment for students and staff. Furthermore, the OIG found problems with centers not contacting law enforcement to report serious, potentially criminal misconduct incidents, as well as continuing problems with centers not reporting such incidents to Job Corps. We observed physical security weaknesses, such as inoperable closed-circuit television cameras and damaged or absent fencing along center perimeters. Finally, Job Corps required pre-employment background checks for only a few center positions. OIG reports from 2015 and 2017 contain 15 recommendations for improving security and safety at Job Corps centers. Job Corps completed actions for 3 recommendations. The OIG continues to monitor Job Corps' progress on the 12 recommendations for which it has proposed or initiated corrective action, but has not yet fully implemented.

Monitoring and Managing Pharmaceuticals in the FECA Program—Particularly, Compounded Drugs and Opioids

The OIG is concerned about the Department's ability to effectively manage the use and cost of pharmaceuticals in its workers' compensation programs, especially the cost of compounded medications, an area in which costs and fraud have rapidly escalated. The cost of prescription drugs in the Federal Employees' Compensation Act (FECA) program rose from a reported \$183 million in FY 2011 to \$477 million in FY 2016, an increase of 161 percent. This dramatic increase was due almost exclusively to the rise in reported costs for compounded drugs, which jumped from approximately \$2 million in FY 2011 to \$263 million in FY 2016, an increase of more than a hundredfold.

In response to the OIG's concerns and increased congressional oversight, in November 2016 the Department began requiring letters of medical necessity for compounded medications it has since reported that expenditures for compounded drugs have significantly declined. Nevertheless, pharmaceutical prescriptions remain highly susceptible to fraud. Our current investigations are focusing on collusion between prescribing physicians and dispensing pharmacies.

Significant Concerns

In one case alone, the OIG has identified potential fraud involving nearly \$158 million. 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 the 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's oversight ensure that prescription drugs reimbursed by the program are medically necessary, safe, effective, and obtained at a fair price.

Finally, while the Department has enhanced its Program Integrity Unit, which has resulted in a significant increase in the number of potential fraud matters that have been detected, it must continue its efforts to proactively identify fraud trends and refer allegations of potential fraud to the OIG for further investigation. Coordination and collaboration between the Office of Workers' Compensation Programs and the OIG on anti-fraud matters is key to reducing the amount of fraud impacting the FECA program.

Maintaining the Integrity of Foreign Labor Certification Programs

The Department's administration of the foreign labor certification (FLC) programs, which are intended to permit U.S. businesses to hire foreign workers when necessary to meet their workforce needs while protecting the jobs and wages of U.S. workers, has been an ongoing concern to the OIG for decades. OIG investigations have shown these visa programs, in particular the H-1B program, to be susceptible to significant fraud and abuse, often by dishonest immigration agents and attorneys, labor brokers, employers, and organized criminal enterprises. DOL is statutorily required to certify an H-1B application unless it determines

that the application is "incomplete or obviously inaccurate." Given this fact, it is not surprising that OIG investigations have revealed schemes in which fictitious companies or dishonest businesses seeking to acquire foreign workers filed fraudulent applications with DOL. As part of our investigations, we have also uncovered numerous instances of unscrupulous employers misusing FLC programs to engage in human trafficking, with victims often exploited for economic gain.

To combat abuse of the FLC programs, we recommended that the Department determine and document whether there is legal authority to debar individuals convicted of FLC violations resulting from OIG investigations and report FLC program suspensions and debarments on the government-wide exclusion system. In August 2017, the Department initiated the public notice and comment process to propose significant revisions to the H-1B labor condition application and worker complaint forms. The form revisions are intended to strengthen the Department's ability to conduct effective application reviews and compliance enforcement, as well as enhance the OIG's ability to conduct effective criminal investigations. We also have a long-standing legislative recommendation to provide DOL with the statutory authority to ensure the integrity of the H-1B program, including the ability to verify the accuracy of information provided on labor condition applications.

Protecting the Safety and Health of Workers

With more than 9 million establishments under the oversight of the Occupational Safety and Health Administration (OSHA), the OIG remains concerned with OSHA's ability to best target its compliance activities to those areas where they can have the greatest impact. OSHA carries out its

Significant Concerns

compliance responsibilities through a combination of self-initiated investigations and complaint-based investigations. However, the program can reach only a fraction of the entities it regulates. Consequently, OSHA must strive to target the most egregious and persistent violators and protect the most vulnerable worker populations. The OIG is also concerned with OSHA's ability to measure the impact of its policies and programs and those of the 28 OSHA-approved state plans for occupational safety and health. In addition, we are concerned that some employers do not take adequate actions to correct hazards cited by OSHA. Finally, our recent audit found problems related to the abatement of hazards in the construction industry and to OSHA's issuance of citations for repeat or willful violations.

Protecting the Safety and Health of Miners

The ability of the Mine Safety and Health Administration (MSHA) to effectively manage its resources to help ensure the safety and health of miners is a concern for the OIG. Given the decline in coal production and the closures of coal mines in the last decade, MSHA is challenged to appropriately redeploy resources where needed. While coal production is expected to increase through 2018, the increase will vary across regions. Mine operators' under-reporting of occupational injuries and illnesses also hinders MSHA's ability to focus its resources on the most dangerous mines. In addition, we are concerned that MSHA lacks a consistent approach to logging, assessing, and responding to complaints of hazardous mine conditions. Furthermore, the agency has not provided sufficient oversight to ensure that coal mine operators' emergency response plans provide the critical information needed to help miners survive a mine catastrophe.

Improving the Performance Accountability of Workforce Development Programs

The Department's ability to ensure that its workforce development programs are successful in developing participants' skills and placing them in suitable employment is another area of concern for the OIG. Critical to this task is the Department's ability to obtain accurate and reliable data by which to measure, assess, and make decisions regarding the performance of grantees, contractors, and states in meeting the programs' goals. The Department also faces challenges in ensuring that the credentials participants obtain from DOL-funded training programs are recognized by the relevant industries and actually help participants obtain jobs in those industries. Our most recent report, based on a review of job placements from July 2010 to June 2012, found that Job Corps was challenged to demonstrate the extent to which its training programs helped participants obtain meaningful jobs appropriate to their training. In the YouthBuild program, we found grantees reported that 18,750 participants successfully exited their programs from 2011 to 2016, but these reported "successful exits" included 1,155 participants who had not secured an industry credential or earned a high school diploma or equivalency degree, nor had they obtained employment or enrolled in another educational program.

Improving the Black Lung Claims Process

The Black Lung program was created to provide monthly compensation and medical benefits to coal miners who are totally disabled due to pneumoconiosis (black lung disease) and to provide monthly compensation to their eligible survivors.

Significant Concerns

Black lung disease is a debilitating condition that often leads to lung impairment, disability, and premature death. The challenge for the Black Lung program centers on the quality and timeliness of the Department's disability claims decisions. Our review in 2015 noted significant differences in the level of detail and comprehensiveness of documentation among medical reports, with the Department's claims examiners stating that medical reports obtained by the Department were generally not as detailed or clearly written as those presented by mine operator–paid physicians. Timeliness issues focused on the number of pending black lung cases at the end of the fiscal year. The Office of Administrative Law Judges reduced the backlog of pending black lung cases from 46 months in 2014 to 20 months in 2017.

Ensuring the Solvency of the Black Lung Trust Fund

Miners and their survivors who have been awarded benefits as a result of black lung claims receive lifetime benefits. These benefits are paid by a mine operator when a responsible operator can be located or by the Black Lung Disability Trust Fund (BLDTF) when the miner's former employer does not or cannot assume liability. The BLDTF's current annual income (primarily from an excise tax on coal) is sufficient to cover its current annual obligations to pay benefits and administrative costs. However, as of September 30, 2017, the BLDTF was carrying a \$5.6 billion deficit balance, which is projected to grow to nearly \$12.5 billion by September 30, 2042.

The excise tax that helps the BLDTF is levied on domestic sales of coal mined in the United States. (Coal exports and lignite, often referred to as brown coal, are not subject to the coal excise tax). After December 31, 2018, the current excise tax rate

is scheduled to be reduced by 55 percent to its original 1978 rate. The U.S. Energy Information Administration also projects that coal production will decline through 2022, due to the retirement of coal-fired electricity-generating capacity, before stabilizing as natural gas prices increase. Both the reduced tax rate and the reduction in coal production will result in decreased cash inflows to the BLDTF. In addition, the downturn in the coal industry has resulted in several coal mine operators filing for bankruptcy. Although some have emerged from bankruptcy, others, along with their many subsidiaries, have gone out of business. In some instances, the BLDTF will be responsible for benefit payments previously made by former mine operators that were self-insured but are now no longer able to pay their federal black lung liabilities.

Protecting the Security of Employee Benefit Plan Assets

The OIG remains concerned with DOL's ability to administer and enforce Employee Retirement Income Security Act (ERISA) requirements that protect the benefit plans of nearly 150 million plan participants and beneficiaries, particularly in light of statutory limitations on DOL's authority. One challenge that the Employee Benefits Security Administration (EBSA) has been facing for decades is that ERISA allows billions of dollars in pension assets held in otherwise regulated entities, such as banks, to escape full audit scrutiny. These concerns were renewed by recent audit findings 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 regarding the financial health of their plans. In addition, given the number of benefit plans that the agency oversees relative to the number of investigators, EBSA needs to focus its available resources on

Significant Concerns

investigations it believes will most likely result in the deterrence, detection, and correction of ERISA violations.

Securing and Protecting Information Management Systems

For many years, we have reported on long-standing information security deficiencies, including weaknesses in third-party oversight, incident response and reporting, risk management, and continuous monitoring. These deficiencies represent ongoing, unnecessary risks to the confidentiality, integrity, and availability of DOL's information. We have recommended that the Department place greater emphasis on these deficiencies and prioritize available resources to address them. We likewise recommended realigning the position of the chief information officer (CIO) to report directly to the Deputy Secretary in order to give the CIO greater independence and authority to implement and maintain an effective information security program.

Identifying and Reducing Improper Payments

The Department's ability to measure, report, and reduce improper payments in its Unemployment Insurance (UI) and FECA programs continues to be a concern for the OIG.

UI Program. According to the Office of Management and Budget, in 2017, the UI program had the 7th highest of the 19 high priority programs reporting improper payments (an estimated \$4.1 billion), a slight increase from the estimated \$3.8 billion reported in 2016. The UI improper payment rate increased to an estimated 12.5 percent in 2017, up from 11.7 percent in 2016 and remaining above the 10 percent threshold

established by the Improper Payment Elimination and Recovery Act of 2010. The Department has developed a strategic plan to work with states to address the primary root causes of improper payments, with specific attention given to those states with the highest improper payment rates.

Fraud 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. In FY 2017, the Department's Employment and Training Administration issued UI Program Letter No. 04-17 to advise State Workforce Agencies and state UI program directors that the disclosure of confidential unemployment compensation information to the OIG for the purpose of investigating unemployment compensation fraud is mandatory.

FECA Program. The OIG continues to have concerns regarding the Department's ability to identify the full extent of improper payments in the FECA program. DOL's estimation methodology excluded initial payments made in the first 90 days of compensation payments and payments made on older claims that originated before the FECA program implemented its electronic case management system; it did not determine and report the full effect of those exclusions on its estimates.

DOL also needs to examine the FECA improper payment issues identified by fraud investigations and estimate the extent to which these issues exist in the payment population. For example, the FY 2016 FECA improper payment estimate may have been understated because the Department presumed the entire \$263 million paid for compounded drugs represented legitimate

Significant Concerns

costs. Evidence compiled by the OIG and our law enforcement partners indicates otherwise.

Ensuring the Equitable Release of Economic Data

The Department issues a number of reports and statistics that include leading economic indicators, such as the Unemployment Insurance Weekly Claims Report and the Producer Price Index. Because the data in these reports have the potential to move financial markets, the Department protects the data via an embargo, meaning the data cannot be disseminated or used in any unauthorized manner before their release to the public. The Department grants approved news organizations prerelease access 30 minutes prior to the official release time, with the objective of improving the accuracy of initial news reports about the information. News organizations' use of preformatting and data-queuing software to transmit the data enables their paying clients to trade on these data before the Department can post the information to its website for the general public to access once the embargo is lifted. Even fractions of a second can provide these clients with a significant trading advantage over individuals and other organizations that cannot access the embargoed data. To ensure an equitable release of these data, the Department must eliminate this competitive advantage by either changing or eliminating the lockup process. The Department consulted with other federal agencies that conduct similar press lockups since we first reported on this concern in January 2014; however, no action has been taken to resolve this issue.

Providing Access to DOL Electronic Data

The Department's ability to provide timely access to its many electronic data systems is a concern for the OIG. This challenge has been particularly acute for systems owned or operated by third parties. As the Department pushes its information to the cloud, the management and control of these systems and the data they contain become even more crucial. The Department needs to ensure that contract language for third-party systems specifically allows the Department, along with its Inspector General, to have timely access to those systems and the data they contain. It also needs to continue to facilitate the OIG's access to all systems. To ensure that these changes are implemented throughout the Department, top leaders need to clearly communicate this requirement as critical to the Department's efforts to combat fraud, waste, and abuse.



Employment and Training Programs

Foreign Labor Certification Programs

The Employment and Training Administration (ETA) administers a number of foreign labor certification (FLC) programs that allow U.S. employers to employ foreign workers to meet American worker shortages. The H-1B visa specialty workers' program requires employers that intend to employ foreign specialty-occupation workers on a temporary basis to file labor condition applications with ETA stating that the employer will pay the applicable wage rates and will meet other conditions of employment required by statute. The H-2B program establishes a means for U.S. employers to bring foreign workers into the United States on a temporary basis to perform nonagricultural services to address a shortage of available, qualified U.S. workers. The H-2A temporary agricultural labor certification program allows U.S. employers who establish that there is a shortage of domestic workers to bring nonimmigrant foreign workers into the United States to perform agricultural labor or services of a temporary or seasonal nature. The permanent foreign labor certification program allows U.S. employers to hire foreign workers to work permanently in the United States.

Virginia Business Owner Sentenced for His Role in Scheme to Defraud the H-1B Visa Program

On December 22, 2017, Raj Kosuri was sentenced to 28 months in prison and ordered to forfeit \$15 million for his role in a scheme to defraud the H-1B visa program.

Kosuri, an Indian national and U.S. legal permanent resident, used shell companies to apply for nearly a thousand fraudulent H-1B temporary foreign worker visas. More than a dozen of these shell companies, which claimed to provide information technology services, used the address of a vacant building in Danville, Virginia. Once the workers were illegally in the United States, Kosuri was paid millions of dollars by companies that actually employed the visa recipients.

Kosuri's wife, Smriti Jharia, is one of the immigrants he illegally sponsored. She pled guilty to falsely obtaining naturalization and agreed to immediately move back to India and give up her U.S. citizenship.

This was a joint investigation with the U.S. Department of State(DOS) Defense Security Service (DSS) and Immigration and Customs Enforcement Homeland Security Investigations (ICE-HSI). *United States v. Kosuri et al.* (E.D. Virginia)

Former Texas School District Executive Sentenced to Prison for Visa Fraud Conspiracy

On October 23, 2017, Victor Leos, former executive director of human resources for the Garland Independent School District (GISD), was sentenced to 24 months in prison and ordered to pay more than \$315,000 in restitution for his leading role in an employment-based visa fraud conspiracy.

Leos was responsible for recruiting teachers from Mexico, Central and South America, and the Philippines to fill open teaching positions at GISD. From around 2007 to around 2012, Leos engaged in a criminal conspiracy with outside recruiters to recruit and hire foreign teachers that GISD did not necessarily need. Leos benefited by receiving

Employment and Training Programs

kickbacks in the form of inflated fees to teach orientation classes, as well as travel and other forms of remuneration. To further the conspiracy, Leos knowingly signed and filed 38 falsified Forms 9089 (Applications for Permanent Employment Certification) with DOL to sponsor the teachers for employment-based permanent resident applications.

This was a joint investigation with ICE-HSI, the FBI, and the U.S. Department of Education–OIG. *United States v. Victor Leos* (N.D. Texas)

Florida Man Sentenced for Defrauding the H-2A Visa Program

On January 31, 2018, Alfonso Marquez, the president of USA Specialty Services Corporation, was sentenced to 4 months in prison, followed by 3 years of supervised release, and ordered to pay a \$5,000 fine. Marquez defrauded DOL's H-2A nonimmigrant visa program by fraudulently seeking 300 H-2A nonimmigrant visas from DOL and the U.S. Department of Homeland Security.



*USA Specialty Services Corporation,
Hollywood, Florida*

In December 2016, Marquez submitted an H-2A visa application requesting to bring 300 unnamed H-2A nonimmigrant workers from Mexico and Guatemala into the United States, purportedly to harvest fruits and vegetables. Marquez filed the application on behalf of Gargiulo, Inc., a Naples, Florida, farm business with which Marquez purported to have a labor contract. In fact, however, Marquez never had a contract with Gargiulo Inc., and applied for the H-2A visas without the knowledge or consent of Gargiulo, Inc.

This is a joint investigation with the DSS. *United States v. Alfonso Marquez* (S.D. Florida).

Pennsylvania Information Technology Company Owner Pleads Guilty to Charging Visa Applicants Approximately \$450,000 in Illegal Filing Fees

On January 9, 2018, Ramesh Venkata Pothuru, former owner and operator of Virgo, Inc., and Isync Solutions, Inc., pled guilty to wire fraud and visa fraud for his role in an employment-based visa scheme.

The investigation disclosed that between 2010 and 2013, Pothuru collected approximately \$450,000 in filing fees from workers he sponsored under the H-1B nonimmigrant worker visa program. Federal regulations prohibit employers from soliciting payments from H-1B nonimmigrant workers to cover the costs associated with filing fees.

In addition, many of the H-1B nonimmigrant workers Pothuru sponsored were also beneficiaries of permanent FLC applications filed by Pothuru.

Employment and Training Programs

Permanent FLC filings typically involve costs of approximately \$2,000 in legal fees, as well as \$1,500 for advertising placement. These fees are in addition to filing fees. Pothuru collected the fees from the beneficiaries he sponsored for permanent foreign labor certification using personal bank accounts. Pothuru subsequently submitted false

applications in which he did not disclose the fees he collected from the beneficiaries.

This is a joint investigation with DSS and ICE-HSI. *United States v. Ramesh Venkata Pothuru* (E.D. Pennsylvania)

Job Corps

The Job Corps program provides education, training, and support services to more than 50,000 disadvantaged, at-risk youths, ages 16–24, at 119 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.

Job Corps Took Action to Mitigate Violence, Drugs, and Other Student Misconduct at Centers, but More Needs to Be Done

This report presents the actions the Employment and Training Administration (ETA) and Job Corps have taken to mitigate violence, drugs, and other student misconduct at Job Corps centers following recent OIG reports, as well as the status of the OIG's recommendations. The report also includes the results of additional analysis requested by the Senate Committee on Homeland Security and Governmental Affairs for the period July 1, 2016, through June 30, 2017, and summarizes the work that still needs to be done to ensure safe and secure environments for Job Corps students and staff.

Two murders of Job Corps students in 2015, as well as OIG reports issued in 2015 and 2017, have significantly increased public and congressional concern about the safety and security of students and staff at the centers. We initiated follow-up work as part of our regular ongoing assessment of ETA's actions to address report recommendations and in response to the increased public and congressional concern.

Our work revealed that ETA and Job Corps have taken several actions to mitigate violence, drug use, and other student misconduct at the centers. Steps have been taken to establish, clarify, and enforce Job Corps safety and security policies. However, more needs to be done to ensure center compliance, including implementing staffing plans for continuous oversight, establishing standard operating procedures to formalize the oversight, and maintaining records showing the deficiencies identified and the respective centers' corrective

Employment and Training Programs

actions. The OIG has reported on the need for improvement in the enforcement of Job Corps' disciplinary policies since 2009, yet reports through March 2017 continued to identify similar concerns. A fully implemented and documented oversight process is needed to ensure safe and secure environments for Job Corps students and staff.

For more information, go to: <https://www.oig.dol.gov/public/reports/oa/viewpdf.php?r=26-18-003-03-370&y=2018>, Report No. 26-18-003-03-370 (December 29, 2017).

Job Corps Could Not Demonstrate Beneficial Job Training Outcomes

Our audit of the nearly \$1.7 billion Job Corps training program revealed Job Corps could not demonstrate the extent to which its training programs helped participants obtain meaningful jobs appropriate to their training.

Job Corps' contractors did not adhere to program policy regarding the collection of information related to participants' prior employment history, nor did they provide participants with effective transition services, such as providing job referrals and improving skills in résumé preparation and executing job search strategies.

To determine whether Job Corps produced long-term positive results, we selected a random sample of 324 participants reported as having been placed in jobs during the period July 2010 to June 2012. Using state wage records, we tracked the sampled participants' employment status and type approximately five years after their initial placement.

We found 123 of 324 sampled participants had been employed prior to enrollment. However, contractor records documented employment histories for only 50 participants. For these 50 participants, comparing pre-training to post-training employment revealed 27 participants were placed into jobs similar to their pre-training employment, including 4 who returned to prior employers.

Job Corps contractors, in 94 percent of job placements we reviewed, could not demonstrate they had helped the participants obtain jobs. Participants found jobs either through their own efforts or without clearly documented contractor assistance. Job Corps paid millions of dollars to transition services contractors, but we found insufficient evidence demonstrating that those contractors had provided the services required by their contracts.

Job Corps needs to ensure its contractors provide effective and documented placement services, require them to identify and record participants' prior employment work history, and use that information to evaluate training and placement. Job Corps also needs to update its Job Corps Placement and Assistance Record to include whether students were self-placed and assess liquidated damages against contractors that misreported performance data based on invalid placements.

For more information, go to: <https://www.oig.dol.gov/public/reports/oa/viewpdf.php?r=04-18-001-03-370&y=2018>, Report No. 04-18-001-03-370 (March 30, 2018).

YouthBuild

YouthBuild is a youth and community development program that simultaneously addresses a range of core issues facing low-income communities: housing, education, employment, crime prevention, and leadership development. In YouthBuild programs, low-income people ages 16–24 work toward their GEDs or high school diplomas, learn job skills, and serve their communities by building affordable housing.

DOL Could Improve Exit Requirements and Participant Outcomes for the YouthBuild Program

In our audit to determine whether YouthBuild grantees provided training and services that resulted in participants receiving a measurable benefit, we found that YouthBuild grantees reported that 18,750 participants had successfully exited their programs during the period 2011–2016, but these reported “successful exits” included 1,155 participants who left YouthBuild without having earned a measurable benefit.

These 1,155 participants had not secured an industry credential, had not earned a high school diploma or equivalency degree, and had not obtained employment or enrolled in another educational program. We estimated grantees spent about \$12.6 million in funds that could have been put to better use.

Furthermore, if ETA were to reclassify the 1,155 participants who left the program without a measurable benefit as unsuccessful exits, its reported successful exit rate would decrease from 82 percent to 77 percent. Although ETA had established minimum requirements for “successful exits,” it did not provide sufficient oversight

to ensure that grantees complied with those requirements.

We also noted that some grantees had allowed participants to remain in the YouthBuild program longer than the legal limit of 2 years. As a result, we questioned costs totaling almost \$1.4 million.

Given the changes mandated by the recently enacted Workforce Innovation and Opportunity Act, ETA needs to ensure the YouthBuild program aligns with other DOL youth training programs in terms of the way in which exits are determined and outcomes are measured. ETA also needs to work with grantees to ensure that YouthBuild participants gain measurable benefits as a result of their participation in the program.

For more information, go to: <https://www.oig.dol.gov/public/reports/oa/viewpdf.php?r=04-18-002-03-001&y=2018>, Report No. 04-18-002-03-001 (March 30, 2018).

Employment and Training Administration Programs

The Department's Employment and Training Administration (ETA) provides employment assistance, labor market information, and job training through the administration of programs authorized by the Workforce Innovation and Opportunity Act (WIOA) for adults, youth, dislocated workers, and other targeted populations. WIOA grant funds are allocated to state and local areas based on a formula distribution and to governmental and private entities through competitive grant awards.

Four Former Executives of Los Angeles Nonprofit Sentenced for Embezzlement and Other Charges

In December 2017, Sophia Esparza, Thomas Baiz, Silvia Gutierrez, and Michael Tompkins, former executives of the Chicana Service Action Center (CSAC), were sentenced for their roles in embezzling and misappropriating millions of dollars in public funds, which included WIA funds. In their plea agreements, they collectively agreed to pay more than \$10 million in restitution. Esparza, the former CSAC executive director, was sentenced to 6 years in state prison.

CSAC, a former WIA grantee, was a Los Angeles-based nonprofit organization that ostensibly provided services to domestic violence victims, the homeless, and the unemployed since 2003.

Together, Esparza and her co-defendants fraudulently billed for services that were never performed and stole public funds for their own personal use. They misappropriated funds by using the money to rent luxury apartments, a home, and a yacht; to purchase sports cars and professional sports season tickets; and to cover other personal expenditures in support of their lavish lifestyles.

This was a joint investigation with the Los Angeles County District Attorney's Office. *The People of the State of California v. Sophia Esparza, Thomas Baiz, Silvia Gutierrez, Michael Tompkins* (Superior Court of the State of California for the County of Los Angeles)

Former Arkansas State Representative Pleads Guilty to Conspiracy Charges for Illegal Lobbying and Political Spending on Behalf of DOL-Funded Charity

On February 12, 2018, Eddie Wayne Cooper of Melbourne, Arkansas, pled guilty to conspiracy charges for his role in a scheme to embezzle more than \$4 million from a Springfield, Missouri-based health care charity.

When the embezzlements occurred, Cooper, an Arkansas state representative and a lobbyist registered with the Arkansas Secretary of State, was the regional director for Preferred Family Healthcare, Inc., a non-profit charity. Preferred Family Healthcare and its subsidiaries provide a variety of services to individuals, including mental and behavioral health treatment, substance abuse treatment and counseling, and employment assistance services. For fiscal years 2010 through 2015, the charity received more than \$53 million in

Employment and Training Programs

funds from the federal government, of which more than \$21 million was from grants provided by DOL's ETA.



Offices of Preferred Family Healthcare in Springfield, Missouri

Development–OIG, the Federal Deposit Insurance Corporation–OIG, U.S. Department of Veterans Administration–OIG, Internal Revenue Service Criminal Investigation Division, the FBI, and the U.S. Department of Justice Public Integrity Section. *United States v. Eddie Wayne Cooper* (W.D. Missouri)

Cooper admitted that from 2009 to 2017 he conspired with several executives of the charity to use the charity's funds for unlawful political contributions, for unreported lobbying, and for personal financial benefits. Cooper received a total of \$387,501 from a lobbying firm and at least \$63,000 in kickbacks as a result of his participation in the conspiracy.

Preferred Family Healthcare paid the lobbying firm where Cooper worked to provide lobbying and advocacy services. Cooper and others solicited the assistance of elected and appointed officials regarding legislative issues that affected the charity, particularly matters involving the charity. They also sought to steer grants and other sources of funding to the charity from 2010 through 2017. These funding sources included proceeds from the Arkansas General Improvement Fund.

This is a joint investigation with the U.S. Department of Health and Human Services–OIG, the U.S. Department of Housing and Urban

Veterans' Employment and Training Service

The mission of the Veterans' Employment and Training Service is to prepare America's veterans, service members and their spouses, for meaningful careers, provide them with employment resources and expertise, protect their employment rights and promote their employment opportunities.

New Jersey Business Owner Sentenced for Stealing \$2.8 Million from Veterans Program

On October 23, 2017, Elizabeth Honig, owner of Eatontown, New Jersey-based Computer Insight Learning Center, was sentenced to 24 months in prison and ordered to forfeit more than \$1.27 million and pay restitution of \$2.8 million. Honig previously pled guilty to stealing \$2.8 million from the Veterans Retraining Assistance Program (VRAP).

The now-defunct VRAP, administered jointly by the U.S. Departments of Labor and Veterans Affairs (VA), was designed to provide job training benefits for unemployed veterans between the ages of 35 and 60. Between April 2013 and March 2014, Honig applied for VRAP benefits on behalf of 182 veterans, a majority of whom were not eligible to receive benefits. Honig admitted to logging on to the VRAP application system more than 100 times and fraudulently certifying that she was the actual veteran who was applying for benefits. She then allowed enrollees to attend fewer than the required hours of training, to stop attending prior to program completion, or, in many cases, to never attend at all. Honig did not report the nonattendance to the government, as required by law, as long as the veterans continued to pay her a monthly fee. Honig's monthly fee of approximately \$750 resulted in overpayments by veterans far in excess of the VRAP-approved tuition cost.

This was a joint investigation with the VA-OIG. *United States v. Elizabeth Honig* (D. New Jersey)



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Worker and Retiree Benefit Programs

Office of Workers' Compensation Programs

The Office of Workers' Compensation Programs (OWCP) administers four workers' compensation programs: the Federal Employees' Compensation Act (FECA) program, the Energy Employees Occupational Illness Compensation Program, the Longshore and Harbor Workers' Compensation Act program, and the Coal Mine Workers' Compensation program.

Federal Employees' Compensation Act Program

The FECA program provides workers' compensation coverage to millions of federal, postal, and certain other employees for work-related injuries and illnesses. Benefits include wage loss benefits, medical benefits, vocational rehabilitation benefits, and survivors' benefits for covered employees' employment-related deaths.

Kentucky Otolaryngologist Pays \$2.79 Million to Resolve False Claims Allegations

On January 18, 2018, Dr. Phillip Klapper and his wife, Patricia Klapper, entered into a settlement agreement with the United States. Under the terms of the agreement, the Klappers agreed to pay approximately \$2.79 million to settle claims of alleged improper billings under FECA.

The United States contended that Phillip Klapper knowingly submitted false claims seeking reimbursement under FECA. It was alleged that the reimbursement claims falsely indicated that audiological tests had been performed by licensed and certified personnel, when, in fact, the tests had been performed by personnel lacking such credentials, and/or the testing results had been altered so that some claimants appeared to have hearing losses that they did not actually have.

In addition to the financial settlement, Klapper agreed to permanent exclusion from future participation in the FECA program. Under the terms of the settlement, Klapper made no admission of liability.

This was a joint investigation with the U.S. Attorney's Office for the Western District of Kentucky and the Tennessee Valley Authority–OIG. *United States, ex rel. Kimberly Cummings v. Phillip B. Klapper, P.S.C., et al.* (W.D. Kentucky)

Western New York Couple Sentenced in Connection with Fraudulent Receipt of More than \$1.2 Million in Workers' Compensation and Veterans Affairs Benefits

On December 5, 2017, Richard Klaffka and his wife, Cathleen Klaffka, were sentenced for crimes related to Richard Klaffka's fraudulent receipt of more than \$1.2 million in OWCP and U.S. Department of Veterans Affairs (VA) disability compensation benefits between 2006 and 2017. Richard Klaffka was convicted of wire

Worker and Retiree Benefit Programs

fraud and sentenced to 32 months in prison. Cathleen Klaffka was convicted of misprision of a felony and was sentenced to 36 months' probation.

In 2006, Richard Klaffka informed the VA that he was confined to a wheelchair and unable to engage in daily activities like walking, driving, and dressing himself. To promote the fraud, Cathleen Klaffka pushed Richard Klaffka in a wheelchair when attending appointments at a VA hospital in order to support her husband's false claims regarding his mobility limitations. Similarly, in order to obtain workers' compensation benefits from his employment with the United States Postal Service (USPS), Richard Klaffka falsely claimed that his mobility was limited due to a work-related injury at a USPS facility and that he was able to walk only with the assistance of a cane. An investigation revealed that Richard Klaffka was able to walk without assistance and regularly engaged in physical activities including hiking, riding a bike, and pitching iron horseshoes.

This was a joint investigation with the USPS-OIG and the VA-OIG. *United States v. Klaffka et al.* (W.D. New York)

Unemployment Insurance Programs

Enacted more than 80 years ago as a federal–state partnership, the Unemployment Insurance (UI) program is the Department's largest income-maintenance program. This multibillion-dollar program provides unemployment benefits to eligible workers who become unemployed through no fault of their own. Although the program's framework is determined by federal law, the benefits for individuals depend on state law and generally state funding of benefits they are administered by State Workforce Agencies in 53 jurisdictions covering the 50 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands, under the oversight of the Employment and Training Administration. The federal government pays the program's administrative expenses.

Tennessee Couple Sentenced for Defrauding Unemployment Compensation for Ex-servicemembers Program

On February 15, 2018, Earl Lafayette Hall III of Arlington, Tennessee, was sentenced to 116 months in prison for conspiracy, mail fraud, money laundering, and aggravated identity theft charges related to an unemployment compensation fraud scheme. Hall's wife, Renita Blunt, was sentenced to 29 months in prison on January 17, 2018, for conspiracy to commit mail fraud and aggravated identity theft.

Hall and Blunt applied for veterans' unemployment compensation benefits under the Unemployment Compensation for Ex-servicemembers UCX program. The UCX program is a federally funded DOL program

Worker and Retiree Benefit Programs

administered by the states. Hall stole and assumed the identities of 10 individuals between 2013 and 2014 in order to receive benefits under the program. Blunt stole and assumed the identity of one individual to receive benefits under the program.

A jury convicted Hall and Blunt on March 10, 2017, following a one-week trial. As part of the sentencing, Hall was ordered to pay \$96,431 and Blunt \$38,633 in restitution to the State Workforce Agencies of Utah, Pennsylvania, and Hawaii.

This was a joint investigation with the Defense Criminal Investigative Service and the U.S. Postal Inspection Service (USPIS). *United States v. Earl Lafayette Hall, III*, *United States v. Renita Blunt* (M.D. Pennsylvania)

Two California Residents Plead Guilty for Role in \$1.3 Million Unemployment Insurance Fraud Scheme

On October 2, 2017, Raul Oropeza Lopez and Ana Maria Oropeza each pled guilty to mail fraud charges for their roles in a scheme to fraudulently obtain \$1.3 million in UI benefits from the California Employment Development Department.



UI benefit debit cards and related mailings found in dining room table at Oropeza residence

Lopez obtained Social Security numbers, names, and other identifying information of U.S. citizens and legal residents and then fraudulently used the personal identifiable information to provide undocumented workers with false identities that enabled them to work in the United States as farm laborers. When the undocumented workers were laid off at the end of the growing season, Lopez and Oropeza filed fraudulent applications for UI benefits in the names of the assumed identities, fraudulently relying on the work performed by the undocumented workers to claim UI benefits for their own enrichment. Together, Lopez and Oropeza submitted more than 520 fraudulent UI claims collecting more than \$1.3 million.

Worker and Retiree Benefit Programs



Oropeza residence where he operated the UI scheme



Cash and weapons found by OIG agents while executing search warrant

This is a joint investigation with Immigration and Customs Enforcement Homeland Security Investigations; the Social Security Administration–OIG; the Bureau of Alcohol, Tobacco, Firearms and Explosives; USPIS; and the California Employment Development Department. *United States v. Lopez et al.* (E.D. California)





Worker Safety, Health, and Workplace Rights

Wage and Hour Programs

The Wage and Hour Division (WHD) enforces the federal minimum wage, overtime pay, record-keeping, and child labor requirements of the Fair Labor Standards Act. WHD also enforces the Migrant and Seasonal Agricultural Worker Protection Act, as well as a number of employment standards and worker protections, as provided for in several immigration-related provisions of the Immigration and Nationality Act. In addition, WHD administers and enforces the prevailing wage requirements of the Davis-Bacon Act, the Service Contract Act, and other statutes applicable to federal contracts for construction and for the provision of goods and services.

Virginia Trucking Company Enters into Civil Settlement Agreement to Pay U.S. Postal Service Approximately \$1 Million for Violating False Claims Act

On March 12, 2018, Beam Bros. Trucking, Inc. (BBT), BBT president Gerald Beam, and BBT vice president Garland Beam entered into a civil settlement agreement that calls for them to pay the U.S. Postal Service (USPS) approximately \$1 million for violating the False Claims Act.

In a separate criminal case, BBT and four employees, including Gerald and Garland Beam, were each sentenced on November 28, 2017, to home confinement or probation and ordered to pay restitution after previously pleading guilty to a conspiracy to violate Federal Motor Carrier Safety Administration regulations. BBT was ordered to pay a \$250,000 fine, nearly \$1 million in restitution to the drivers who were defrauded of their pay, and \$2 million in forfeiture to the United States.



Beam Bros. Trucking, Inc. offices in Virginia

Worker Safety, Health, and Workplace Rights

From 2008 through 2014, BBT operated as a USPS highway route contractor. During that time, BBT permitted and encouraged its drivers to falsify time sheets by reporting fewer hours than they actually worked; told drivers they would not be paid for short rest periods or for time waiting for their trailers to be loaded or unloaded at USPS facilities; failed to inform drivers of mail contract pay requirements; and failed to pay drivers in accordance with the Service Contract Act, Fair Labor Standards Act, and other requirements.

This was a joint investigation with the USPS-OIG, Internal Revenue Service Criminal Investigation Division (IRS-CI), and the U.S. Department of Transportation–OIG. *United States v. Beam Bros. Trucking, Inc., et al.* (W.D. Virginia)

Georgia Contractors Sentenced to Prison for Submitting False Certified Payroll Forms

On December 12, 2017, defendants Cesar Arbelaez Tabares and Juan Carlos Bazantes were each sentenced to 96 months' incarceration and ordered to pay a fine of \$75,000 for falsifying certified payroll documents from their drywall contracting company, IWES Contractors, Inc. The records were related to the construction of a Centers for Disease Control and Prevention (CDC) building in the Atlanta, Georgia, area. Arbelaez and Bazantes falsified the records in order to avoid paying employment taxes. Following a weeklong trial in September 2017, both Arbelaez and Bazantes were found guilty of conspiracy and six counts of false statements for falsifying DOL-certified payroll forms relating to the CDC building project.



IWES Contractors offices searched in Atlanta, Georgia, suburb

Arbelaez and Bazantes ran IWES as a drywall contracting company that purportedly used independent contractors (IRS Form 1099 laborers) for drywall work on several federally funded projects subject to Davis-Bacon and Related Acts regulations. In order to circumvent certain employment-related taxes and thus underbid on federal contracts, including for the construction of the CDC building, Arbelaez and Bazantes conspired to pay workers using two separate checks each pay period—one for net pay and the other for tax deductions—effectively treating the workers as independent contractors rather than employees for tax

Worker Safety, Health, and Workplace Rights

purposes. By treating the workers as independent contractors, Arbelaez and Bazantes were able to unfairly compete on federally funded projects for drywall work by not paying the employer's Social Security match or workers' compensation insurance. The defendants carried out this scheme, in part, by completing DOL-certified payroll forms falsely indicating that they had made deductions from workers' pay as employees, when, in reality and according to documentation submitted by IWES to the IRS, they had not made such deductions.

This was a joint investigation with IRS-CI and the U.S. Department of Health and Human Services—OIG. *United States v. Arbelaez Tabares et al.* (N.D. Georgia)



Labor Racketeering

Labor Racketeering

The OIG is responsible under the Inspector General Act of 1978 for investigating labor racketeering and the influence of organized criminal enterprises involving unions, employee benefit plans, and labor-management relations.

Labor racketeering refers to the infiltration, exploitation, or control of a union, employee benefit plan, employer entity, or workforce, carried out through illegal, violent, or fraudulent means. OIG labor racketeering investigations focus largely on individuals and organized criminal enterprises engaged in embezzlement, extortion, violence against union members or employers, and other related criminal activities.

Our investigations also continue to identify complex financial and investment schemes used to defraud benefit fund assets, resulting in millions of dollars in losses to plan participants. OIG investigations have demonstrated that abuses involving service providers are particularly egregious, not only because of their potential for large dollar losses but also because the schemes often affect several plans simultaneously.

The following cases are illustrative of our work in helping to eradicate both traditional and nontraditional labor racketeering in the nation's labor unions, employee benefit plans, and workplaces.

Pennsylvania Man Sentenced to 41 Months in Prison for Embezzling More than \$1.5 Million from Boilermakers Local 154

On February 12, 2018, Raymond C. Ventrone, former business manager of Pittsburgh-based International Brotherhood of Boilermakers Local Lodge 154, was sentenced to 41 months in prison for his role in a scheme to embezzle union funds. Ventrone was ordered to pay restitution of more than \$2.3 million to the union and more than \$200,000 to the IRS.



Location where Ventrone kept expensive equipment he purchased with Boilermaker funds

Ventrone was employed as the union's business manager, the most powerful position in the union, from January 2010 through June 2015. Ventrone used his position to authorize union funds to pay

Labor Racketeering

for retail goods for personal use, including personal clothing and furniture, renovations to his residence, and extravagant gifts for his family and friends. The IRS determined that Ventrone under-reported his income by more than \$600,000 as a result of his embezzlement from the union.



International Brotherhood of Boilermakers Local Lodge 154 offices

This was a joint investigation with the FBI, IRS—Criminal Investigation Division (CI), and the Office of Labor-Management Standards (OLMS). *United States v. Raymond C. Ventrone* (W.D. Pennsylvania)

Illinois Businessman Sentenced for Causing False Statements to Be Made to Union-Affiliated Benefit Funds and for Failing to Pay Federal FICA Taxes

On February 27, 2018, Thomas Manning, president of T. Manning Concrete, Inc., in Huntley, Illinois, was sentenced to 3 months' incarceration and ordered to pay \$1.3 million in restitution to the Fox Valley Laborers' pension and health funds. Manning caused false statements to be made

on forms required by the Employee Retirement Income Security Act of 1974. Manning was also ordered to pay restitution of over \$600,000 to the IRS for failure to collect and pay Federal Insurance Contributions Act (FICA) taxes.

Since 2007, Manning had served as president of T. Manning Concrete, and through his position, he hired laborers and cement masons from various unions throughout northern Illinois. The unions provided their members with certain employee health care and pension benefits through several union-affiliated benefit plans. T. Manning Concrete was required by collective bargaining agreements to submit monthly remittance reports documenting the company's required benefit fund contributions based on the number of hours covered employees had worked.

Manning defrauded the funds by under-reporting the number of hours worked by the company's covered employees, thus depriving the funds of nearly \$2 million intended for plan participant benefits. To perpetuate his fraud scheme, Manning caused covered employees to be paid "under the table," via checks drawn from nonpayroll bank accounts under Manning's control, for work hours not reported on the monthly reports. Manning also admitted that between 2007 and 2010 he had failed to collect, account for, and pay more than \$600,000 in FICA taxes owed to the IRS in connection with the under-the-table payments issued to employees.

This is a joint investigation with the Employee Benefits Security Administration (EBSA), U.S. Postal Inspection Service (USPIS), and IRS-CI. *United States v. Thomas Manning* (N.D. Illinois)

Labor Racketeering

Former IBEW Local 876 Employee Sentenced in Embezzlement Scheme

On February 20, 2018, Stephanie DeBoer, a former bookkeeper and office manager for the International Brotherhood of Electrical Workers (IBEW) Local 876, was sentenced to 48 months' imprisonment and ordered to pay restitution of more than \$300,000 for her involvement in a scheme to defraud the union.

From at least 2012 through September 2015, DeBoer used her positions with IBEW Local 876 to write unauthorized checks against the union's safety clothing fund to pay her personal rent and to make payments on several personal credit accounts. She also wrote unauthorized checks to herself from IBEW Local 876's general checking account, which she then endorsed and deposited into personal bank accounts.

This is a joint investigation with OLMS. *United States v. Stephanie Marie DeBoer* (W.D. Michigan)

New Jersey Man Sentenced to Two Years in Prison for Role in No-Show Job Scheme

On March 26, 2018, Paul Moe Sr. was sentenced to 24 months in prison for fraudulently collecting a nearly \$500,000 annual salary for work he never performed. Moe was convicted following a 10-day trial in October 2017. Moe was also ordered to pay \$749,000 in restitution.

Moe was a member of the International Longshoremen's Association and a general foreman for a Port Elizabeth, New Jersey, terminal operator. From late 2015 through early 2017, Moe participated in a no-show job scheme that paid him

almost \$500,000 annually, despite the fact that he showed up at his jobsite for as little as 8 hours per week. Moe conspired with others to ensure that false time sheets were submitted daily on his behalf, and he was credited with up to 16 hours of overtime a day. In some instances, Moe was paid for time when he was out of state or out of the country.

This is a joint investigation with EBSA, OLMS, and the Waterfront Commission of New York Harbor. *United States v. Paul Moe, Sr.* (D. New Jersey)

Fiat Chrysler's Former Vice President Pleads Guilty to Conspiracy to Bribe Senior United Automobile Workers' Officials

On January 22, 2018, Alphons Iacobelli, former labor relations chief at Fiat Chrysler Automobiles, LLC (FCA), and one-time lead negotiator for the collective bargaining agreements between FCA and the United Automobile Workers (UAW), pled guilty to conspiring to commit violations of the Labor Management Relations Act. Iacobelli's co-defendant, Monica Morgan, pled guilty on February 6, 2018, to subscribing a false tax return.

Iacobelli admitted that he and other FCA executives paid \$1.5 million to senior UAW officials in an effort to obtain benefits, concessions, and advantages for FCA in the negotiation and implementation of the collective bargaining agreements between FCA and UAW. The illegal expenditures included paying off the home mortgage of a senior UAW official; first-class air travel; and the purchase of designer clothing, furniture, jewelry, and custom-made watches.

In August 2014, Iacobelli authorized the expenditure of more than \$30,000 for a party

Labor Racketeering

for a senior UAW official held at the FCA-UAW World Class Manufacturing Academy in Warren, Michigan. The expenditure included charges for “ultra-premium” liquor, more than \$7,000 worth of cigars, and more than \$3,000 worth of wine with custom labels in honor of the UAW official.

This was a joint investigation with the FBI, IRS-CI, and OLMS. *United States v. Alphons Iacobelli* (E.D. Michigan)

Tennessee Man Pleads Guilty to Leading Multimillion-Dollar Health Care Benefits Scheme

On January 16, 2018, Bart Posey, owner of Springfield, Tennessee–based Smart Data Solutions, LLC (SDS), pled guilty to leading a multimillion-dollar health insurance fraud scheme that harmed thousands of victims across the country.

From January 2008 through March 2010, Posey, his wife, and three other co-conspirators participated in a nationwide health care scheme that defrauded more than 17,000 victims of more than \$28 million.

Posey and his co-conspirators set up numerous entities, including SDS, to market and sell unauthorized health insurance plans. Posey duped consumers by selling an insurance product that was not backed by a legitimate underwriter, embezzling millions of dollars of insurance premiums paid to his company by victims, and denying legitimate health insurance claims. Posey used premium payments to buy, among other things, a Harley-Davidson motorcycle, a sports car, and college football tickets and to pay off a \$500,000 personal mortgage. This is a joint investigation with EBSA, the FBI, USPIS, the U.S. Secret Service, and IRS-CI. *United States v. Posey et al.* (M.D. Tennessee)





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Departmental Management

Departmental Management

The OIG also performs oversight work involving the Department's operations, financial management, and information technology (IT) services.

Review of Secretary Acosta's Travel

The OIG initiated a review of the Secretary of Labor's travel since his confirmation on April 28, 2017, to determine whether federal travel funds were expended according to federal laws and regulations and departmental policy and procedures.

Based on our review, the Secretary's travel complied with federal laws and regulations and departmental policy and procedures for the 21 official government trips he took between April 28, 2017, and October 12, 2017. The 21 trips we identified included 12 noncommercial flights, all on government aircraft, and 49 commercial flights. All the Secretary's noncommercial flights occurred while the government airplanes were in use by or in support of the President or Vice President.

However, we also found that DOL's justifications and authorizations for the Secretary's noncommercial flights could be improved. Specifically, DOL did not clearly document when the Secretary's noncommercial flights on government airplanes were directed by or in support of the President or Vice President. In addition, we found DOL could not demonstrate how it apportioned the travel costs of a trip that included both official and political activities.

DOL did not have policies and procedures for documenting political appointee use of

noncommercial flights or for trips that involve official and political activities. Documentation is an essential part of an effective internal control system, and clearly documenting internal controls for political appointee travel helps ensure travel is conducted according to federal laws and regulations and departmental policy and procedures.

As a result of our recommendations, DOL developed and implemented policies and procedures for documenting political appointee use of noncommercial flights and trips that involve both official and political activities.

For more details, go to: <https://www.oig.dol.gov/public/reports/oa/viewpdf.php?r=17-18-001-01-001&y=2018>, Report No. 17-18-001-01-001 (January 25, 2018).

OASAM Could Improve Oversight of Purchase Card Transactions

In our audit to determine whether the Office of the Assistant Secretary for Administration and Management (OASAM) designed and implemented adequate controls over DOL's purchase card program to minimize the risk of illegal, improper, or erroneous purchases, we found OASAM has established adequate controls over DOL's purchase card program to reduce the risk of illegal, improper, or erroneous purchases. However, DOL component agencies did not implement

Departmental Management

these controls consistently. While we found no purchases of inappropriate or unauthorized goods or services, we did identify small-dollar instances of inappropriately paid taxes on transactions, as well as cardholders who failed to document the independent inspection of goods or services received.

Using purchase cards reduces administrative costs and increases flexibility to meet government needs. However, if not properly managed, purchase cards can increase the risk of illegal, improper, or erroneous purchases. In FY 2017, the DOL had 760 purchase card-holders who incurred 43,768 transactions, totaling approximately \$15.3 million.

OASAM has delegated a significant portion of the purchase card process to DOL component agencies, but it needs to improve its oversight to ensure component agencies effectively implement controls.

For more details, go to: <https://www.oig.dol.gov/public/reports/oa/viewpdf.php?r=17-18-002-07-001&y=2018>, Report No. 17-18-002-07-001 (March 23, 2018).

The Department Needs to Take Action to Improve Quality of DATA Act Submissions

Under the Digital Accountability and Transparency Act of 2014 (DATA Act), the Department must report accurate and reliable spending data so stakeholders better understand how the Department is spending its funds. Our audit covered FY 2017 second-quarter spending data that the Department submitted for publication on www.USAspending.gov and the procedures,

certifications, documentation, and controls it used in this process.

We found the Department effectively implemented and used the government-wide data standards established by the Office of Management and Budget (OMB) and the U.S. Department of Treasury, but we identified a number of control deficiencies that had a negative impact on the overall quality of the spending data submitted for publication on www.USAspending.gov.

Although the Department reported the data in a timely manner, it did not report all the required data elements for 19 percent of the transactions sampled. In addition, 74 percent of the transactions sampled contained an error in one or more data elements. A significant number of errors were caused by the Treasury's DATA Act Broker data extraction process. Excluding those errors, 52 percent of the transactions sampled contained inaccurate information. The inaccuracies and incompleteness were due to data entry mistakes, data extraction issues, and weak data validation processes.

Among other actions, DOL needs to (1) review the errors identified by our audit and, where feasible, correct the errors in the Department's source systems to improve the quality of future data submissions; and (2) develop and implement a process to ensure agencies appropriately monitor and maintain adequate documentation of any data quality reviews conducted.

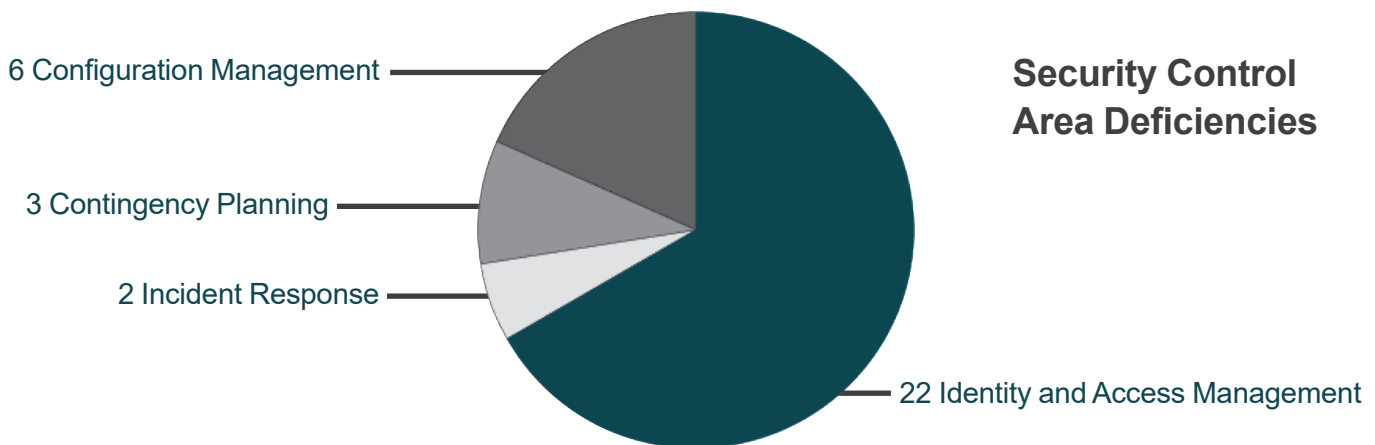
For more details, go to <https://www.oig.dol.gov/public/reports/oa/viewpdf.php?r=03-18-001-13-001&y=2018>, Report No. 03-18-001-13-001 (January 19, 2018).

Departmental Management

FY 2017 FISMA DOL Information Security Report

The Federal Information Security Modernization Act (FISMA) of 2014 requires federal agencies, to undergo an annual independent evaluation to determine whether the agency implemented an effective information security program. We contracted with KPMG, LLP, to conduct this independent evaluation.

KPMG determined DOL's information security program was not effective for FY 2017. This determination was based, in part, on the testing results for a selection of Department-wide security controls and a selection of system-specific security controls across 20 information systems. KPMG reported 33 findings in four security control areas:



These findings included weaknesses not mitigated as a result of vulnerability scans, patches and performance monitoring tools not implemented, issues with separation of duties, improper monitoring of contractor onboarding and separation, account recertification not performed completely and accurately, incidents not reported in a timely manner, incident response technologies undefined, contingency testing not performed, and separated user accounts not removed promptly.

To better safeguard DOL's systems and the sensitive data they contain, DOL needs to strengthen its information security risk management framework, enhance IT oversight and governance to address identified weaknesses; and adhere to its information security policies, procedures, and controls.

We have identified and reported similar deficiencies over the past 10 years. As we noted in our November 2016 FISMA report, DOL's inability to correct these deficiencies stems, in part, from the positioning of the chief information officer (CIO) within a program agency, which may not provide reasonable assurance of DOL's full achievement of objectives relating to operations, reporting, and compliance. The Assistant Secretary for Administration and Management needs to realign the organizational structure as it relates to the CIO to address this organizational independence issue.

For more information, go to: <https://www.oig.dol.gov/public/reports/oa/viewpdf.php?r=23-18-001-07-725&y=2018>, Report No. 23-18-001-07-725 (December 29, 2017).

Departmental Management

Financial Statements Audits

FY 2017 DOL Consolidated Financial Statements

The OIG contracted with an independent public accounting firm to audit the Department's annual consolidated financial statements. The Department received an unmodified opinion on its FY 2017 consolidated financial statements, meaning that they were presented fairly in all material respects and in conformity with U.S. generally accepted accounting principles. The independent auditor's report identified one material weakness related to deficiencies in management review controls over the estimates for Energy Employees Occupational Illness Compensation benefits liability and grant accrual liability.

For more details, go to <https://www.oig.dol.gov/public/reports/oa/2018/22-18-004-13-001.pdf>, Report No. 22-18-004-13-001 (November 15, 2017).

In a separate Management Advisory Comments report, the OIG provided additional information to DOL management on issues identified during the audit that did not rise to the level of a significant deficiency but nonetheless represented opportunities to improve internal controls or achieve other operating efficiencies. By satisfactorily addressing the comments in the Management Advisory Comments report, departmental management will help ensure these issues do not rise to the level of a significant deficiency in the future.

For more details, go to <https://www.oig.dol.gov/public/reports/oa/2018/22-18-006-13-001.pdf>, Report No. 22-18-006-13-001 (March 29, 2018).

FECA Special Benefit Fund

The OIG contracted with an independent public accounting firm to audit the Federal Employees' Compensation Act (FECA) Special Benefit Fund's Schedule of Actuarial Liability, Net Intra-Governmental Accounts Receivable, and Benefit Expense Fund as of and for the year ended September 30, 2016, for which the firm issued an unmodified opinion. The firm also performed certain tests of controls and compliance with laws and regulations related to the fund, which disclosed a deficiency in internal control over the reporting of actuarial liability for the FECA program.

For more details, go to <https://www.oig.dol.gov/public/reports/oa/viewpdf.php?r=22-18-003-04-431&y=2018>, Report No. 22-18-003-04-431 (November 2, 2017).

Single Audits

A single audit provides an organization-wide examination of an entity expending federal assistance received for its operations. The audit is typically conducted annually by an independent certified public accountant, and its objective is to provide assurance to the U.S. government regarding the management and use of funds by such recipients as states, schools, universities, and nonprofits.

Single Audits Identified Material Weaknesses or Significant Deficiencies for 21 DOL Grantees

The OIG reviewed 38 single audit reports this period, covering DOL expenditures of about \$1.6 million. For 21 organizations that received DOL grant funds, the auditors identified material weaknesses or significant deficiencies, indicating improvements are needed in those organizations' management of DOL funds and/or compliance with grant requirements. We reported 43 findings and 43 related recommendations identified in these 21 single audit reports to the appropriate DOL funding agencies and requested the agencies ensure the grantees take the necessary corrective actions.

The Office of Management and Budget's (OMB's) Uniform Guidance provides for cognizant federal agencies to oversee the implementation of single audit requirements. The OIG is currently the cognizant agency for 17 entities and is required to periodically perform quality control reviews of their single audits. During this reporting period, we conducted a quality control review of the single audit of the South Bay Workforce Investment Board for the year ended June 30, 2016. Based on our review, we determined the South Bay Workforce Investment Board audit was conducted in accordance with applicable standards under OMB's Uniform Guidance and met single audit requirements.

Employee Integrity Investigations

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

Unsubstantiated Allegation

A senior manager was alleged to have engaged in cronyism, illegal hiring practices, and fraudulently awarding a monetary settlement in an Equal Employment Opportunity case to a Department employee. The investigation determined that the senior manager was, during the instances in question, statutorily authorized to appoint, promote, and detail employees. The investigation further found that the settlement was made after consultation with the Office of the Solicitor, which determined a settlement to be more cost efficient than civil litigation. Based on the findings, the investigation was closed with no further action.





OIG Whistleblower Activities

OIG Whistleblower Activities

Whistleblower Protection Ombudsman

Pursuant to Section 117 of the Whistleblower Protection Enhancement Act of 2012 (S.743, November 27, 2012), every Inspectors General office is required to designate a Whistleblower Protection Ombudsman. According to Section 117, the Ombudsman educates agency employees about prohibitions on retaliation for protected disclosures and shall educate agency employees who have made or are contemplating making a protected disclosure about the rights and remedies against retaliation for protected disclosures. Within the DOL-OIG, the Counsel to the Inspector General has been designated to serve as the Whistleblower Protection Ombudsman. Pursuant to this designation, the Ombudsman has:

- Prepared a slide presentation on whistleblower protections, which is available on the DOL and OIG websites and has been provided to all DOL employees;
- Established a dedicated e-mail address (OIGWhistleblower@oig.dol.gov) to receive and respond to whistleblower-related inquiries from DOL employees;
- Obtained a 2302(c) certification from the Office of Special Counsel (OSC) on behalf of the OIG (November 2014) and recently submitted the OIG's renewal request to OSC and worked with DOL to help obtain its own 2302(c) certification (October 2016); and
- Monitored whistleblower retaliation complaints received by the OIG, as well as whistleblower retaliation investigations conducted by the OIG.

Whistleblower Retaliation Investigations

The OIG can initiate its own investigations into allegations of improper or illegal retaliation received from DOL employees or, on a discretionary basis, refer such allegations to the OSC for review and investigation.

Further, pursuant to the pilot program established by Section 828 of the National Defense Authorization Act of 2013 (codified at 41 U.S.C. § 4712) ("Section 828"), made permanent by the National Defense Reauthorization Act in December 2016, the OIG is required, with some exceptions, to investigate whistleblower retaliation allegations made by employees of DOL contractors or grantees. During this reporting period, the OIG.

- Closed two investigations of alleged whistleblower retaliation made by an employee of a DOL contractor or grantee after preliminary investigation revealed that the individual had not made a protected communication or engaged in a protected activity before adverse action was taken against him/her or otherwise found the complaint to be frivolous,
- Completed the investigation into one other complaint of whistleblower retaliation brought by an employee of a DOL contractor or grantee and provided the OIG report to the Secretary of Labor, and
- Ended this reporting period with seven pending Section 828 investigations.



Legislative Recommendations

Legislative Recommendations

The Inspector General Act requires the OIG to review existing or proposed legislation and regulations and to make recommendations in the Semiannual Report concerning their impact both on the economy and efficiency of the Department's programs and on the prevention of fraud, waste, and abuse. The OIG continues to believe that the following legislative actions are necessary to increase efficiency and protect the Department's programs.

Allow OIG Direct Access to NDNH Records

The National Directory of New Hires (NDNH) is a nationally consolidated database operated by the Department of Health and Human Services' Administration for Children and Families that contains Unemployment Insurance (UI) claimant data and wage information from state and federal agencies. NDNH cannot be used for any purpose not authorized by federal law. In 2004, the law was amended to allow the State Workforce Agencies to cross-match UI claims against NDNH in order to better detect overpayments to UI claimants who have returned to work but continue to collect UI benefits. However, the applicable law does not permit the OIG to obtain NDNH data, and the OIG cannot use its subpoena authority to obtain NDNH records. Granting the OIG statutory access to NDNH data would provide the OIG with a valuable source of information for both audits and investigations. For example, OIG auditors could use these records to verify the eligibility of Workforce Innovation and Opportunity Act participants and their reported outcomes. In addition, OIG investigators could use these records to investigate employer fraud schemes in the UI program, claimant fraud in the Federal Employees' Compensation Act (FECA) program, and prevailing wage violations by federal contractors.

Enact the UI Integrity Legislative Proposals

In October 2016, the Department submitted a legislative package to Congress providing legislative changes that would help address UI program integrity and the improper payment rates experienced in the UI program. These proposals were also included in the President's FY's 2018 and 2019 budgets. The OIG encourages Congress to consider and adopt these proposals to aid the Department's efforts to combat improper payments in the UI program. The proposals include the following:

- Require states to use the State Information Data Exchange System;
- Require states to cross-match against the NDNH;
- Allow the Secretary to establish UI corrective actions related to performance and integrity;
- Require states to cross-match with the Social Security Administration's prisoner database and other repositories of prisoner information;
- Allow states to retain 5 percent of UI overpayment recoveries for program integrity use; and
- Require states to use UI penalty and interest collections solely for UI administration.

Legislative Recommendations

These legislative proposals are consistent with previous OIG findings and recommendations to address UI improper payments.

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

If DOL is to have a meaningful role in the H-1B specialty-occupations foreign labor certification process, it must have the statutory authority to ensure the integrity of that process, including the ability to verify the accuracy of information provided on labor condition applications. Currently, the Department is statutorily required to certify an H-1B application unless it determines that the application is “incomplete or obviously inaccurate.” Our concern with the Department’s limited ability to ensure the integrity of the certification process is heightened by the results of OIG analyses and investigations showing that the program is susceptible to significant fraud and abuse, particularly by employers and attorneys.

Amend Pension Protection Laws

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

- **Repeal ERISA’s limited-scope audit exemption.** This exemption excludes pension plan assets invested in financial institutions, such as banks and savings and loans, from audits of employee benefit plans. The limited-scope audit prevents independent public accountants who are auditing pension plans from rendering an opinion on the plans’ financial statements in accordance with professional auditing standards. These “no opinion” audits provide no substantive assurance of asset integrity either to plan participants or to the Department.
- **Expand the authority of the Employee Benefits Security Administration (EBSA) to correct substandard benefit plan audits and ensure that auditors with poor records do not perform additional plan audits.** Changes should include providing EBSA with greater enforcement authority over registration, suspension, and debarment, as well as the ability to levy civil penalties against employee benefit plan auditors. The ability to correct substandard audits and take action against auditors is important because benefit plan audits help protect participants and beneficiaries by ensuring the proper valuation of plan assets and computation of benefits.
- **Require direct reporting of ERISA violations to DOL.** Under current law, a pension plan auditor who finds a potential ERISA violation is responsible for reporting it to the plan administrator but not directly to DOL. To ensure that improprieties are addressed, we recommend that plan administrators or auditors be required to report potential ERISA violations directly to DOL. This change would ensure the timely reporting of violations and would more actively involve auditors in safeguarding pension assets, providing a first line of defense against the abuse of workers’ pension plans.
- **Strengthen criminal penalties in Title 18 of the U.S. Code.** Three sections of U.S. Code Title 18 serve as the primary criminal enforcement tools for protecting pension plans covered by ERISA. Embezzlement or theft from employee pension and welfare plans is prohibited by Section 664, making false

Legislative Recommendations

statements in documents required by ERISA is prohibited by Section 1027, and giving or accepting bribes related to the operation of ERISA-covered plans is prohibited by Section 1954. Sections 664 and 1027 subject violators to up to 5 years' imprisonment, while Section 1954 calls for up to 3 years' imprisonment. We believe the maximum penalty should be raised to 10 years for all 3 violations to correspond with the 10-year penalty imposed by Section 669 (theft from health care benefit programs), to serve as a greater deterrent, and to further protect employee pension plans.

Improve the Integrity of the FECA Program

The OIG believes reforms should be considered to improve the effectiveness and integrity of the FECA program in the following areas:

- **Provide statutory access to Social Security wage records and the NDNH.** Currently, the Department can access Social Security wage information only if the claimant gives it permission to do so, and it has no access to the NDNH. Granting the Department routine access to these databases would aid in detecting fraud committed by individuals receiving FECA wage loss compensation but failing to report income they have earned.
- **Establish a 3-day waiting period at the beginning of the claim process.** FECA legislation provides for a 3-day waiting period intended to discourage the filing of frivolous claims. As currently written, the legislation places the waiting period at the end of the 45-day continuation-of-pay period, thereby negating its purpose. Legislation passed in 2006 placed the waiting period for postal employees immediately after an employment-related injury. If the intent of the law is to have a true waiting period before an employee applies for benefits, then that period should likewise come immediately after an employment-related injury for all federal workers, not just postal employees.
- **Allow the temporary suspension of questionable medical providers pending the outcome of an investigation.** While FECA regulations allow the Office of Workers' Compensation Programs (OWCP) to exclude a provider through administrative means, OWCP must provide notice to the provider and afford the provider an opportunity for a hearing before the DOL's Office of Administrative Law Judges. This process and its procedures can be lengthy. Legislative changes are needed to enable DOL to promptly suspend payment to providers who have been indicted for fraud in their billing practices. This proposal is included in the President's Budget proposal for FY 2019.
- **Set prescription drug price limitations.** Through the Federal Ceiling Price statute (38 U.S.C. § 8126), Congress mandated controls on prices that manufacturers can charge for drugs in four specific medical programs operated by the Department of Veterans Affairs, the Department of Defense, the Public Health Service, and the Coast Guard. Granting DOL similar authority to implement such ceiling prices would help ensure that the prices it pays for drugs are fair and reasonable.

Legislative Recommendations

Clarify the Mine Safety and Health Administration's Authority to Issue Mine Closure Orders

The Mine Safety and Health Act of 1977 (Mine Act) charges the Secretary of Labor with protecting the lives and health of workers in coal and other mines. To that end, the Mine Act contains provisions authorizing the Secretary to issue mine closure orders. Specifically, Section 103(j) states that in the event of any accident occurring in a coal or other mine where rescue and recovery work is necessary, the Secretary or an authorized representative of the Secretary shall take whatever action he or she deems appropriate to protect the life of any person. Under Section 103(k), an authorized representative of the Secretary, when present, may issue such orders as he or she deems appropriate to ensure the safety of any person in the coal or other mine. Two decisions issued by the Federal Mine Safety and Health Review Commission affirmed that these provisions place limitations on the Mine Safety and Health Administration's (MSHA's) authority and clearly evidence the need for legislative action.

The primary purpose of the Mine Act is to give the Secretary the authority to take appropriate action, including ordering a mine closure, to protect lives. Therefore, the OIG recommends a review of the existing "rescue and recovery work" language found in Section 103(j) and the "when present" language found in Section 103(k) to ensure that MSHA's long-standing and critically important authority to take whatever actions may be necessary to protect miner health and safety, including issuing mine closure orders, is broad, clear, and not vulnerable to challenge.







Appendices

Reporting Requirements Under the Following Acts

Inspector General Act of 1978

| REPORTING REQUIREMENT | | PAGE |
|-------------------------------------|--|----------------|
| Section 4(a)(2) | Review of Legislation and Regulation | 52 |
| Section 5(a)(1) | Significant Problems, Abuses, and Deficiencies | ALL |
| Section 5(a)(2) | Recommendations with Respect to Significant Problems, Abuses, and Deficiencies | ALL |
| Section 5(a)(3) | Prior Significant Recommendations on Which Corrective Action Has Not Been Completed | 66 |
| Section 5(a)(4) | Matters Referred to Prospective Authorities | 81 |
| Section 5(a)(5) and Section 6(b)(2) | Summary of Instances Where Information Was Refused | None to Report |
| Section 5(a)(6) | List of Audit Reports | 62 |
| Section 5(a)(7) | Summary of Significant Reports | ALL |
| Section 5(a)(8) | Statistical Tables on Management Decisions on Questioned Costs | 61 |
| Section 5(a)(9) | Statistical Tables on Management Decisions on Recommendations That Funds Be Put to Better Use | 60 |
| Section 5(a) (10) | Summary of Each Audit Report, Inspection Reports, and Evaluation Reports Issued Before the Commencement of the Reporting Period— (A) for which no management decision has been made by the end of the reporting period (including the date and title of each such report), an explanation of the reasons such management decision has not been made, and a statement concerning the desired timetable for achieving a management decision on each such report; (B) for which no establishment comment was returned within 60 days of providing the report to the establishment; and (C) for which there are any outstanding unimplemented recommendations, including the aggregate potential cost savings of those recommendations. | 69 - 81 |
| Section 5(a) (11) | Description and Explanation for Any Significant Revised Management Decision | None to Report |
| Section 5(a) (12) | Information on Any Significant Management Decisions with Which the Inspector General Disagrees | None to Report |
| Section 5(a) (13) | Information from the Federal Financial Improvement Act Section 804(b) - instances and reasons when an agency has not met intermediate target dates in remediation plan. | None to Report |
| Section 5(a) (14) | Peer Review Reporting | 83 |

Reporting Requirements Under the Following Acts

Inspector General Act of 1978

| | | |
|-------------------|---|----------------|
| Section 5(a) (15) | Outstanding Peer Review Recommendations | None to Report |
| Section 5(a) (16) | Peer Reviews conducted by DOL-OIG and Recommendations | None to Report |
| Section 5(a) (17) | Statistical Tables on Investigative Findings | 81 |
| Section 5(a) (18) | Metrics Used for Developing the Data for the Statistical Tables Under Paragraph Section 5(a) (17) | 81 |
| Section 5(a) (19) | Summary of Investigations of Senior Government Employees Where Allegations of Misconduct Were Substantiated | None to Report |
| Section 5(a) (20) | Description of Whistleblower Retaliation Cases | 50 |
| Section 5(a) (21) | Summary of Instances of Departmental Interference with the Independence of the Office | None to Report |
| Section 5(a) (22) | Descriptions of Inspections, Evaluations, Audits, and Investigations That Are Closed and Were Not Disclosed to the Public | None to Report |

Dodd–Frank Wall Street Reform & Consumer Protection Act of 2010

| | | |
|----------------|-----------------------|----|
| Section 989(C) | Peer Review Reporting | 83 |
|----------------|-----------------------|----|

Funds Recommended for Better Use

| Funds Put to a Better Use Agreed to by DOL* | | |
|--|-------------------|----------------------------|
| | Number of Reports | Dollar Value (\$ millions) |
| For which no management decision had been made as of the commencement of the reporting period. | 2 | 11.6 |
| Issued during the reporting period | <u>2</u> | <u>83.3</u> |
| Subtotal | 4 | 94.9 |
| For which management decision was made during the reporting period: | | |
| • Dollar value of recommendations that were agreed to by management | | 0.4 |
| • Dollar value of recommendations that were not agreed to by management | | 0.0 |
| For which no management decision had been made as of the end of the reporting period | 3 | 94.5 |

| Funds Put to a Better Use Implemented by DOL | | |
|--|-------------------|----------------------------|
| | Number of Reports | Dollar Value (\$ millions) |
| For which final action had not been taken as of the commencement of the reporting period. | 3 | 61.1 |
| For which management or appeal decisions were made during the reporting period | <u>1</u> | <u>0.4</u> |
| Subtotal | 4 | 61.5 |
| For which management decision was made during the reporting period: | | |
| • Dollar value of recommendations that were actually completed | | 0.0 |
| • Dollar value of recommendations that management has subsequently concluded should not or could not be implemented or completed | | 0.0 |
| For which no final action had been taken by the end of the period | 4 | 61.5 |

* The phrase "recommendation that funds be put to better use" means a recommendation by the OIG that funds could be used more efficiently or achieve greater program effectiveness if management took actions to implement and complete the recommendation. This term is defined by the Inspector General Act and includes, among other things, reductions in future outlays; deobligation of funds from programs or operations; costs not incurred in the future by implementing recommended improvements related to the operations of the establishment, a contractor, or a grantee; and any other savings specifically identified, including reverting funds to the U.S. Treasury to be used for other purposes.

Questioned Costs

| Resolution Activity: Questioned Costs* ¹ | | |
|---|-------------------|--------------------------------|
| | Number of Reports | Questioned Costs (\$ millions) |
| For which no management decision had been made as of the commencement of the reporting period (as adjusted) | 13 | 4.5 |
| Issued during the reporting period | <u>6</u> | <u>1.6</u> |
| Subtotal | 19 | 6.1 |
| For which a management decision was made during the reporting period: | | |
| • Dollar value of disallowed costs | | 0.1 |
| • Dollar value of costs not disallowed | | 0.2 |
| For which no management decision had been made as of the end of the reporting period | 11 | 5.8 |
| For which no management decision had been made within 6 months of issuance | 5 | 4.3 |

| Closure Activity: Disallowed Costs | | |
|--|-------------------|--------------------------------|
| | Number of Reports | Disallowed Costs (\$ millions) |
| For which final action had not been taken as of the commencement of the reporting period (as adjusted) | 51 | 13.0 |
| For which management or appeal decisions were made during the reporting period | <u>5</u> | <u>0.1</u> |
| Subtotal | 56 | 13.1 |
| For which final action was taken during the reporting period: | | |
| • Dollar value of disallowed costs that were recovered | 2 | 0.0 ² |
| • Dollar value of disallowed costs that were written off by management | | 0.0 |
| • Dollar value of disallowed costs that entered appeal status | | |
| For which no final action had been taken by the end of the reporting period | 54 | 13.1 |

* As defined by the Inspector General Act, questioned costs include alleged violations of law, regulations, contracts, grants, or agreements; costs not supported by adequate documentation; or the expenditure of funds for an intended purpose that was unnecessary or unreasonable. Disallowed costs are costs that the OIG questioned during an audit as unsupported or unallowable and that the grant/contracting officer has determined the auditee should repay. The Department is responsible for collecting the debts established. The amount collected may be less than the amount disallowed, and monies recovered usually cannot be used to fund other program operations and are returned to the U.S. Treasury.

¹ Includes questioned costs from single audits.

² The Department reported recoveries totaling \$6,408.

Appendices

Final Audit Reports Issued

| Report Name | # of Recommendations | Questioned Costs (\$) | Funds Put to Better Use (\$) | Other Monetary Impact (\$) |
|--|----------------------|-----------------------|------------------------------|----------------------------|
| Employment and Training Programs | | | | |
| YouthBuild Programs | | | | |
| DOL Could Improve Exit Requirements and Participant Outcomes for the YouthBuild Program; Report No. 04-18-002-03-001; 03/30/18 | 1 | 1,390,498 | 12,600,000 | 0 |
| Total (1 Report) | 1 | 1,390,498 | 12,600,000 | 0 |
| Job Corps Programs | | | | |
| Job Corps Could Not Demonstrate Beneficial Job Training Outcomes; Report No. 04-18-001-03-370; 03/30/18 | 2 | 0 | 70,700,000 | 51,750 |
| Total (1 Report) | 2 | 0 | 70,700,000 | 51,750 |
| Workers' Rights Programs | | | | |
| Veterans' Employment and Training Service (VETS) | | | | |
| VETS Investigated USERRA Claims in Accordance with the USERRA Manual, but Improvements Can Be Made; Report No. 06-18-001-02-001; 10/30/17 | 2 | 0 | 0 | 0 |
| Total (1 Report) | 2 | 0 | 0 | 0 |
| Workers Benefit Programs | | | | |
| Longshore and Harbor Workers' Compensation | | | | |
| FY 2016 Longshore and Harbor Workers' Compensation Act Special Fund Financial Statements and Independent Auditors' Report, September 30, 2016 and 2015; Report No. 22-18-001-04-432; 10/30/17 | 2 | 0 | 0 | 0 |
| FY 2016 District of Columbia Workmen's Compensation Act Special Fund Financial Statements and Independent Auditors' Report, September 30, 2016 and 2015; Report No. 22-18-002-04-432; 10/30/17 | 4 | 0 | 0 | 0 |
| Total (2 Reports) | 6 | 0 | 0 | 0 |

Appendices

Final Audit Reports Issued, continued

| Departmental Management | | | | |
|---|-----------|------------------|-------------------|---------------|
| Office of Assistant Secretary for Administration and Management (OASAM) | | | | |
| OASAM Could Improve Oversight of Purchase Card Transactions; Report No. 17-18-002-07-001; 03/23/18 | 3 | 0 | 0 | 0 |
| FY 2017 FISMA DOL Information Security Report; Report No. 23-18-001-07-725; 12/29/17 | 4 | 0 | 0 | 0 |
| Total (2 Reports) | 7 | 0 | 0 | 0 |
| Office of the Chief Financial Officer | | | | |
| The Department Needs to Take Action to Improve the Quality of Its DATA Act Submission Report; Report No. 03-18-001-13-001; 01/19/18 | 8 | 0 | 0 | 0 |
| FY 2017 Independent Auditors' Report on the DOL Consolidated Financial Statements; Report No. 22-18-004-13-001; 11/15/17 | 2 | 0 | 0 | 0 |
| Management Advisory Comments Identified in an Audit of the Consolidated Financial Statements for the Year Ended September 30, 2017; Report No. 22-18-006-13-001; 03/29/18 | 19 | 0 | 0 | 0 |
| Total (3 Reports) | 29 | 0 | 0 | 0 |
| Final Audit Report Total (10 Reports) | 47 | 1,390,498 | 83,300,000 | 51,750 |

Appendices

Other Reports

| Report Name | # of Recommendations |
|--|----------------------|
| Employment and Training Programs | |
| Job Corps Programs | |
| Job Corps Took Action to Mitigate Violence, Drugs and Other Student Misconduct at Centers, but More Needs to Be Done; Report No. 26-18-003-01-370; 12/29/17 | 0 |
| Total (1 Report) | 0 |
| Workforce Investment Act | |
| Quality Control Review: Single Audit of South Bay Workforce Investment Board, Inc.; Report No. 24-18-001-03-390; 03/27/18 | 0 |
| Total (1 Report) | 0 |
| Office of Workers' Compensation Programs | |
| Federal Employees' Compensation Program | |
| Special Report Relating to the Federal Employees' Compensation Act Special Fund Financial Statements and Independent Auditors' Report; Report No. 22-18-003-04-431; 11/02/17 | 3 |
| Total (1 Report) | 3 |
| Departmental Programs | |
| Office of the Secretary | |
| Review of Secretary Acosta's Travel; Report No. 17-18-001-01-001; 01/25/18 | 2 |
| Total (1 Report) | 2 |
| Other Report Total (4 Reports) | 5 |

Appendices

Single Audit Reports Processed

| Program/Report Name | # of Recommendations | Questioned Costs (\$) |
|---|----------------------|-----------------------|
| State of Ohio; Report No. 24-18-583-03-390; 03/28/18 | 4 | 0 |
| Homework Hangout Club, Inc.; Report No. 24-18-519-03-386; 03/09/18 | 1 | 0 |
| Indian Center, Inc., and Affiliates; Report No. 24-18-518-03-355; 03/08/18 | 1 | 14,294 |
| Upper Explorer and Regional Planning Commission; Report No. 24-18-517-03-385; 02/20/18 | 2 | 0 |
| SER Corporation for the Year Ended June 30, 2016; Report No. 24-18-515-03-390; 01/24/18 | 2 | 0 |
| SER Corporation for the Year Ended June 30, 2017; Report No. 24-18-516-03-390; 01/24/18 | 2 | 0 |
| National Asian Pacific Center on Aging; Report No. 24-18-509-03-390; 01/11/18 | 4 | 0 |
| SER Corporation for the Year Ended June 30, 2015; Report No. 24-18-510-03-390; 01/11/18 | 3 | 0 |
| Sioux Falls School District 49-5; Report 24-18-511-03-390; 01/11/18 | 1 | 65,393 |
| Union College; Report No. 24-18-512-03-390; 01/11/18 | 1 | 0 |
| Metro Community Development, Inc.; Report No. 24-18-513-03-390; 01/11/18 | 1 | 0 |
| Friendly Home, Inc., and Subsidiary; Report No. 24-18-514-03-390; 01/11/18 | 3 | 13,704 |
| Black Veterans for Social Justice; Report No. 24-18-508-02-201; 11/29/17 | 1 | 0 |
| Phoenix Indian Center, Report No. 24-18-506-03-390; 11/20/17 | 1 | 0 |
| Goodwill Industries of Southern Arizona; Report No. 24-18-507-03-390; 11/20/17 | 1 | 0 |
| State of Alaska; Report No. 24-18-500-03-390; 11/13/17 | 2 | 28,270 |
| Otoe-Missouria Tribe of Indians; Report No. 24-18-501-03-390; 11/13/17 | 2 | 0 |
| Partners of America, Inc.; Report No. 24-18-502-01-070; 11/13/17 | 1 | 0 |
| Guadalupe Alternative Programs; Report No. 24-18-503-03-390; 11/13/17 | 1 | 96,032 |
| Word of Hope Ministries, Inc., Report No. 24-18-504-03-390; 11/13/17 | 1 | 0 |
| National Urban League, Inc.; Report No. 24-18-505-03-390; 11/13/17 | 1 | 0 |
| Single Audit Report Total (21 Reports) | 36 | 217,693 |

Appendices

Unresolved Audit Reports Over 6 Months Old

| Agency | Report Name | # of Recommendations | Questioned Costs (\$) |
|---|--|----------------------|-----------------------|
| Agency Management Decision or Grant/Contracting Officer's Final Determination Did Not Resolve; OIG Negotiating with Agency | | | |
| BLS | BLS Could Enhance Controls Over Current Employment Statistics Survey Data Collection; Report No. 17-17-002-11-001; 11/18/16 | 1 | 0 |
| EBSA | Changes Are Still Needed in the ERISA Audit Process to Increase Protection for Employee Benefit Plan Participants; Report No. 09-12-002-12-121; 09/28/12 | 1 | 0 |
| EBSA | EBSA Needs to Provide Additional Guidance and Oversight to ERISA Plans Holding Hard-to-Value Alternative Investments; Report No. 09-13-001-12-121; 09/30/13 | 1 | 0 |
| EBSA | EBSA Did Not Have the Ability to Protect the Estimated 79 Million Plan Participants in Self-Insured Health Plans from Improper Denials of Health Claims; Report No. 05-17-001-12-121; 11/18/16 | 1 | 0 |
| ETA | Controls Over the Release of the UI Weekly Claim Report Need Improvement; Report No. 17-14-001-03-315; 01/02/14 | 1 | 0 |
| ETA | Job Corps Needs to Improve Controls Over Student Travel Funds; Report No. 26-14-001-03-370; 04/29/14 | 0 | 289,224 |
| ETA | Experience Works' Senior Community Service Employment Program Grant; Report No. 26-16-001-03-360; 09/30/16 | 2 | 0 |
| ETA | ETA Violated the Bona Fide Needs Rule and the Antideficiency Act; Report No. 26-17-002-03-370; 09/21/17 | 4 | 0 |
| MSHA | MSHA Can Improve How It Responds to and Tracks Hazardous Condition Complaints; Report No. 05-16-002-06-001; 09/30/16 | 3 | 0 |
| MSHA | MSHA Needs to Provide Better Oversight of Emergency Response Plans; Report No. 05-17-002-06-001; 03/31/17 | 6 | 0 |
| MULTI | Procedural Changes Could Reduce the Amount of Time Required to Adjudicate Federal Black Lung Benefit Claims; Report No. 05-15-001-50-598; 04/09/15 | 2 | 0 |
| OASAM | FISMA Fiscal Year 2015: Ongoing Security Deficiencies Exist; Report No. 23-16-002-07-725; 09/30/16 | 1 | 0 |
| OCFO/OWCP | DOL Could Do More to Reduce Improper Payments and Improve Reporting; Report No. 03-15-001-13-001; 05/15/15 | 3 | 0 |
| OCFO/OWCP | DOL Needs to Do More to Reduce Improper Payments and Improve Reporting; Report No. 03-17-002-13-001; 06/13/17 | 1 | 0 |
| OSEC | Alert Memorandum: DOL Needs to Strengthen Its Oversight of NCFMS to Control Costs; Report No. 22-15-007-01-001; 06/02/15 | 1 | 0 |
| OSEC | The Department Remains Vulnerable to Premature Release of Embargoed Economic Data; Report No. 17-16-001-01-001; 03/25/16 | 1 | 0 |
| OWCP | OWCP and ECAB Did Not Monitor the Representatives' Fees Process to Protect FECA Claimants from Excessive Fees; Report No. 03-16-001-04-431; 03/31/16 | 1 | 0 |

Appendices

Unresolved Audit Reports Over 6 Months Old, continued

| Agency | Report Name | # of Recommendations | Questioned Costs (\$) |
|--|--|----------------------|-----------------------|
| Agency Management Decision or Grant/Contracting Officer's Final Determination Not Issued by Close of Period | | | |
| ETA | Job Corps National Contracting Needs Improvement to Ensure Best Value; Report No. 26-13-004-03-370; 09/27/13 | 0 | 351,207 |
| ETA | Single Audit: Experience Works; Report No. 24-16-552-03-390; 06/13/16 | 2 | 1,619,324 |
| ETA | Single Audit: Experience Works, Inc. and Affiliates; Report No. 24-17-572-03-390; 08/03/17 | 3 | 1,991,900 |
| VETS | Single Audit: United Tribes Technical College; Report No. 24-17-580-02-201; 09/28/17 | 5 | 0 |
| VETS | Single Audit: State of Florida; Report No. 24-16-548-02-201; 04/27/16 | 1 | 0 |
| Total Nonmonetary Recommendations and Questioned Cost | | 41 | 4,251,655 |

| Agency | Report Name | # of Recommendations | Funds Put To Better Use (\$) |
|---|---|----------------------|------------------------------|
| Agency Management Decision or Grant/Contracting Officer's Final Determination Did Not Resolve; OIG Negotiating with Agency | | | |
| ETA | ETA Violated the Bona Fide Needs Rule and the Antideficiency Act; Report No. 26-17-002-03-370; 09/21/17 | 0 | 11,180,323 |
| Total Funds Recommended for Better Use | | 0 | 11,180,323 |
| Total Audit Exceptions and Funds Recommended for Better Use | | 41 | 15,431,978 |

Corrective Actions Taken by the Department

During this reporting period, the Department has taken corrective actions to implement 54 recommendations resulting from OIG reports. The following is a summary of the most significant actions.

Job Corps Needs to Improve Enforcement and Oversight of Student Disciplinary Policies; Report No. 26-15-001-03-370

This audit identified deficiencies in center management's enforcement of Job Corps' disciplinary policies, which resulted in centers keeping potentially dangerous students in the program. In response to the audit, Job Corps has eliminated its backlog of unaddressed zero tolerance infractions.

Review of Job Corps Center Safety and Security; Report No. 26-17-001-03-370

The review determined that Job Corps lacked a policy defining the center employment positions that should be subject to background checks and how the results of background checks would be evaluated. In response to the review, the Department has implemented the needed policies and procedures for employee background checks.

The Department Remains Vulnerable to Premature Release of Embargoed Economic Data; Report No. 17-16-001-01-001

After the premature release of embargoed economic data from the Producer Price Index report during a press media lockup, OIG found the Department had not obtained the required "authority to operate" the lockup room system that would provide assurance that appropriate information security controls are in place to protect embargoed data from premature release. In response to the audit, the Department has obtained the required "authority to operate."

Review of Secretary Acosta's Travel; Report No. 17-18-001-01-001

Our review found the Secretary's travel complied with federal laws, regulations, and departmental policy and procedures, but we noted the Department lacked policies and procedures for documenting political appointee use of noncommercial flights or for trips that involve official and political activities. In response to the review, the Department has implemented the needed policies and procedures.

Unimplemented Recommendations

During this reporting period, we did not encounter any instances of audits or evaluations provided to the Department for comment that were not responded to within 60 days. Agencies have provided management decisions in response to all audits and evaluations issued before the commencement of this reporting period, except for two reports involving contractors where the Department is still negotiating with the contractors. For 19 reports, OIG did not agree with the corrective actions proposed by the agency in response to 54 recommendations, but we are continuing to work with the Department to resolve those recommendations.

From October 1, 2007, through September 30, 2017, the OIG made 2,403 audit recommendations to the Department, of which 275 have not been fully implemented. These 275 recommendations include 97 recommendations resulting from audits issued since FY 2016, in many cases, the Department has corrective action plans in place.

Recommendations Made Prior to October 1, 2017, Not Yet Implemented

| FY | Total Number of Recommendations Made | Total Number of Open Recommendations | Potential Cost Savings/Funds Put to Better Use (\$) |
|--------------|--------------------------------------|--------------------------------------|---|
| 2008 | 433 | 1 | |
| 2009 | 300 | 5 | |
| 2010 | 455 | 21 | |
| 2011 | 319 | 26 | |
| 2012 | 213 | 21 | |
| 2013 | 195 | 21 | 53,291,121 |
| 2014 | 128 | 34 | |
| 2015 | 148 | 49 | 8,210,015 |
| 2016 | 100 | 30 | |
| 2017 | 112 | 67 | 11,180,223 |
| TOTAL | 2,403 | 275 | 72,681,359 |

High-Priority Unimplemented Recommendations

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

| Report Title, Report Number, Date Issued | Unimplemented Recommendation |
|--|---|
| Job Training | |
| Job Corps Needs to Improve Enforcement and Oversight of Student Disciplinary Policies; Report No. 26-15-001-03-370; 02/27/15 | Require Job Corps center operators to strengthen policies and procedures to ensure serious student misconduct is promptly reported, investigated, and resolved in accordance with Job Corps' disciplinary policies. |
| Additional Information Needed to Measure the Effectiveness and Return on Investment of Training Services Funded Under the WIA Adult and Dislocated Workers Programs; Report No. 03-11-003-03-390; 09/30/11 | Require State Workforce Agencies to report training costs and funding sources at the participant level so stakeholders have adequate information to make return-on-investment decisions. |
| Recovery Act: Green Jobs Program Reports Limited Success in Meeting Employment and Retention Goals as of June 30, 2012; Report No. 18-13-001-03-390; 10/25/12 | Evaluate the criteria for ETA-approved "credentials" to ensure such credentials add value to training program participants' career development and job prospects. |
| Review of Job Corps Center Safety and Security; Report No. 26-17-001-03-370; 03/31/17 | Establish, clarify, and enforce policies that ensure Job Corps centers report potentially serious criminal misconduct to law enforcement. |
| Worker Safety | |
| OSHA Does Not Know If Special Emphasis Programs Have Long-term Industrywide Effect; Report No. 02-16-201-105; 09/28/16 | Develop a performance measurement strategy inclusive of output and outcome measures to appropriately assess program goals and objectives. |
| MSHA Can Improve How It Responds to and Tracks Hazardous Condition Complaints; Report No. 05-16-002-06-001; 09/30/16 | Implement consistent, organization-wide guidelines for handling hazardous condition complaints. |
| MSHA Needs to Provide Better Oversight of Emergency Response Plans; Report No. 05-17-002-06-001; 03/31/17 | Clarify mine operators' responsibilities for local coordination under the MINER Act, including coordination and communication among the operator, mine rescue teams, and local emergency response personnel and familiarizing local rescue personnel with surface functions that may be required in the course of mine rescue work. |
| OSHA Could Do More to Ensure Employers Correct Hazards Identified During Inspections; Report No. 02-17-201-10-105; 03/31/17 | Provide clearer guidance on how to obtain abatement verification at smaller construction sites where contractors become inactive in a very short period. |
| Worker Rights | |
| Wage and Hour Division Needs to Strengthen Management Controls for Back Wage Distributions; Report No. 04-15-001-04-420; 03/31/15 | Develop reporting tools that will support greater oversight and performance management of the back wage follow-up and distribution process. |
| Management of the H-2B Program Needs to Be Strengthened to Ensure Adequate Protections for U. S. Workers; Report No. 06-12-001-03-321; 09/28/12 | Collaborate with U.S. Customs and Immigration Service (USCIS) to explore ways for ETA to review USCIS documents during post adjudication audits. ETA's review methodology should include referrals to the Department of Homeland Security if they find any errors in the immigration documentation. |

High-Priority Unimplemented Recommendations, continued

| Report Title, Report Number, Date Issued | Unimplemented Recommendation |
|--|--|
| Employee Benefits | |
| Procedural Changes Could Reduce the Amount of Time Required to Adjudicate Federal Black Lung Benefit Claims; Report No. 05-15-001-50-598; 04/09/15 | Conduct comprehensive analysis of the benefits and costs of pursuing statutory changes to the Black Lung Benefits Act to introduce referee medical examinations, compensation for partial disability, and settlement of claims. |
| EBSA Did Not Have the Ability to Protect the Estimated 79 Million Plan Participants in Self-Insured Health Plans from Improper Denials of Health Claims; Report No. 05-17-001-12-121; 11/18/16 | Reduce or eliminate exemption thresholds for small plans, use reported claims data to focus investigations of health plans, and issue guidance to clarify the fiduciary status of independent review organizations. |
| Departmental Management | |
| FISMA Fiscal Year 2015: Ongoing Security Deficiencies Exist; Report No. 23-16-002-07-725; 09/30/16 | Realign the organizational structure as it relates to the CIO to address organizational independence issues. (Note: Of the 220 unimplemented recommendations in the Department, 80 are related to information security. |
| Alert Memorandum: DOL Needs to Strengthen Its Oversight of NCFMS to Control Costs; Report No. 22-15-007-01-001; 06/02/15 | To strengthen its oversight of the New Core Financial Management System (NCFMS) and control costs, the Department should negotiate a firm-fixed price agreement for a baseline of operation and maintenance services for NCFMS, including the Department developing its own cost estimate. |
| Controls over the Release of the Unemployment Insurance Weekly Claims Report Need Improvement; Report No. 17-14-001-03-315; 01/02/14 | Develop and implement a strategy to achieve an equitable release of the UI Claims Report and eliminate any competitive advantage that new organizations inside the lockup and their clients may have; or, absent a viable solution, consider discontinuing the use of the press lockup. |

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

| Report Name | # of Recommendations | Funds Put to Better Use (\$) |
|---|----------------------|------------------------------|
| Employment and Training Administration (ETA) | | |
| <p>Job Corps Needs to Improve Timeliness of and Accountability for Maintenance Repairs at Its Centers; Report No. 26-13-002-03-370; 12/07/12</p> <p>To ensure that available funds are adequately accounted for and used appropriately before expiration and to put \$42.1 million in funds to better use, Job Corps needs to (1) improve management processes to ensure maintenance deficiencies are identified, tracked, and repaired appropriately and (2) improve the monitoring and tracking of the status of funds obligated for Job Corps centers repairs.</p> | 2 | 42,091,121 |
| <p>Navajo Nation Did Not Adequately Manage Workforce Investment Act Grants and Could Serve More Participants with Available Funds; Report No. 02-13-202-03-355; 09/30/13</p> <p>Providing technical assistance to satisfy the educational and employment needs of additional eligible Indian and Native American Program participants as appropriate or by recouping and redistributing \$11.2 million of excess carryover funds would put these funds to better use.</p> | 2 | 11,200,000 |
| <p>Job Corps Needs to Improve Enforcement and Oversight of Student Disciplinary Policies; Report No. 26-15-001-03-370; 02/27/15</p> <p>Requiring Job Corps centers and their respective operators to strengthen policies and procedures to ensure serious student misconduct is promptly reported, investigated, and resolved in accordance with Job Corps' disciplinary policies will result in terminating students within required time frames and will put \$398,729 to better use and improve the safety of other students at Job Corps centers.</p> | 1 | 398,729 |
| <p>Superstorm Sandy National Emergency Grants: ETA Awarded Funds Promptly, but Could Improve Grant Modification and Eligibility Verification Processes; Report No. 02-15-204-03-390; 03/26/15</p> <p>Reinstating the policy to require disaster national emergency grantees to have systems in place to review eligibility determinations once needed documentation becomes available could put \$7,811,286 to better use.</p> | 1 | 7,811,286 |
| <p>ETA Violated the Bona Fide Needs Rule and the Antideficiency Act; Report No. 26-17-002-03-370; 09/21/17</p> <p>We recommended the Deputy Assistant Secretary for Employment and Training require ETA to develop and implement clear policies and procedures to improve funds management, which should include regularly monitoring obligations to identify unexpended Job Corps' funds that can be deobligated during the periods of availability; this could put \$11,180,223 to better use.</p> | 1 | 11,180,223 |
| Total | 7 | 72,681,359 |

Summary of Reports with Unimplemented Recommendations with Other Monetary Impact

| Report Name | # of Recommendations | Other Monetary Impact Recommendations (\$) |
|--|----------------------|--|
| Employment and Training Administration (ETA) | | |
| <p>Job Corps Contractor and DOL Procurement Practices Need Improvement; Report No. 26-14-002-03-370; 09/24/14</p> <p>We recommend that the Assistant Secretary for Employment and Training require the regional Job Corps offices and respective ETA COs to refer the four small business set-aside contracts we identified held by AET and APS to SBA for review and guidance on corrective action, if warranted.</p> | 1 | 126,500,000 |
| <p>Better Strategies Needed to Increase Employer Participation in the State Information Data Exchange System; Report No. 04-17-003-03-315; 03/31/17</p> <p>We recommend that the Deputy Assistant Secretary for Employment and Training work with SWAs to track and enroll employers with the highest numbers of UI claims.</p> | 1 | 26,000,000 |
| Total | 2 | 152,500,000 |

Appendices

Reports with Unimplemented Recommendations for Management Improvement or Disallowed Costs Owed

The following table lists all OIG reports issued prior to this semiannual reporting period with recommendations that have not yet been fully implemented (as of March 31, 2018).

| Report Name | # of Recommendations | Disallowed Costs Owed (\$) |
|---|----------------------|----------------------------|
| Bureau of Labor Statistics | | |
| Fiscal Year 2014 Federal Information Security Management Act: Bureau of Labor Statistics National Longitudinal Survey; Report No. 23-15-002-11-001; 11/14/14 | 6 | 0 |
| BLS Could Enhance Controls over Current Employment Statistics Survey Data Collection; Report No. 17-17-002-11-001; 09/27/17 | 3 | 0 |
| Office of the Chief Financial Officer | | |
| DOL Needs to Establish a Central Point of Accountability over the Department's Working Capital Fund Operations to Ensure It Meets the Legislative Intent; Report No. 03-10-002-13-001; 09/28/10 | 2 | 0 |
| Fiscal Year 2011 Independent Auditor's Report on the DOL Consolidated Financial Statements; Report No. 22-12-002-13-001; 11/14/11 | 1 | 0 |
| Independent Auditors' Report on the U.S. Department of Labor's FY 2013 Consolidated Financial Statements; Report No. 22-14-002-13-001; 12/16/13 | 1 | 0 |
| Management Advisory Comments Identified in an Audit of the Consolidated Financial Statements, for the Year Ended September 30, 2013; Report No. 22-14-006-13-001; 03/31/14 | 1 | 0 |
| FY 2013 Audit of Consolidated Financial Statements—Information Technology Control Deficiencies Related to the Office of the Chief Financial Officer New Core Financial Management System and PeoplePower; Report No. 22-14-013-13-001; 03/31/14 | 1 | 0 |
| Review of Department of Labor Conference Costs, Approvals, and Reporting; Report No. 17-15-002-13-001; 03/31/15 | 1 | 0 |
| DOL Could Do More to Reduce Improper Payments and Improve Reporting; Report No. 03-15-001-13-001; 05/15/15 | 3 | 0 |
| Management Advisory Comments Identified in an Audit of the Consolidated Financial Statements for the Year Ended September 30, 2015; Report No. 22-16-004-13-001; 03/25/16 | 6 | 0 |
| DOL Needs To Do More To Reduce Improper Payments and Improve Reporting; Report No. 03-17-002-13-001; 06/13/17 | 1 | 0 |
| FY 2016 Independent Auditors' Report on the U.S. Department of Labor's Consolidated Financial Statements; Report No. 22-17-002-13-001; 12/15/16 | 2 | 0 |
| Management Advisory Comments Identified In An Audit of the Consolidated Financial Statements For The Year Ended September 30, 2016; Report No. 22-17-004-13-001; 03/24/17 | 1 | 0 |
| Employee Benefits Security Administration | | |
| Changes Are Still Needed in the ERISA Audit Process to Increase Protections for Employee Benefit Plan Participants; Report No. 09-12-002-12-121; 09/28/12 | 2 | 0 |

Reports with Unimplemented Recommendations, continued

| Report Name | # of Recommendations | Disallowed Costs Owed (\$) |
|---|----------------------|----------------------------|
| EBSA Needs to Provide Additional Guidance and Oversight to ERISA Plans Holding Hard-to-Value Alternative Investments; Report No. 09-13-001-12-121; 09/30/13 | 2 | 0 |
| EBSA Could Improve Its Usage of Form 5500 Data; Report No. 05-14-003-12-121; 03/31/14 | 4 | 0 |
| Limited-Scope Audits Provide Inadequate Protections to Retirement Plan Participants; Report No. 05-14-005-12-121; 09/30/14 | 4 | 0 |
| EBSA Did Not Have the Ability to Protect the Estimated 79 Million Plan Participants in Self-Insured Health Plans from Improper Denials of Health Claims; Report No. 05-17-001-12-121; 11/18/16 | 3 | 0 |
| Employment and Training Administration | | |
| Career Systems Development Corporation: Controls over Center Operations Were Not Effective; Report No. 26-08-001-01-370; 09/30/08 | 1 | 10,500 |
| Audit of State Workforce Agency Evaluations of Workforce Investment Act Title IV Program; Report No. 03-10-003-03-390; 08/31/10 | 1 | 0 |
| Debarment Authority Should Be Used More Extensively in Foreign Labor Certification Programs; Report No. 05-10-002-03-321; 09/30/10 | 2 | 0 |
| Performance Audit for ResCare, Inc., Job Corps Centers; Report No. 26-10-002-01-370; 03/03/10; | 1 | 10,115 |
| Audit of Education and Training Resources, Job Corps Center Operator; Report No. 26-10-003-01-370; 03/18/10 | 2 | 0 |
| Hotline Complaint Against the Sierra Nevada Job Corps Center; Report No. 26-10-007-01-370; 09/30/10 | 3 | 0 |
| Grant to the International Association of Nanotechnology; Report No. 02-11-203-03-390; 09/12/11 | 1 | 2,438,685 |
| Additional Information Needed to Measure the Effectiveness and Return on Investment of Training Services Funded Under the WIA Adult and Dislocated Worker Programs; Report No. 03-11-003-03-390; 09/30/11 | 1 | 0 |
| Federal Information Security Management Act Audit of ETA's E-Grants System and Unemployment Insurance Database Management System; Report No. 23-11-027-03-001; 09/30/11 | 1 | 0 |
| Job Corps Must Strengthen Controls to Ensure Low-Income Eligibility of Applicants; Report No. 26-11-005-03-370; 09/30/12 | 1 | 2,274,303 |
| Management of H-2B Program Needs to Be Strengthened to Ensure Adequate Protections for U.S. Workers; Report No. 06-12-001-03-321; 09/28/12 | 1 | 0 |
| Job Corps SPAMIS System Testing; Report No. 23-12-023-03-370; 09/28/12 | 2 | 0 |
| Education and Training Resources Did Not Ensure Best Value in Awarding Subcontracts at the Oneonta Job Corps Center; Report No. 26-12-001-03-370; 06/22/12 | 1 | 3,280 |
| Job Corps Oversight of Center Performance Needs Improvement; Report No. 26-12-006-03-370; 09/28/12 | 1 | 0 |
| Recovery Act: Green Jobs Program Reports Limited Success in Meeting Employment and Retention Goals as of June 30, 2012; Report No. 18-13-001-03-390; 10/25/12 | 2 | 0 |

Reports with Unimplemented Recommendations, continued

| Report Name | # of Recommendations | Disallowed Costs Owed (\$) |
|---|----------------------|----------------------------|
| Job Corps Needs to Improve Timeliness of and Accountability for Maintenance Repairs at Its Centers; Report No. 26-13-002-03-370; 12/07/12 | 2 | 0 |
| ETA Needs to Enhance Its Performance Evaluation Process for Discretionary Grantees at Closeout and Use Results for Future Grant Investments; Report No. 02-13-201-03-390; 12/20/12 | 2 | 0 |
| Job Corps National Contracting Needs Improvement to Ensure Best Value; Report No. 26-13-004-03-370; 09/27/13 | 1 | 351,207 |
| Navajo Nation Did Not Adequately Manage Workforce Investment Act Grants and Could Serve More Participants with Available Funds; Report No. 02-13-202-03-355; 09/30/13 | 3 | 0 |
| Controls over the Release of the UI Weekly Claims Report Need Improvement; Report No. 17-14-001-03-315; 01/02/14 | 1 | 0 |
| Recovery Act: Outcomes from On-the-Job Training National Emergency Grants; Report No. 18-14-001-03-390; 03/25/14 | 1 | 585 |
| FY 2013 Audit of Consolidated Financial Statements—Information Technology Control Deficiencies Related to the ETA E-Grants System, Unemployment Insurance Database Management System, and General Support System; Report No. 22-14-015-03-001; 03/31/14 | 1 | 0 |
| Job Corps Needs to Improve Controls Over Student Travel Funds; Report No. 26-14-001-03-370; 04/29/14 | 1 | 289,224 |
| Job Corps Contractor and DOL Procurement Practices Need Improvement; Report No. 26-14-002-03-370; 09/24/14 | 3 | 0 |
| Fiscal Year 2014 Federal Information Security Management Act: Job Corps Local Area Network and Wide Area Network; Report No. 23-15-003-03-370; 11/14/14 | 1 | 0 |
| Job Corps Needs to Improve Enforcement and Oversight of Student Disciplinary Policies; Report No. 26-15-001-03-370; 02/27/15 | 4 | 48,404 |
| Superstorm Sandy National Emergency Grants: ETA Awarded Funds Promptly, but Could Improve Grant Modification and Eligibility Verification Processes; Report No. 02-15-204-03-390; 03/26/15 | 3 | 1,116 |
| Effectiveness of Pennsylvania in Detecting and Reducing Unemployment Insurance Improper Payments and Implementation of Employment and Training Administration National Strategies; Report No. 18-15-001-03-315; 03/31/15 | 3 | 0 |
| ETA Needs to Improve Awarding of Year-End National Emergency Grants; Report No. 02-15-205-03-390; 09/30/15 | 1 | 0 |
| Recovery Act: Effectiveness of New York in Detecting and Reducing Unemployment Insurance Improper Payments and Implementation of Employment and Training Administration National Strategies; Report No. 18-15-003-03-315; 09/30/15 | 2 | 0 |
| Recovery Act: Effectiveness of California in Detecting and Reducing Unemployment Insurance Improper Payments and Implementation of Employment and Training Administration National Strategies; Report No. 18-16-001-03-315; 10/30/15 | 1 | 0 |
| Recovery Act: Effectiveness of Iowa in Detecting and Reducing Unemployment Insurance Improper Payments and Implementation of Employment and Training Administration National Strategies; Report No. 18-16-002-03-315; 10/30/15 | 1 | 0 |

Reports with Unimplemented Recommendations, continued

| Report Name | # of Recommendations | Disallowed Costs Owed (\$) |
|--|----------------------|----------------------------|
| ETA Needs Stronger Controls to Ensure Only Eligible Claimants Receive Unemployment Compensation for Federal Employees; Report No. 04-16-001-03-315; 03/28/16 | 3 | 0 |
| Audit of Experience Works' Senior Community Service Employment Program Grant; Report No. 26-16-001-03-360; 09/30/16 | 2 | 0 |
| Better Strategies Needed to Increase Employer Participation in the State Information Data Exchange System; Report No. 04-17-003-03-315; 03/31/17 | 2 | 0 |
| ETA Should Do More to Help States Curtail Unemployment Insurance Tax Avoidance Practices; Report No. 04-17-001-03-315; 09/13/17 | 4 | 0 |
| Program-Specific Performance Measures Are Needed to Better Evaluate the Effectiveness of the Reemployment Services and Eligibility Assessment Program; Report No. 04-17-002-03-315; 09/26/17 | 4 | 0 |
| Recovery Act: Job Training Grants to Community Colleges: Despite Participant Follow-up Difficulties, Most Were Placed in Training-Related Jobs; Report No. 18-17-001-03-390; 03/02/17 | 2 | 0 |
| Review of Job Corps Center Safety and Security; Report No. 26-17-001-03-370; 03/31/17 | 8 | 0 |
| ETA Violated the Bona Fide Needs Rule and the Antideficiency Act; Report No. 26-17-002--03-370; 09/21/17 | 4 | 0 |
| Office of Workers' Compensation Programs | | |
| OWCP'S Efforts to Detect and Prevent FECA Improper Payments Have Not Addressed Known Weaknesses; Report No. 03-12-001-04-431; 02/15/12 | 1 | 0 |
| Audit of Federal Employees' Compensation Act, Durable Medical Equipment Payments; Report No. 03-12-002-04-431; 03/26/12 | 1 | 0 |
| OWCP and ECAB Did Not Monitor the Representatives' Fees Process to Protect FECA Claimants from Excessive Fees; Report No. 03-16-001-04-431; 03/31/16 | 2 | 0 |
| Interim Report on Audit of Pharmaceutical Management in DOL Benefit Programs--OWCP Needs Better Controls Over Compounded Prescription Drugs; Report No. 03-17-001-04-431; 05/23/17 | 14 | 0 |
| Mine Safety and Health Administration | | |
| MSHA Can Improve Its Section 110 Special Investigations Process; Report No. 05-13-008-06-001; 09/30/13 | 2 | 0 |
| Fiscal Year 2013 Federal Information System Management Act: Mine Safety and Health Administration General Support System Testing; Report No. 23-13-013-06-001; 09/30/13 | 1 | 0 |
| MSHA Laboratories Have Improved Timeliness, but the Overall Sampling Process Could Be Enhanced; Report No. 05-14-002-06-001; 09/19/14 | 3 | 0 |
| Alert Memorandum: Incorrect Telephone Numbers in Mine Emergency Response Plans; Report No. 05-16-001-06-001; 10/09/15 | 1 | 0 |
| MSHA Can Improve How It Responds to and Tracks Hazardous Condition Complaints; Report No. 05-16-002-06-001; 09/30/16 | 5 | 0 |
| MSHA Needs to Provide Better Oversight of Emergency Response Plans; Report No. 05-17-002-06-001; 03/31/2017 | 9 | 0 |

Appendices

Reports with Unimplemented Recommendations, continued

| Report Name | # of Recommendations | Disallowed Costs Owed (\$) |
|--|----------------------|----------------------------|
| Multi-Agency | | |
| FY 2013 Audit of the Consolidated Financial Statements—Information Technology Control Deficiencies Related to the OWCP Automated Support Package, Energy Compensation System, Longshore Disbursement System, and Integrated Federal Employees' Compensation System; and the OASAM Division of Information Technology Management Services General Support System; Report No. 22-14-014-04-001; 03/31/14 | 1 | 0 |
| Procedural Changes Could Reduce the Amount of Time Required to Adjudicate Federal Black Lung Benefit Claims; Report No. 05-15-001-50-598; 04/09/15 | 6 | 0 |
| Office of the Assistant Secretary for Administration and Management | | |
| Notifications of Findings and Recommendations Related to the Federal Information Security Management Act Audit; Report No. 23-10-002-07-001 | 2 | 0 |
| The Department Could Do More to Strengthen Controls Over Its Personal Identity Verification System; Report No. 04-11-001-07-001; 03/31/11 | 6 | 0 |
| Ineffective Accounting for Sensitive Information Technology Hardware and Software Assets Places DOL at Significant Risk; Report No. 23-11-001-07-001; 03/31/11 | 6 | 0 |
| Improvements Are Needed in DOL IT Security Remediation Efforts; Report No. 23-11-002-07-001; 09/14/11 | 2 | 0 |
| Federal Information Security Management Act Audit of OCIO Entity-wide IT Security Controls; Report No. 23-11-030-07-001; 09/30/11 | 4 | 0 |
| Federal Information Security Management Act Departmental Security Issues; Report No. 23-12-002-07-001; 03/19/12 | 2 | 0 |
| Department Oversight Needs to Be Strengthened to Minimize Procurement Risk; Report No. 17-12-002-07-711; 03/30/12 | 1 | 0 |
| DOL Successfully Implementing Outstanding Recommendations, but Timeliness and Accuracy Are Issues; Report No. 23-12-003-07-001; 03/30/12 | 1 | 0 |
| Department-wide Security Issues; Report No. 23-12-024-07-001; 09/28/12 | 1 | 0 |
| Department eRecruit/DOORS System Testing; Report No. 23-13-004-07-001; 10/10/12 | 2 | 0 |
| Fiscal Year 2013 Federal Information Security Management Act: DOL Entity-wide Testing; Report No. 23-14-006-07-725; 11/14/13 | 2 | 0 |
| Improvements Needed to DOL's Capital Planning and Investment Controls for Managing Information Technology Investments; Report No. 23-14-009-07-723; 03/25/14 | 3 | 0 |
| FY 2013 Audit of Consolidated Financial Statements—Information Technology Control Deficiencies Related to the OASAM E-Procurement System and Employee Computer Network/Departmental Computer Network; Report No. 22-14-016-07-001; 03/31/14 | 1 | 0 |
| Cyber Security Program Improvements Are Needed to Better Secure DOL'S Major Information Systems; Report No. 23-15-001-07-725; 03/31/15 | 4 | 0 |
| Information Security Concerns; Report No. 23-15-009-07-725; 07/31/15 | 2 | 0 |
| FISMA Fiscal Year 2015: Ongoing Security Deficiencies Exist; Report No. 23-16-002-07-725; 09/30/16 | 2 | 0 |
| FY 2016 FISMA DOL Information Security Report; Report No. 23-17-002-07-725; 09/26/2018 | 1 | 0 |

Appendices

Reports with Unimplemented Recommendations, continued

| Report Name | # of Recommendations | Disallowed Costs Owed (\$) |
|---|----------------------|----------------------------|
| Office of Federal Contract Compliance Programs | | |
| Notifications of Findings and Recommendations Related to the Federal Information Security Management Act Audit of: Office of Federal Contract Compliance Programs' Information System; Report No. 23-10-017-04-410; 09/30/10 | 2 | 0 |
| Office of Labor-Management Standards | | |
| Notifications of Findings and Recommendations Related to the Federal Information Security Management Act Audit of the Employment Standards Administration's Electronic Labor Organization Reporting System; Report No. 23-09-005-04-421; 09/10/09 | 5 | 0 |
| Fiscal Year 2014 Federal Information Security Management Act: Office of Labor-Management Standards Electronic Labor Organization Reporting System; Report No. 23-15-004-04-421; 11/14/14 | 6 | 0 |
| Office of the Secretary | | |
| Alert Memorandum: DOL Needs to Strengthen Its Oversight of NCFMS to Control Costs; Report No. 22-15-007-01-001; 06/02/15 | 2 | 0 |
| The Department Remains Vulnerable to Premature Release of Embargoed Economic Data; Report No. 17-16-001-01-001; 03/25/16 | 1 | 0 |
| Occupational Safety and Health Administration | | |
| Notifications of Findings and Recommendations Related to the Federal Information Security Management Act Audit of Occupational Safety and Health Administration's Technical Information Management System; Report No. 23-10-018-10-001; 09/30/10 | 6 | 0 |
| OSHA Has Not Determined If State OSH Programs Are at Least as Effective in Improving Workplace Safety and Health as Federal OSHA's Programs; Report No. 02-11-201-10-105; 03/31/11 | 4 | 0 |
| Occupational Safety and Health Information System Testing; Report No. 23-12-022-10-001; 09/28/12 | 2 | 0 |
| Voluntary Protection Program: Controls Are Not Sufficient to Ensure Only Worksites with Exemplary Safety and Health Systems Remain in the Program; Report No. 02-14-201-10-105; 12/16/13 | 5 | 0 |
| OSHA Needs to Continue to Strengthen Its Whistleblower Protection Programs; Report No. 02-15-202-10-105; 09/30/15 | 1 | 0 |
| OSHA Does Not Know If Special-Emphasis Programs Have Long-term Industry-wide Effect; Report No. 02-16-201-10-105; 09/28/16 | 3 | 0 |
| OSHA Could Do More To Ensure Employers Correct Hazards Identified During Inspections; Report No. 02-17-201-10-105; 03/31/17 | 4 | 0 |
| OSHA's Voluntary Protection Programs Require Better Information to Identify Participants with Contract-Worker Fatalities and Catastrophes; Report No. 02-17-202-10-105; 09/11/17 | 3 | 0 |
| Veterans' Employment and Training Service | | |
| Jobs for Veterans State Grants Program: VETS Needs to Improve Financial Monitoring; Report No. 06-16-001-02-001; 03/29/16 | 3 | 59,781 |

Appendices

Reports with Unimplemented Recommendations, continued

| Report Name | # of Recommendations | Disallowed Costs Owed (\$) |
|--|----------------------|----------------------------|
| Wage and Hour Division | | |
| WHD Lacked Effective Financial Management of Back Wage and Civil Monetary Penalty Receivables; Report No. 22-12-013-04-420; 09/28/12 | 4 | 0 |
| Wage and Hour Division Needs to Strengthen Management Controls for Back Wage Distributions; Report No. 04-15-001-04-420; 03/31/15 | 2 | 0 |
| Totals | 266 | 5,487,200 |

Appendices

Investigative Statistics

| | Division Totals | Total |
|---|-----------------|-------|
| Investigative Reports Issued / Cases Closed (includes investigative reports issued, case closing reports, and matters referred for possible civil and/or administrative action): | | 126 |
| Program Fraud | 88 | |
| Labor Racketeering | 38 | |
| Cases Opened: | | 116 |
| Program Fraud | 98 | |
| Labor Racketeering | 18 | |
| Cases Referred for Prosecution (each case is measured as a singular statistic and may include more than one person or business entity): | | 101 |
| Program Fraud | 81 | |
| Labor Racketeering | 20 | |
| Cases Referred for Administrative/Civil Action (each case is measured as a singular statistic and may include more than one person or business entity): | | 39 |
| Program Fraud | 30 | |
| Labor Racketeering | 9 | |
| Persons Referred to the Department of Justice for Criminal Prosecution (includes the number of individuals and business entities referred for prosecution): | | 109 |
| Program Fraud | 88 | |
| Labor Racketeering | 21 | |
| Persons Referred to State and Local Prosecuting Authorities for Criminal Prosecution (includes the number of individuals and business entities referred for prosecution): | | 23 |
| Program Fraud | 9 | |
| Labor Racketeering | 14 | |
| Indictments and Criminal Information That Resulted from Any Prior Referral to Prosecuting Authorities (includes sealed and unsealed indictments): | | 165 |
| Program Fraud | 92 | |
| Labor Racketeering | 73 | |
| Indictments (includes sealed and unsealed indictments): | | 165 |
| Program Fraud | 92 | |
| Labor Racketeering | 73 | |
| Convictions: | | 108 |
| Program Fraud | 72 | |
| Labor Racketeering | 36 | |
| Statutory Debarments: | | 15 |
| Program Fraud | 8 | |
| Labor Racketeering | 7 | |

Investigative Statistics, continued

| | | |
|---|--------------|--------------|
| Recoveries, Cost-Efficiencies, Restitutions, Fines/Penalties, Forfeitures, and Civil Monetary Actions: | | \$24,453,758 |
| Program Fraud | \$19,393,385 | |
| Labor Racketeering | \$5,060,373 | |

| | |
|---|---------------------|
| Recoveries (the dollar amount/value of an agency's action to recover or to reprogram funds or to make other adjustments in response to OIG investigations): | \$1,026,739 |
| Cost-Efficiencies (the one-time or per annum dollar amount/value of management's commitment, in response to OIG investigations, to utilize the government's resources more efficiently): | \$2,544,910 |
| Restitutions/Forfeitures (the dollar amount/value of restitutions and forfeitures resulting from OIG criminal investigations): | \$17,933,391 |
| Fines/Penalties (the dollar amount/value of fines, assessments, seizures, investigative/court costs, and other penalties resulting from OIG criminal investigations): | \$200 |
| Civil Monetary Actions (the dollar amount/value of forfeitures, settlements, damages, judgments, court costs, and other penalties resulting from OIG criminal investigations): | \$2,948,518 |
| Total: | \$24,453,758 |

Peer Review Reporting

The following meets the requirement under Section 5(1)(14)(A)–(B) of the Inspector General Act (as amended) and Section 989C of the Dodd–Frank Wall Street Reform and Consumer Protection Act (P.L. 111-203) that the Inspectors General include their peer review results as an appendix to each semiannual report. Federal audit functions can receive a rating of “pass,” “pass with deficiencies,” or “fail.” Federal investigation functions can receive a rating of “compliant” or “noncompliant.” The most recent investigation peer review was December 14, 2016, and the most recent audit peer review was March 29, 2016.

Peer Review of DOL-OIG Investigative Function

The Social Security Administration Office of Inspector General conducted a peer review of the system of internal safeguards and management procedures for DOL-OIG’s investigative function for the period ending September 30, 2016. The DOL-OIG has been advised that the review did not identify any deficiencies with our investigative program. The peer review gave DOL-OIG a compliant rating and made no recommendations.

Peer Review of DOL-OIG Audit Function

The Department of Education–OIG conducted a peer review of the system of quality control for DOL-OIG’s audit function for the period ending September 30, 2015. The peer review report, which was issued on March 29, 2016, resulted in an opinion that the system of quality control was suitably designed and provided reasonable assurance of DOL-OIG’s conforming to professional standards in the conduct of audits. The peer review gave DOL-OIG a pass rating and made no recommendations.

Appendices

OIG Hotline

The OIG Hotline provides a communication link between the OIG and persons who want to report alleged violations of laws, rules, and regulations; mismanagement; waste of funds; abuse of authority; or danger to public health and safety. During the reporting period October 1, 2017, through March 31, 2018, the OIG Hotline received a total of 939 contacts. Of these, 263 were referred for further review and/or action.

| Complaints Received (by method reported): | | Totals |
|---|--|-------------|
| Telephone | | 388 |
| E-mail/Internet | | 417 |
| Mail | | 116 |
| Fax | | 15 |
| Walk-in | | 3 |
| Total | | 939 |
| Contacts Received (by source): | | Totals |
| Complaints from Individuals or Nongovernmental Organizations | | 907 |
| Complaints/Inquiries from Congress | | 2 |
| Referrals from GAO | | 0 |
| Complaints from Other DOL Agencies | | 16 |
| Complaints from Other (non-DOL) Government Agencies | | 14 |
| Total | | 939 |
| Disposition of Complaints: | | Totals |
| Referred to OIG Components for Further Review and/or Action | | 120 |
| Referred to DOL Program Management for Further Review and/or Action | | 119 |
| Referred to Non-DOL Agencies/Organizations | | 24 |
| No Referral Required/Informational Contact | | 708 |
| Total | | 971* |

* During this reporting period, the hotline office referred several individual complaints to multiple offices or entities for review (e.g., to multiple OIG components, or to an OIG component and DOL program management and/or a non-DOL agency).

Fiscal Year 2018 Audit Work Plan

Employee Benefits Security Administration (EBSA)

Discretionary Audits

EBSA's Oversight of Employee Stock Ownership Plans (ESOPS). We will determine if EBSA provided effective enforcement oversight of ESOPS and ESOP-like plans. Such plans hold an estimated \$1.4 trillion in investments.

EBSA Oversight of the Thrift Savings Plan—In Progress. We will continue our work to determine if EBSA has been conducting adequate oversight of the Thrift Savings Plan.

Employment and Training Administration (ETA)

Mandatory Audits

Job Corps

Outreach and Admissions —In Progress. We will determine if Job Corps' processes and performance for recruiting and enrolling participants are effective in meeting the program's mission.

Contractor Indirect Costs. We will review the effectiveness of the Office of the Assistant Secretary for Management's processes for negotiating indirect cost rates with Job Corps contractors and ensuring DOL reimburses them for only allowable indirect costs.

Contractor Use of Federal Funds. We will determine if the Office of Job Corps ensures that national training contractors use and report federal funds in accordance with laws, regulations, and guidance.

Integrity of Center Information System Data. We will determine if Job Corps has effective controls in place to ensure the integrity and reliability of performance metrics and student data processed within its Center Information System. We will also determine if these data are sufficiently reliable to use for management decisions for the program.

Integrity of Student Testing and Reported Results—In Progress. We will continue our work to determine if Job Corps exercised effective oversight of the integrity of student academic testing performed at Job Corps centers and reported accurate and reliable performance results.

Job Corps Participant Placement in Jobs and Advanced Education—COMPLETE. We will continue our work to determine if Job Corps improved the employability of its participants by evaluating the status of participants prior to enrolling in Job Corps, the training they received, initial job placements, and job retention. We will also continue our work to determine if placement data reported by Job Corps and its contractors were accurate and reliable.

Appendices

ETA

Discretionary Audits

ETA Grant Programs

Use of Certifications and Credentials in Finding Employment. We will determine if participants in Workforce Innovation and Opportunity Act (WIOA) programs earn credentials and certificates aligned with employer needs and high-demand occupations.

American Apprenticeship Initiative Grants. We will determine if grantees' strategies and performance met program goals and review ETA's oversight of grantees.

WIOA Implementation Readiness Review—In Progress. We will continue our work to assess ETA's readiness to implement program changes, as required by WIOA. The work will be limited to WIOA Title I (Adult, Dislocated Worker, or Youth Formula programs).

Reintegration of the Ex-Offenders (RExO) Program—In Progress. We will continue our work to determine if RExO Program grantees met performance goals, spent funds properly, and provided appropriate services to participants. We will also determine if different levels and duration of services had an impact on post-program employment and recidivism.

YouthBuild Participant Placement in Jobs and Education—COMPLETE. We will continue our work to determine if YouthBuild improved the employability of its participants. We will also evaluate if placement data reported by YouthBuild and its grantees were accurate and reliable.

Experience Works, Inc., Senior Community Service Employment Program (SCSEP) Grant—In Progress. We will continue our work to determine whether expenses charged to the SCSEP grant by Experience Works, Inc., were allowable, necessary, and prudent.

H-1B Technical Skills Grants —In Progress. We will continue our work to determine if grantees' training lead to participants receiving and retaining employment in occupations for which employers are using H-1B visas to hire foreign workers.

Foreign Labor Certification (FLC) Program

Debarment Use in Foreign Labor Programs. We will determine if the Office of Foreign Labor Certification's (OFLC) debarment process held companies that violated laws and policies accountable for their actions.

Integrity Reviews of Certified H-2A Applications. We will determine if OFLC designed its integrity review procedures to ensure employers complied with H-2A regulations and ensured fair working conditions for foreign labor.

Appendices

H-1B Application Review and Oversight Process. We will determine if OFLC's H-1B application review process and oversight of employers' self attestations sufficiently protected American workers' jobs, wages, and working conditions.

H-2B Prevailing Wage and Processing Backlog—In Progress. We will continue our work to determine if OFLC processed prevailing wage determinations timely, and if the application review process improved to eliminate the backlog.

ETA Management of Permanent Labor Certification Program (PERM) Applications Review—In Progress. We will continue our work to determine if ETA properly managed the PERM program.

Unemployment Insurance Program (UI)

Modernization of States' UI Information Technology (IT) Systems. We will determine if states effectively used federal funds to modernize UI IT systems, and achieved intended results. These include preventing, detecting, and recovering improper payments.

Detecting UI Recipients, Who Have Returned to Work, but Continue to Collect Benefits—In Progress. We will continue our work to assess selected states' efforts to reduce UI improper payments caused by recipients continuing to claim benefits after returning to work.

Mine Safety and Health Administration (MSHA)

Discretionary Audits

MSHA's Oversight of Underground Operators' Mine Rescue Teams. We will determine if MSHA provided effective oversight of how mine operators train, staff, and equip their underground mine rescue teams.

Vacating Violations—In Progress. We will continue our work to determine if MSHA had adequate controls over issued citations and orders.

MSHA Civil Monetary Penalties—In Progress. We will continue our work to determine if MSHA effectively used available data to ensure civil monetary penalties assessed against mine operators served as a deterrent to unsafe mine working conditions.

Occupational Safety and Health Administration (OSHA)

Discretionary Audits

Complaint Investigations. We will determine if OSHA used complainant and witness testimony to ensure thorough investigations of alleged safety and health hazards.

Appendices

Process to Issue and Manage Regulations. We will determine if OSHA's process to identify safety and health issues, implement new rules and perform "look-back" reviews of current ones, was timely.

Deterrent Effect of Penalties. We will determine if OSHA's process for setting penalties (including modifications) deterred employers from future safety and health violations, and if the agency adequately publicized inspection/penalty results to secure safe and healthy workplaces, particularly in high-risk industries.

Risk-Based Targeting. We will determine if OSHA used data to target its compliance assistance and enforcement resources on the highest hazard states, industries, and occupations.

OSHA Rulemaking Process—In Progress. We will continue our work to determine if OSHA established and followed appropriate procedures for issuing guidance documents as supplements to existing OSHA standards and requirements.

Office of Federal Contract Compliance Programs (OFCCP)

Discretionary Audits

OFCCP Enforcement of Federally Funded Construction Contracts—In Progress. We will continue our work to determine if OFCCP's policies and procedures for enforcing equal employment opportunity requirements over federal or federally funded construction contracts were adequate.

Office of the Assistant Secretary for Administration and Management (OASAM)

Mandatory Audits

Federal Information Security Management Act Audit—Annual. We will determine if DOL's management ensured the security and privacy of DOL's information contained in agency computer systems and if required security controls were operating effectively.

Charge Card Risk Assessment—Annual. We will determine if DOL has established controls over its purchase and travel card programs to prevent and detect illegal, improper, or erroneous purchases and payments.

OASAM

Discretionary Audits

Retention and Management of DOL's Electronic Records —In Progress. We will determine if DOL effectively administered its records management program, in accordance with laws, regulations, and guidance.

Appendices

Reimbursable Work Authorizations. We will determine if DOL effectively used reimbursable work authorizations (RWAs). Like many federal agencies, DOL leases buildings and other property from the General Services Administration (GSA). When these properties require repairs or alterations, DOL executes a written agreement with GSA, called an RWA. The RWA specifies the work GSA will provide, and DOL certifies it has the funds to obligate and reimburse GSA for the cost of its goods and services, indirect costs, and fees. Our work will also determine if DOL ensured that RWAs met expectations and that costs were reasonable and valid.

Effectiveness of DOL's Management of Mobile Telecommunications Services and Devices—In Progress. We will continue our work to determine if DOL effectively managed its acquisition and oversight of mobile telecommunications services and devices, including security.

DOL Physical Security—In Progress. We will continue our work to determine if physical security at DOL-owned and leased facilities safeguarded its occupants.

Application Software Security—In Progress. We will continue our work to determine if DOL has taken adequate measures to secure its public web sites.

Office of the Chief Financial Officer (OCFO)

Mandatory Audits

DATA Act Audit—COMPLETE. We will continue our work to determine if DOL complied with the DATA Act, which identified requirements for agencies, including DOL, to make publicly available their spending data.

DOL Consolidated Financial Statements Audit—Annual. We will determine if DOL's consolidated financial statements presented fairly, in all material respects, the financial position of DOL as of September 30, 2017. We will consider DOL's internal controls over financial reporting and test DOL's compliance with applicable laws, regulations, contracts, and grant agreements that could have a direct and material effect on the consolidated financial statements.

Review of DOL's Improper Payment Reporting in the Annual Financial Report—Annual. We will determine if DOL complied with the Improper Payments Information Act, as amended, which requires DOL to: 1) conduct a program-specific risk assessment for each required program or activity; 2) publish and meet annual reduction targets for each program assessed to be at risk for improper payments; and 3) report information on its efforts to recapture improper payments.

Independent Auditors Report on Special Purpose Financial Statement (closing package)—Annual. We will determine if DOL's special purpose financial statements presented fairly, in all material respects, the financial position of DOL as of September 30, 2018. We will consider DOL's internal controls over financial reporting specific to the closing package financial statements and test DOL's compliance with certain provisions of the Treasury's Financial Manual Chapter 4700 and the Supplemental Guidance.

Appendices

OCFO

Discretionary Audits

Controls over DOL's Unpaid Obligations. We will determine if OCFO effectively monitored and managed the status and validity of its unpaid obligations for material or services that have not yet been received, to ensure the funds do not expire, and that DOL can use such funds for other purposes prior to expiration.

DOL Working Capital Fund—In Progress. We will continue our work to determine if DOL effectively administered the Working Capital Fund, including its cost allocation methodologies.

Office of Workers' Compensation Programs (OWCP)

Mandatory Audits

Report Relating to the FECA Special Benefit Fund—Annual. We will determine if: 1) the Schedule of Actuarial Liability, Net Intra-Governmental Accounts Receivable, and Benefit Expense was fairly presented for the year ending September 30, 2017; and 2) internal controls over financial reporting related to the Schedule were in compliance with laws and regulations that could have a direct and material effect on the Schedule.

Longshore and Harbor Workers' Compensation Act (LHWCA) Special Fund—Annual. We will determine if DOL's LHWCA Special Fund financial statement presented fairly, in all material respects, the financial position of the LHWCA Special Funds on September 30, 2017.

District of Columbia Workmen's Compensation Act (DCCA) Special Fund Financial Statement Audits—Annual. We will determine if DOL's DCCA Special Fund financial statement presented fairly, in all material respects, the financial position of the DCCA Special Funds on September 30, 2017.

FECA Statement on Standards for Attestation Engagements (SSAE) No. 18—Annual. We will determine if DOL's Integrated Federal Employees' Compensation System transaction processing for application and general controls, as described in the report, were fairly presented, suitably designed, and operating effectively for the period October 1, 2017, through June 30, 2018.

OWCP

Discretionary Audits

Management of the Medical Benefits Provided in the Energy Employees Occupational Illness Compensation (Energy) Program. We will determine if OWCP's processes and controls ensured that Energy claimants received the medical services claimants are qualified to receive under the program. We will also determine if OWCP's management of the Energy Program provided effective stewardship of the medical services provided to the claimants.

Appendices

OWCP Medical Bill Payment Integrity Controls. We will determine if OWCP's program integrity controls in its medical bill payment systems were effectively implemented. These controls include enforcing legislative and program requirements, as well as determining if controls are effective in limiting treatments (medical procedures, prescriptions and supplies) to those medically necessary and approved for the condition.

OWCP Second Opinion and Referee Medical Exams—In Progress. We will continue our work to review OWCP's processes for selecting medical examiners and its management and oversight of related contracts.

OWCP Oversight of Pharmaceutical Costs and Compounding Medications—In Progress. We will continue our work reviewing OWCP's management of pharmaceutical costs in its compensation programs.

Wage and Hour Division (WHD)

Discretionary Audits

WHD's Enforcement Program. We will determine if WHD adequately enforced federal wage and hour laws and regulations.

Davis-Bacon Prevailing Wages Survey Accuracy and Timeliness—In Progress. We will continue our work to determine if WHD: 1) issued prevailing wage determinations that were current and accurate; and 2) adequately monitored the survey process to ensure the Department met its performance goals.

Tip Regulations under the Fair Labor Standards Act—In Progress. We will review the rulemaking process used by the Wage and Hour Division related to its proposal to rescind portions of its tip regulations issued pursuant to the Fair Labor Standards Act.

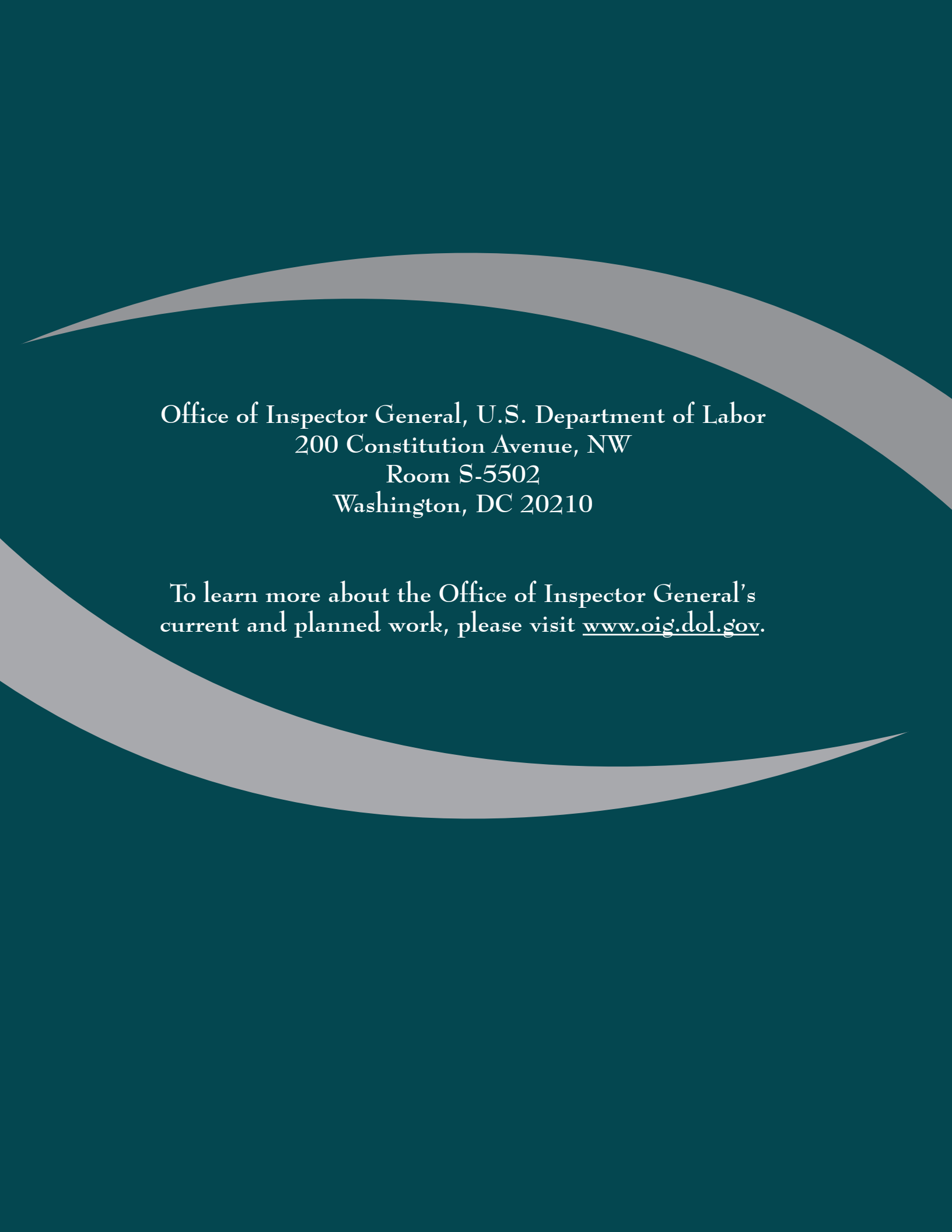
Multi-Agency

Mandatory Audits

Single Audit Compliance, Quality Control Reviews of Single Audit Reports—Annual. We will determine if selected independent auditors complied with the requirements of the Single Audit Act and if there is a need for any follow-up work.

Single Audit Compliance, Desk Reviews of DOL Grantee Reports Referred by the Federal Audit Clearinghouse—Annual. We will perform desk reviews of single audit reports that are referred to us by the Federal Audit Clearinghouse. We will determine if: 1) the independent auditor's report, Schedule of Findings and Questioned Costs, Schedule of Expenditures of Federal Awards, and corrective action plans were acceptable; 2) issues identified in the reports require follow-up audit work; 3) a quality control review should be conducted; and 4) other issues identified in the report should be brought to the attention of the appropriate DOL funding agency or agencies.





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