

FY 2015

CONGRESSIONAL BUDGET JUSTIFICATION

OFFICE OF INSPECTOR GENERAL

OFFICE OF INSPECTOR GENERAL

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INSPECTOR GENERAL REFORM ACT (PUB. L. 110-409)

The Inspector General Reform Act (Pub. L. 110-409) amended Section 6 of the Inspector General Act of 1978, 5 U.S.C. app. 3, to require certain specifications concerning Office of Inspector General budget submissions each fiscal year. Each Inspector General (IG) is required to transmit a budget request to the head of the establishment to which the IG reports specifying: the aggregate amount of funds requested for the operations of the OIG, the portion of this amount requested for OIG training, including a certification from the IG that the amount requested satisfies all OIG training requirements for that fiscal year, and the portion of this amount necessary to support the Council of the Inspectors General on Integrity and Efficiency.

For FY 2015, this information is as follows:

- OIG's aggregate budget estimate and request to OMB was \$91,580,000.
- OIG's aggregate funding request to Congress is \$84,320,000.
- OIG's funding request for training needs is \$479,000.
- Funding necessary to support the Council of Inspectors General on Integrity and Efficiency (CIGIE) is \$423,000.

OFFICE OF INSPECTOR GENERAL

APPROPRIATION LANGUAGE

For salaries and expenses of the Office of Inspector General in carrying out the provisions of the Inspector General Act of 1978, [\$74,721,000] \$78,403,000, together with not to exceed \$5,590,000, which may be expended from the Employment Security Administration Account in the Unemployment Trust Fund. (*Department of Labor Appropriations Act, 2014*)

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AMOUNTS AVAILABLE FOR OBLIGATION						
(Dollars in Thousands)						
	FY 2013 Enacted		FY 2014 Enacted		FY 2015 Request	
	FTE	Amount	FTE	Amount	FTE	Amount
A. Appropriation	371	\$77,790	351	\$74,721	361	\$78,403
Reduction Pursuant to P.L. 113-6 for FY 2013	0	-\$156	0	\$0	0	\$0
Sequestration Reduction Pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985 as Amended.	-4	-\$3,913	0	\$0	0	\$0
Offsetting Collections From:						
Reimbursements	0	\$250	0	\$500	0	\$500
Unemployment Trust Fund	35	\$5,589	35	\$5,590	35	\$5,590
Black Lung Disability Trust Fund	1	\$327	1	\$327	1	\$327
Sequestration Reduction Pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985 as Amended.	0	-\$17	0	-\$24	0	\$0
<i>Subtotal, Offsetting Collections</i>	<i>36</i>	<i>\$6,149</i>	<i>36</i>	<i>\$6,393</i>	<i>36</i>	<i>\$6,417</i>
B. Gross Budget Authority	403	\$79,870	387	\$81,114	397	\$84,820
Reimbursements	0	-\$250	0	-\$500	0	-\$500
C. Budget Authority Before Committee	403	\$79,620	387	\$80,614	397	\$84,320
Reimbursements	0	\$250	0	\$500	0	\$500
D. Total Budgetary Resources	403	\$79,870	387	\$81,114	397	\$84,820
Lapsed FTE & Unobligated Balance Expiring	-5	-\$278	0	\$0	0	\$0
E. Total, Estimated Obligations	398	\$79,592	387	\$81,114	397	\$84,820

OFFICE OF INSPECTOR GENERAL

SUMMARY OF CHANGES

(Dollars in Thousands)

	FY 2014 Enacted	FY 2015 Request	Net Change
Budget Authority			
General Funds	\$74,721	\$78,403	+\$3,682
Trust Funds	\$5,893	\$5,917	+\$24
Total	\$80,614	\$84,320	+\$3,706

Full Time Equivalents			
General Funds	351	361	10
Trust Funds	36	36	0
Total	387	397	10

Explanation of Change	FY 2014 Base		FY 2015 Change				Total	
	FTE	Amount	Trust Funds FTE	Trust Funds Amount	General Funds FTE	General Funds Amount	FTE	Amount
Increases:								
A. Built-Ins:								
To Provide For:								
Costs of pay adjustments	387	\$44,513	0	\$0	0	\$707	0	\$707
Personnel benefits	0	\$0	0	\$0	0	\$0	0	\$0
Employee health benefits	0	\$15,789	0	\$0	0	\$316	0	\$316
Federal Employees' Compensation Act (FECA)	0	\$551	0	\$0	0	\$42	0	\$42
Travel and transportation of persons	0	\$2,025	0	\$0	0	\$0	0	\$0
Transportation of things	0	\$0	0	\$0	0	\$0	0	\$0
Rental payments to GSA	0	\$4,814	0	\$0	0	\$144	0	\$144
Rental payments to others	0	\$117	0	\$0	0	\$0	0	\$0
Communications, utilities, and miscellaneous charges	0	\$391	0	\$0	0	\$0	0	\$0
Printing and reproduction	0	\$14	0	\$0	0	\$0	0	\$0
Advisory and assistance services	0	\$4,030	0	\$0	0	\$0	0	\$0
Other services from non-Federal sources	0	\$484	0	\$0	0	\$0	0	\$0
Working Capital Fund	0	\$4,691	0	\$0	0	\$23	0	\$23
Other Federal sources (DHS Charges)	0	\$374	0	\$0	0	\$0	0	\$0
Other goods and services from Federal sources	0	\$904	0	\$0	0	\$43	0	\$43
Operation and maintenance of facilities	0	\$5	0	\$0	0	\$0	0	\$0
Operation and maintenance of equipment	0	\$1,276	0	\$0	0	\$0	0	\$0
Supplies and materials	0	\$315	0	\$0	0	\$0	0	\$0
Equipment	0	\$320	0	\$0	0	\$0	0	\$0
Grants, subsidies, and contributions	0	\$0	0	\$0	0	\$0	0	\$0
Insurance claims and indemnities	0	\$1	0	\$0	0	\$0	0	\$0

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Explanation of Change	FY 2014 Base		FY 2015 Change					
	FTE	Amount	Trust Funds		General Funds		Total	
			FTE	Amount	FTE	Amount	FTE	Amount
Built-Ins Subtotal	387	+\$80,614	0	\$0	0	+\$1,275	0	+\$1,275
B. Programs:								
To provide for mandatory audit requirements and fund important, emerging audit and investigative needs	0	\$0	0	\$0	10	\$2,407	10	\$2,407
Black Lung Disability Trust Funds restoration from 2014 sequester reductions	0	\$0	0	\$24	0	\$0	0	\$24
Programs Subtotal			0	+\$24	10	+\$2,407	10	+\$2,431
Total Increase	387	+\$80,614	0	+\$24	10	+\$3,682	10	+\$3,706
Decreases:								
A. Built-Ins:								
To Provide For:								
Built-Ins Subtotal	0	\$0	0	\$0	0	\$0	0	\$0
B. Programs:								
Total Decrease	0	\$0	0	\$0	0	\$0	0	\$0
Total Change	387	+\$80,614	0	+\$24	10	+\$3,682	10	+\$3,706

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SUMMARY BUDGET AUTHORITY AND FTE BY ACTIVITY								
(Dollars in Thousands)								
	FY 2013 Enacted		FY 2014 Enacted		FY 2015 Request		Diff. FY15 Request / FY14 Enacted	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
OIG Program Activity	398	79,620	387	80,614	397	84,320	10	3,706
General Funds	362	73,721	351	74,721	361	78,403	10	3,682
Unemployment Trust Funds	35	5,589	35	5,590	35	5,590	0	0
Black Lung Disability Trust Funds	1	310	1	303	1	327	0	24
Total	398	79,620	387	80,614	397	84,320	10	3,706
General Funds	362	73,721	351	74,721	361	78,403	10	3,682
Unemployment Trust Funds	35	5,589	35	5,590	35	5,590	0	0
Black Lung Disability Trust Funds	1	310	1	303	1	327	0	24

NOTE: FY 2013 reflects actual FTE.

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BUDGET AUTHORITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2013 Enacted	FY 2014 Enacted	FY 2015 Request	Diff. FY15 Request / FY14 Enacted
	Full-Time Equivalent				
	Full-time Permanent	403	387	397	10
	Total	403	387	397	10
	Average ES Salary	\$170,000	\$170,000	\$170,000	\$0
	Average GM/GS Grade	13	13	13	0
	Average GM/GS Salary	\$101,000	\$103,000	\$104,000	\$1,000
	Average Salary of Ungraded Positions	0	0	0	0
11.1	Full-time permanent	39,577	39,983	41,603	1,620
11.3	Other than full-time permanent	208	165	165	0
11.5	Other personnel compensation	3,084	4,365	4,531	166
11.8	Special personal services payments	0	0	0	0
11.9	Total personnel compensation	42,869	44,513	46,299	1,786
12.1	Civilian personnel benefits	15,537	16,340	17,050	710
21.0	Travel and transportation of persons	2,474	2,025	2,025	0
22.0	Transportation of things	0	0	0	0
23.1	Rental payments to GSA	4,850	4,814	4,958	144
23.2	Rental payments to others	142	117	117	0
23.3	Communications, utilities, and miscellaneous charges	539	391	391	0
24.0	Printing and reproduction	5	14	14	0
25.1	Advisory and assistance services	5,224	4,030	5,030	1,000
25.2	Other services from non-Federal sources	472	484	484	0
25.3	Other goods and services from Federal sources 1/	6,008	5,969	6,035	66
25.4	Operation and maintenance of facilities	0	5	5	0
25.7	Operation and maintenance of equipment	886	1,276	1,276	0
26.0	Supplies and materials	286	315	315	0
31.0	Equipment	327	320	320	0
41.0	Grants, subsidies, and contributions	0	0	0	0
42.0	Insurance claims and indemnities	1	1	1	0
	Total	79,620	80,614	84,320	3,706
	1/Other goods and services from Federal sources				
	CIGIE	468	468	423	-45
	Working Capital Fund	4,840	4,691	4,714	23
	DHS Services	400	374	374	0
	Services by Other Government Departments	300	436	524	88

OFFICE OF INSPECTOR GENERAL

AUTHORIZING STATUTES

Public Law/Act	Legislation	Statute No. U.S. Code	Expiration Date
Pub. L. 95-452, as amended	Inspector General Act of 1978	5 U.S.C. App. 3 92 Stat. 101	Indefinite

OFFICE OF INSPECTOR GENERAL

APPROPRIATION HISTORY					
(Dollars in Thousands)					
	Budget Estimates to Congress	House Allowance	Senate Allowance	Appropriations	FTE
2005					
Base Appropriation...1/	\$69,590	\$69,932	\$69,932	\$68,995	468
2006					
Base Appropriation...2/	\$70,819	\$71,163	\$72,163	\$71,101	450
2007					
Base Appropriation	\$73,761	\$74,107	\$76,107	\$72,766	432
2008					
Base Appropriation...3/	\$78,658	\$78,993	\$79,993	\$74,390	407
2009					
Base Appropriation...4/	\$82,141	\$0	\$82,466	\$82,141	417
2010					
Base Appropriation	\$84,014	\$84,341	\$84,341	\$84,014	427
2011					
Base Appropriation...5/	\$85,082	\$84,173	\$84,173	\$83,846	417
2012					
Base Appropriation	\$84,445	\$84,772	\$84,772	\$83,688	417
2013					
Base Appropriation...6/	\$85,108	\$0	\$0	\$79,310	403
2014					
Base Appropriation	\$85,714	\$0	\$0	\$80,311	387
2015					
Base Appropriation	\$83,993	\$0	\$0	\$0	397

Unemployment Insurance (UI) trust fund is included in the amount for each year indicated.
 Black Lung Disability (BL) trust fund is not included in the amount for each year indicated.

1/ Includes a \$595,000 reduction pursuant to P.L. 108-447 and a reduction of 12 FTE.

2/ Includes a \$718,000 reduction pursuant to P.L. 109-148.

3/ Includes a \$1,323,000 reduction pursuant to P.L. 110-161.

4/ Does not include \$6,000,000 received for the American Recovery and Reinvestment Act pursuant to P.L. 111-5.

5/ A full-year 2011 appropriation for this account was not enacted at the time the budget was prepared.

6/ Reflects a 0.2% across the board rescission pursuant to P.L. 113-6 and the sequestration reduction pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985.

OFFICE OF INSPECTOR GENERAL

OVERVIEW

Introduction

The mission of the Office of Inspector General (OIG) at the Department of Labor (DOL) is to:

- increase the economy and efficiency of DOL programs, operations and management by preventing and detecting fraud, waste, and abuse;
- conduct and supervise audits and investigations of DOL's programs and activities;
- inform the Secretary of Labor and the Congress of problems and corrective action taken with respect to the administration of DOL operations and programs;
- assess the potential for fraud, waste, and abuse, and make recommendations to DOL and the Congress; and
- operate a criminal investigative program to reduce the influence of organized crime and labor racketeering on employee benefit plans, internal union affairs, and labor-management relation

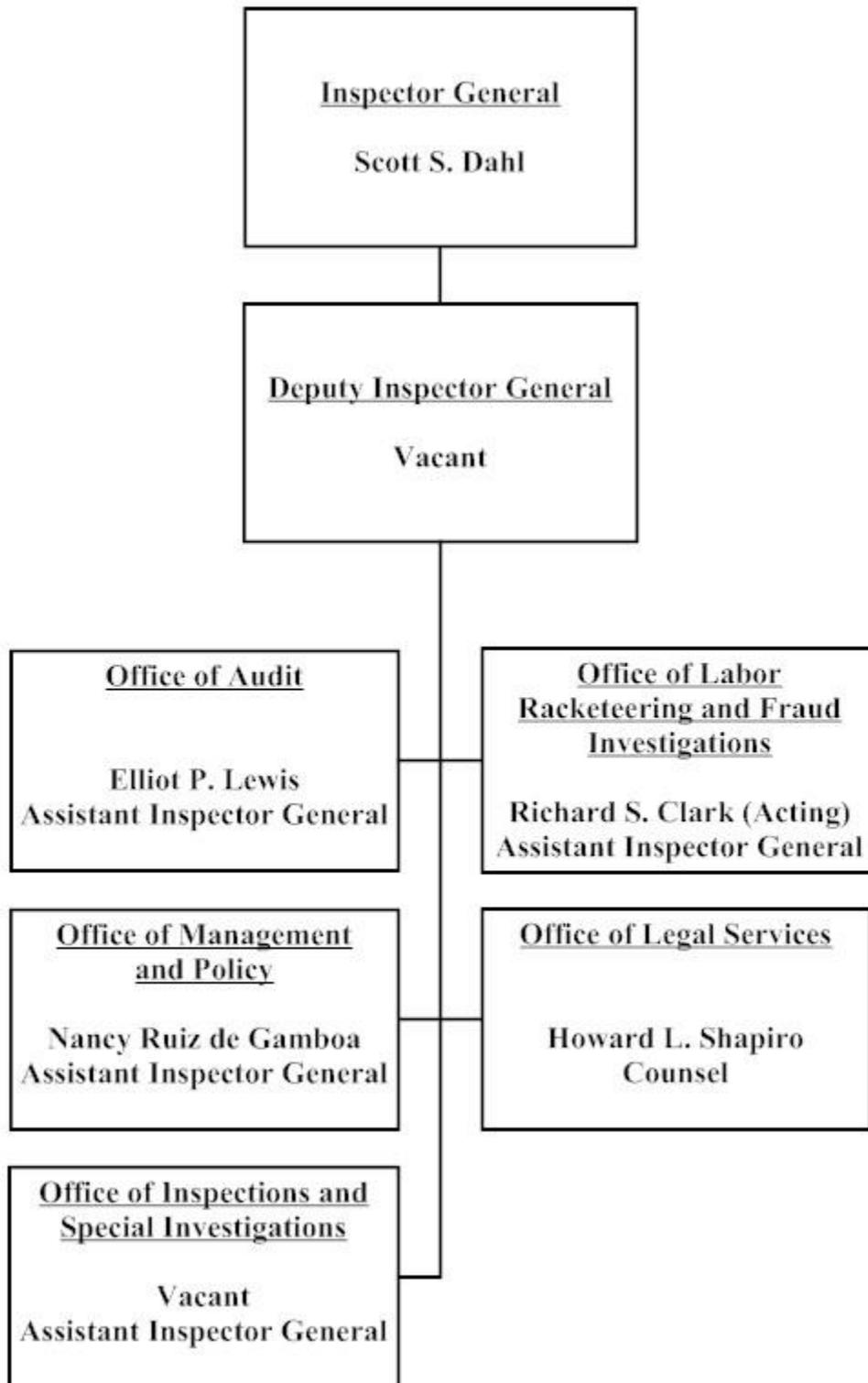
OFFICE OF INSPECTOR GENERAL

Cost Model

The OIG requests a total of \$84,320,000 and 397 FTE, which includes \$1,275,000 for built-in increases. This funding also includes an additional \$24,000 in Black Lung Disability Trust Funds to restore 2014 sequester reductions and \$2,407,000 and 10 FTE to provide for mandatory audit requirements and fund important, emerging audit and investigative needs. OIG funding includes \$78,403,000 and 361 authorized FTE for salaries, benefits, and expenses; \$5,590,000 and 35 authorized FTE paid for from the Unemployment Insurance Trust Fund, and \$327,000 and 1 authorized FTE paid for from the Black Lung Disability Trust Fund. This level of funding will enable the OIG to carry out its mandate under the IG Act of 1978.

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ORGANIZATION CHART



OFFICE OF INSPECTOR GENERAL PROGRAM ACTIVITY

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2013 Enacted	FY 2014 Enacted	FY 2015 Request	Diff. FY15 Request / FY14 Enacted
Activity Appropriation	79,620	80,614	84,320	3,706
FTE	398	387	397	10

NOTE: FY 2013 reflects actual FTE. Authorized FTE for FY 2013 was 403.

Introduction

In carrying out its statutory responsibility to conduct and supervise audits and investigations relating to the programs and operations of the DOL, the Inspector General provides program direction over: the Office of Audit, the Office of Labor Racketeering and Fraud Investigations, and the Executive Direction and Management function.

- **Office of Audit:** The Office of Audit is responsible for conducting and supervising audits relating to the Department’s programs and operations and for making recommendations to promote economy and efficiency in the administration of DOL programs and operations. It is similarly responsible for preventing and detecting fraud, waste, abuse, and mismanagement in these programs and operations. Finally, it assists the Inspector General in keeping the Secretary and the Congress fully and currently informed about problems and deficiencies relating to the administration of the Department’s programs and operations as well as the necessity for, and progress of, corrective action.

- **Office of Labor Racketeering and Fraud Investigations:** The mission of the Office of Labor Racketeering and Fraud Investigations is to prevent and detect fraud and abuse in DOL programs and operations. In order to accomplish this mission, the OIG conducts criminal investigations relating to programs, operations, and employees of the Department. In addition, the Department of Labor OIG has a unique program responsibility for investigating labor racketeering and organized crime influence or control in unions, employee benefit plans, and the workplace.
 - o **Program Fraud:** The OIG administers an investigative program to detect and deter fraud, waste, and abuse in DOL programs and operations, and investigate employee misconduct allegations. Its primary goals are to increase the economy and efficiency of DOL programs by seeking criminal prosecution of those who defraud those programs and to deter future violations by reporting vulnerabilities to program managers and working with those managers to ensure corrective action is taken.

 - o **Labor Racketeering:** The OIG has a statutory mission to combat the influence of organized crime, labor racketeering, and corruption in employee benefit plans, labor-management relations, and internal union affairs. The primary emphasis of the program continues to be the investigation and removal of the influence and control over the nation’s labor unions and employee benefit plans of organized criminal enterprises, in support of the Justice Department’s Organized Crime

OFFICE OF INSPECTOR GENERAL PROGRAM ACTIVITY

Program. In recent years, the OIG has also investigated non-traditional organized crime groups and their impact on DOL programs. The influence of organized criminal enterprises and labor racketeering continues to have an adverse impact on the U.S. economy by reducing competitiveness in affected industries, thereby creating additional costs that are borne by American workers, businesses, and consumers, and undermining benefits protected by the Employee Retirement Income Security Act (ERISA).

- **Executive Direction and Management.** This function provides the overall direction, planning, management, administration, and inspections necessary to independently carry out the OIG’s nationwide mission, supplying centralized management of OIG headquarters and regional staff. The major components of the Executive Direction and Management function include:
 - Office of Management and Policy provides for overall direction, planning, management, and administration necessary to carry out the nationwide responsibilities of the OIG. This includes human resources, information technology, budget, procurement, and EEO. The office is also responsible for congressional liaison and reporting, agency-wide strategic planning, developing OIG policy, and reviewing and assessing proposed legislation and regulations.
 - Office of Legal Services provides independent legal services and counsel to the IG and the OIG components. Services provided include legal support and advice relating to audit and investigative activities, representation of OIG employees, litigation support, ethics training, and disclosure determinations. Moreover, the office operates a hotline and complaint analysis unit to address stakeholder allegations of wrongdoing involving DOL operations and programs.
 - Office of Inspections and Special Investigations is responsible for employee integrity investigations and performs internal inspections of the OIG functions.

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding*</u> (Dollars in Thousands)	<u>FTE</u>
2010	\$84,014	427
2011	\$83,846	417
2012	\$83,688	417
2013	\$79,310	403
2014	\$80,311	387

*Black lung disability trust fund is not included in these amounts.

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FY 2015

The 2015 Budget requests \$84,320,000 for the OIG. At this funding level, the OIG would be able to restore needed audit and investigative oversight and increase coverage of important DOL programs and operations for which reductions were necessary as a result of reduced funding levels in previous years. Indeed, FY 2013 and FY 2014 funding levels reduced the OIG's oversight capacity to levels not seen in the previous 10 years, representing a reduction of 53 funded FTE over the same period.

In FY 2013, and continuing in FY 2014, the OIG implemented contingency measures, including eliminating most hiring and reassigning Federal staff to support mandatory Financial Statement and FISMA audits, which previously were conducted by contractors. At this funding level in FY 2015, the OIG would be able to restore contract funding for these statutorily-mandated audits, which are more efficiently conducted by contractors. This would allow the OIG to reassign Federal staff to conduct other oversight audits of important DOL programs that need to be resumed or increased from pre-FY 2013 levels. The FY 2015 budget request also provides funding for 10 FTE, which would enable the OIG to restore audit and investigative oversight in several critical areas. In fact, the OIG needs to expand its oversight activities from pre-FY 2013 levels to identify opportunities to reduce improper payments in the multi-billion dollar Unemployment Insurance (UI) and Federal Employees Compensation Act (FECA) programs, areas identified by the OIG as a top management challenge for DOL and, in the case of the UI program, identified by OMB as being particularly at risk for improper payments. Specifically, the OIG needs to initiate a long-term, cyclical oversight program to independently review, on a prioritized basis, individual states' efforts to identify and recover UI overpayments. The OIG also needs to be able to expand efforts to combat large-scale identity theft and fictitious employer schemes committed by organized crime groups to defraud the UI program. In the FECA program, the OIG needs to expand its audit and investigative work to identify opportunities to reduce improper payments and combat fraud committed by medical providers who charge for medical services that were not rendered or not medically necessary.

The OIG also has to increase its oversight of the Job Corps program to ensure that appropriate management controls are maintained over contracts and expenditures and that funds are fully utilized to improve facilities to maintain the proper learning and living environment for students. Our attention is necessary to ensure that issues are identified and brought to management's attention to avoid cost overruns, enrollment freezes, and lapses of construction funds, as was the case in PYs 2011 and 2012. In addition, it is necessary for the OIG to expand its audit oversight of job training programs to assess the outcome of these investments with respect to participants' abilities to be placed in jobs related to the training they received.

In addition, in FY 2015, the OIG will have to provide oversight of several multi-million dollar, agency-wide electronic information systems that are being implemented by DOL in FYs 2014 and 2015, and which are critical to the functioning of the Department. These include new financial management, acquisition, cloud email, HR and payroll systems. This is an oversight area of particular importance given that project management and implementation deficiencies during the last transition to a new accounting system resulted in DOL losing its unqualified audit opinion on its consolidated financial statements. Finally, the OIG needs to be able to provide

OFFICE OF INSPECTOR GENERAL PROGRAM ACTIVITY

increased oversight of the Department's foreign labor certification programs, an area past investigative work has shown to be particularly vulnerable to fraud, and increase its efforts to combat grant and contract fraud involving DOL funds.

Below are specific examples of audit and investigative work that was completed in FY 2013 and is being worked on in FY 2014, and which are representative of the type of high-impact work that the OIG would complete in FY 2015.

FY 2014

In FY 2014, for the area of training and employment programs, the OIG plans to audit a select number of WIA Local Workforce Investment Boards to determine whether they manage WIA funds in accordance with federal requirements and accurately report performance data to ETA. The OIG is also conducting an audit to determine if Job Corps improved the employability of its participants by identifying whether participants advanced to a higher level of education or secured job placements subsequent to receiving training. The OIG plans to audit whether Job Corps ensured center safety by properly handling instances of misconduct. Additionally, the OIG is conducting an audit of National Emergency Grants to determine if ETA followed established policies when awarding NEG funds and evaluating NEG program results.

In the areas of worker and retiree benefits programs, the OIG is conducting an audit to determine if employee benefit plans have adequate protections when plan administrators limit the scope of a plan's audit based on a qualified financial institution's certification of assets. We plan to assess the strength of OWCP's FECA case management and payment functions by identifying trends, anomalies, and relationships of program controls. In addition, the OIG is reviewing whether DOL's annual report on reducing improper UI payments complies with all the requirements of Executive Order 13520, whether figures included in the report are accurate, and whether DOL could improve the plan for meeting improper payment reduction targets.

The OIG continues to focus on the areas of worker safety and workers' rights. For example, the OIG is conducting an audit of OSHA's use of national and local emphasis programs to target high-hazard industries to determine the extent results from the emphasis programs were analyzed and used to impact working conditions in targeted high-hazard industries. Regarding mine worker safety and health, the OIG is conducting an audit to determine if MSHA has established and implemented timeliness standards for laboratory tests on rock dust samples or other samples that yield information related to mine safety conditions. The OIG also plans to review MSHA's oversight of mine operators' emergency response plans to determine if MSHA provided appropriate review and oversight of such plans.

The OIG will continue to assist DOL in maintaining an effective management process. For example, the OIG plans to audit DOL's process for managing its federal and leased property to determine if DOL meets federal space requirements and is efficient. The OIG is auditing DOL's environmental and energy performance to determine if DOL is meeting federal environmental and energy requirements and exercising its authority to reduce emissions of heat-trapping pollution. Further, the OIG will continue its annual audit of DOL's consolidated financial

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statements and will conduct information security audits in accordance with the Federal Information Security Management Act of 2002.

In FY 2014, the OIG will focus on fraud against Departmental programs, such as the Unemployment Insurance, the Federal Employee Compensation Act, and the Foreign Labor Certification Programs. The OIG will also continue to investigate labor racketeering and/or organized crime influence or control in unions, employee benefit plans, and the workplace.

FY 2013

Goal 1: Optimize the performance and accountability of employment and training programs

Indicators, Targets, and Results	FY 2012 Result	FY 2013 Target	FY 2013 Result
Number of investigations completed	74	63	59
Percentage of prosecutions that result in a conviction for those indicted	90%	85%	98%
Number of audits and other reports completed	18	16	18
Percentage of prior year recommendations resolved by DOL	96%	50%	100%
Percentage of prior year recommendations implemented by DOL	41%	35%	32%
Percentage of concurrence on prior year recommendations for monetary savings identified by OIG audits	100%	50%	100%

Under Goal 1, the OIG seeks to promote the effectiveness of employment and training programs such as Workforce Investment Act programs, Job Corps, and Veterans' Employment and Training. The OIG also seeks to improve the integrity of DOL's training and employment programs by identifying fraud, waste or abuse involving these important programs. The following are examples of the OIG's audit work under this goal:

- An audit into cost overruns of the Job Corps program during Program Years 2011 and 2012 found that the overrun was caused by a lack of strong management oversight and internal controls. Job Corps could not demonstrate that it had established a sound budget or spending plan, reconciled all Job Corps financial systems to ensure that financial data were complete and accurate, or routinely monitored budgeted costs to actual costs.
- An audit found that the impact of the Department's \$500 million Green Jobs Training Program was limited in terms of reported employment outcomes. Grantees reported that 11,613 (49 percent) of participants who obtained jobs retained employment for at least 6 months; however, this number represented only 16 percent of the planned retention goal of 71,017 as of June 30, 2012. Our audit also found that 42,322 participants (52 percent)

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who completed training were incumbent workers, meaning they were already employed when they entered the program. Grantees were authorized to train incumbent workers who needed training to secure full-time employment, advance their careers, or retain their current jobs. However, for the 81 incumbent workers we identified in our sample, we found no evidence that they needed green job training for any of these purposes.

- An audit found that the Navajo Nation did not adequately manage \$16.5 million in WIA grant funds and could have served more participants with available unspent funds. The Navajo Department of Workforce Development, which administers grant funds on behalf of the Navajo Nation, did not properly allocate and expend \$8 million of grant funds. Furthermore, we found that it had retained \$8.5 million in unspent funds that exceeded the end of year carryover limit. Despite these excess funds, the grantee only served 62 percent of its planned number of adults, had waiting lists of prospective participants, and had policies that limited re-enrollment for participants that may have needed additional services.

Examples of our investigative work under this goal include the following:

- A former immigration lawyer was sentenced to 5 years in prison and 24 months of supervised release, and ordered to pay more than \$2.5 million in restitution. From 1996 until early 2009, the individual operated an immigration law firm that made millions of dollars in fees from foreign-national clients for purportedly securing them legal immigration status. He and his employees also recruited others to participate, including enlisting the help of corrupt accountants, who created false tax returns for the fictitious employers, and a corrupt DOL contractor, who helped ensure the DOL certifications were granted. As a result, DOL issued thousands of labor certifications, and immigration authorities granted legal status to the lawyer's clients to which they were not entitled.
- A Colorado business owner was found guilty of 89 counts of mail fraud, visa fraud, human trafficking, and money laundering for his role in an H-1B visa fraud scheme. From 2008 through 2010 the business owner recruited foreign nationals and, on their behalf, filed labor condition applications with DOL so they could obtain H-1B visas. He told the foreign nationals that they would be working as nursing instructors/supervisors for a local university. In reality, the workers were subcontracted by his company to work as nurses at long-term care facilities.
- A former information technology (IT) company owner was sentenced to nine months of home detention with electronic monitoring and five years' probation, and ordered to perform 40 hours of community service. The company owner engaged in a conspiracy to recruit and hire citizens of India to come to the United States as temporary specialty occupation workers in the IT field. He filed false Labor Condition Applications with DOL and I-129 petitions for H-1B nonimmigrant workers with the United States Citizenship and Immigration Services. In the petitions, he stated he had jobs for the nonimmigrant workers, when in fact there were no jobs for them.

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Goal 2: Safeguard and improve worker and retiree benefit programs

Indicators, Targets, and Results	FY 2012 Result	FY 2013 Target	FY 2013 Result
Number of investigations completed	229	198	173*
Percentage of prosecutions that result in a conviction for those indicted	96%	85%	97%
Number of audits and other reports completed	14	13	13
Percentage of prior year recommendations resolved by DOL	100%	50%	80%
Percentage of prior year recommendations implemented by DOL	47%	35%	36%
Percentage of concurrence on prior year recommendations for monetary savings identified by OIG audits	100%	50%	100%

*This does not include 115 single claimant unemployment insurance fraud cases, the majority of which involved American Recovery and Reinvestment Act (ARRA) funds. These types of cases generally do not require the same resources as more complex UI fraud investigations, such as fictitious employer, fraudulent employer and identity theft schemes. The authority for this program expired on December 31, 2013 and the OIG expects the number of these types of investigations will decrease significantly when ARRA funding expires. Our performance targets for FY 2014 and 2015 are reflective of this.

Under this goal, the OIG promotes improved integrity and cost efficiency of the UI program and Federal disability compensation programs, such as FECA and the Energy Employees Occupational Illness Compensation Program Act. The OIG also seeks to improve the programs that safeguard the Nation’s pension and health and welfare benefit plans. The following are examples of the OIG’s audit work under this goal:

- An OIG audit determined that, while the Employee Benefits Security Administration (EBSA) has made efforts to improve its oversight of plans that hold hard-to-value alternative investment, EBSA needed to provide additional guidance and oversight to ensure plan administrators properly identified and valued hard-to-value alternative investments, estimated to total as much as \$1 trillion. Without adequate assurances that plan managers and administrators prudently select, monitor, and value plan investments, ERISA plans invested in these types of assets can sustain losses from imprudent, speculative, Ponzi, and other fraudulent schemes.
- An audit of the Georgia Department of Labor found that it missed opportunities to detect and recover UI overpayments caused by unreported earnings because it delayed implementing cross-matching of new hires with the National Directory of New Hires database. In addition, ETA could not ensure Georgia’s reported overpayment data were accurate, nor could it measure the effectiveness of its UI overpayment recovery activities.

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Examples of our investigative work under this goal include the following:

- One OIG investigation resulted in the sentencing of a New Jersey man to 27 months in prison and an order to pay restitution of more than \$1.6 million for his role in a UI fraud scheme. He prepared and submitted false UI applications on behalf of approximately 233 individuals. He recruited individuals into the scheme, using their names and other personally identifiable information to fraudulently apply for UI benefits. They then paid him approximately \$200 from each UI check received.
- In another investigation, a former Texas Workforce Commission (TWC) employee was sentenced to five years' supervised release and ordered to perform 200 hours' community service for her role in a scheme to defraud the TWC of more than \$61,000 in fraudulent unemployment insurance benefits. She used her knowledge of the TWC UI system to instruct her family members and friends to successfully file for fraudulent UI benefits to which they were otherwise ineligible.
- As a result of one of the OIG's UI investigations, a medical biller in New York was sentenced to 12 months in prison and ordered to pay restitution of more than \$1.6 million for his role in a UI fraud scheme. He fraudulently submitted UI benefits on behalf of more than 233 individuals who then paid him for a portion of each UI check received.

Goal 3: Optimize the performance and accountability of worker protection and workplace safety programs

Indicators, Targets, and Results	FY 2012 Result	FY 2013 Target	FY 2013 Result
Number of investigations completed	35	28	30
Percentage of prosecutions that result in a conviction for those indicted	83%	85%	83%
Number of audits and other reports completed	14	10	10
Percentage of prior year recommendations resolved by DOL	100%	50%	95%
Percentage of prior year recommendations implemented by DOL	69%	35%	43%
Percentage of concurrence on prior year recommendations for monetary savings identified by OIG audits*	N/A	50%	N/A

* The OIG made no recommendations for monetary savings for audits of programs that fell within OIG Goal 3 in FY 2012 or FY 2013.

Under this goal, the OIG seeks to enhance the effectiveness and integrity of worker protection programs administered by the Occupational Safety and Health Administration (OSHA) and Mine Safety and Health Administration (MSHA) to protect the lives and health of the Nation's workers. The following are examples of the OIG's audit work under this goal:

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- An audit found that, while MSHA's processes for reviewing, approving, and overseeing coal mine roof control plans have improved since a prior review conducted by the OIG, MSHA still needs to do more to improve its oversight of roof control plans. Specifically, we found that: districts still operated under incomplete Roof Control Plan Standard Operating Procedures; district managers did not always document the rationale for their roof control plan decisions; and enforcement personnel did not always document their roof control plan monitoring activities.
- In an audit of MSHA's Section 110 special investigations process we determined that, while in general MSHA conducted these investigations properly once it initiated them, MSHA can still improve its investigations process. Under a Section 110 special investigation, MSHA districts conduct investigations of agents of mine operators that violate mandatory health or safety standards, or knowingly fail or refuse to comply with citations or orders that MSHA issues. We found many cases where MSHA did not initiate investigations and review documentation within the time frame goals it established. In addition, we found MSHA did not always document its rationale for not pursuing certain investigations, and did not ensure the proper tracking of credentials for investigators who conduct the Section 110 special investigations.
- An audit of MSHA's conduct of biennial Mine Rescue Training Contests in its two major program areas, Coal and Metal Nonmetal (MNM), found that MSHA did not follow proper approval and contracting procedures, document its fee structure methodology, or fully account for MNM contest fees and costs. MSHA failed to comply with related federal regulations, and did not implement adequate internal controls; in doing so, MSHA may have failed to comply with federal laws. MSHA's lack of management oversight of mine rescue contests resulted in MSHA spending excessive, unnecessary and potentially unallowable funds, and exposed the agency to possible significant legal and financial liabilities.

Examples of our investigative work under Goal 3 include the following:

- A former Upper Big Branch (UBB) mine superintendent was sentenced to 21 months in prison, for his role in allowing and concealing multiple safety and health violations at UBB. He admitted that he gave advance notice of MSHA inspections to other UBB employees. Consequently, he authorized and caused the concealment of health and safety violations when he knew inspections were imminent, including changing or adjusting the ventilation systems to conceal possible violations. He also ordered examination record books to be falsified, omitting hazardous conditions that would have otherwise been reviewed by MSHA, and told miners to rewire the methane gas detector on a piece of mine equipment so the equipment could run illegally.
- Another investigation resulted in the sentencing of a Louisiana woman to 57 months in prison for posing as an OSHA trainer. In the wake of the Deepwater Horizon oil spill, she produced and issued fraudulent OSHA certificates, which workers were required to have in order to assist with the oil spill cleanup.

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Goal 4: Assist DOL in maintaining an effective strategic management process

Indicators, Targets, and Results	FY 2012 Result	FY 2013 Target	FY 2013 Result
Number of investigations completed	27	22	33
Percentage of prosecutions that result in a conviction for those indicted ¹	N/A	85%	100%
Number of audits and other reports completed	20	16	17
Percentage of prior year recommendations resolved by DOL	100%	50%	100%
Percentage of prior year recommendations implemented by DOL	56%	35%	55%
Percentage of concurrence on prior year recommendations for monetary savings identified by OIG audits ²	N/A	50%	N/A

¹ The OIG first began tracking these results for Goal 4 in 2013.

² The OIG made no recommendations for monetary savings for audits of programs that fell within OIG Goal 4 in FY 2012 and FY 2013.

Most of the OIG’s work in support of Goal 4 involves auditing DOL’s financial statements and conducting work under FISMA to ensure that DOL’s information technology systems are secure. In addition, work in this area is intended to ensure that the DOL’s administrative processes comply with various regulations and laws. Examples of the OIG’s audit work include the following:

- An OIG audit on the Department’s FY 2012 financial statements identified three significant deficiencies: lack of sufficient security controls over key financial and support systems; lack of sufficient controls over grants; and the need for improvement in the preparation and review of journal entries. However, none of these deficiencies rose to the level of a material weakness, and the OIG issued an unqualified opinion.
- In an audit of DOL’s travel card use, the OIG found that DOL does not have adequate controls to administer the travel card program and that improvements are needed to ensure that travel cards are used only for authorized purposes and are canceled promptly when necessary. Specifically, we found that 21 percent of statistically sampled travel card accounts of current employees incurred transactions while not on official travel. In addition, 10 percent of active employees reviewed had travel card accounts that they had not used for at least a two year period, and more than 79 percent of travel card accounts of separated employees were not promptly canceled upon the employees’ separation.
- Another OIG audit found that DOL did not always effectively sanitize its electronic media prior to its transfer or disposal. IT equipment that was ready for imminent transfer or disposal still contained government business information and personal documents. In addition, DOL did not have policies in place to prevent the release of sensitive data stored

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on electronic media, including Personally Identifiable Information. As a result, DOL could leave itself at risk of releasing sensitive data.

The following is an example of the OIG’s investigative work under this Goal:

- A former DOL contractor was sentenced to six months’ home confinement after previously pleading guilty to conspiracy to commit immigration fraud. The DOL contractor falsely claimed to be a DOL employee and met with representatives of a nonprofit organization at DOL to discuss the nonprofit’s ability and willingness to assist the DOL in bringing individuals from Africa to the United States for a “Short-Term Scholars” visitor program. This educational program that did not exist and was not authorized by DOL. The DOL contractor falsely told the nonprofit’s representative that the fictitious program would last six to nine months and take place at an OSHA training facility in Chicago, Illinois. The nonprofit then generated paperwork, purportedly on behalf of DOL, to bring foreign nationals to the United States for a program that did not exist and was not authorized by DOL. DOL terminated the contractor for misusing a government computer and misrepresenting herself as a federal employee.

Goal 5: Combat the influence of organized crime and labor racketeering in the workplace

Indicators, Targets, and Results	FY 2012 Result	FY 2013 Target	FY 2013 Result
Number of investigations completed	100	98	95
Percentage of prosecutions that result in a conviction for those indicted	93%	85%	97%

The DOL OIG has a unique program responsibility for investigating labor racketeering and organized crime influence or control in unions, employee benefit plans, and labor management relations in the workplace. Examples of the OIG’s investigative accomplishments in support of Goal 5 include the following:

- A La Cosa Nostra family member in Philadelphia was sentenced to four-and-a-half years in prison for his role in a racketeering conspiracy involving illegal gambling and theft from an employee benefit plan. He operated a sports bookmaking business and devised a fraudulent scheme to receive union health benefits through a “no-show” job with a collectively bargained trash company controlled by La Cosa Nostra.
- The founder and former president of the National Association of Special Police and Security Officers in Washington, D.C., was sentenced to 70 months in prison and an order to pay restitution of more than \$252,000 for stealing funds from the union’s pension plan. He wrote numerous unauthorized checks to himself or to third parties from the association’s pension plan checking account. He spent more than \$100,000 of the pension plan funds while falsely maintaining that the account was an operational fund that he was administering to provide promised benefits to plan beneficiaries.

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- An Ohio businessman was sentenced to 97 months in federal prison and ordered to pay over \$136,000 in restitution and to forfeit \$900,000 for his role in schemes to bribe multiple Ohio county officials to obtain financing for government-funded projects. The businessman sought and obtained assistance from a former Ohio county commissioner in order to obtain financing from the Port Authority and the Ohio Vicinity Regional Council of Carpenters and for various construction projects, including a \$125 million U.S. Department of Veterans Affairs 2,080-space parking garage, an office building, and a 122-bed dwelling for homeless veterans.
- A former chiropractic clinic owner in Illinois was sentenced to six-and-a-half years in prison and ordered to pay over \$2 million in restitution for his role in a health care fraud scheme that included union-sponsored benefit plans. He directed that patients receive multiple medical tests without regard to their medical necessity. In addition, he directed the clinics' staff to order MRI exams and neurological diagnostic testing performed by others without regard to need.

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DETAILED WORKLOAD AND PERFORMANCE				
	FY 2013 Enacted		FY 2014 Enacted	FY 2015 Request
	Target	Result	Target	Target
OIG Program Activity				
Strategic Goal ALL - All Strategic Goals				
Strategic Objective ALL.1 - All Strategic Objectives				
Audits				
OIG Audits	55	58	50	52
OIG Investigations	409	392	392	410

*This does not include 115 single claimant unemployment insurance fraud cases, the majority of which involved American Recovery and Reinvestment Act (ARRA) funds. These types of cases generally do not require the same resources as more complex UI fraud investigations, such as fictitious employer, fraudulent employer and identity theft schemes. The authority for this program expired on December 31, 2013 and the OIG expects the number of these types of investigations will decrease significantly when ARRA funding expires. Our performance targets for FY 2014 and 2015 are reflective of this.

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BUDGET ACTIVITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2013 Enacted	FY 2014 Enacted	FY 2015 Request	Diff. FY15 Request / FY14 Enacted
11.1	Full-time permanent	39,577	39,983	41,603	1,620
11.3	Other than full-time permanent	208	165	165	0
11.5	Other personnel compensation	3,084	4,365	4,531	166
11.8	Special personal services payments	0	0	0	0
11.9	Total personnel compensation	42,869	44,513	46,299	1,786
12.1	Civilian personnel benefits	15,537	16,340	17,050	710
21.0	Travel and transportation of persons	2,474	2,025	2,025	0
22.0	Transportation of things	0	0	0	0
23.1	Rental payments to GSA	4,850	4,814	4,958	144
23.2	Rental payments to others	142	117	117	0
23.3	Communications, utilities, and miscellaneous charges	539	391	391	0
24.0	Printing and reproduction	5	14	14	0
25.1	Advisory and assistance services	5,224	4,030	5,030	1,000
25.2	Other services from non-Federal sources	472	484	484	0
25.3	Other goods and services from Federal sources 1/	6,008	5,969	6,035	66
25.4	Operation and maintenance of facilities	0	5	5	0
25.7	Operation and maintenance of equipment	886	1,276	1,276	0
26.0	Supplies and materials	286	315	315	0
31.0	Equipment	327	320	320	0
41.0	Grants, subsidies, and contributions	0	0	0	0
42.0	Insurance claims and indemnities	1	1	1	0
	Total	79,620	80,614	84,320	3,706
	1/Other goods and services from Federal sources				
	CIGIE	468	468	423	-45
	Working Capital Fund	4,840	4,691	4,714	23
	DHS Services	400	374	374	0
	Services by Other Government Departments	300	436	524	88

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CHANGES IN FY 2015

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments	\$707
Personnel benefits	0
Employee health benefits	316
Federal Employees' Compensation Act (FECA)	42
Travel and transportation of persons	0
Transportation of things	0
Rental payments to GSA	144
Rental payments to others	0
Communications, utilities, and miscellaneous charges	0
Printing and reproduction	0
Advisory and assistance services	0
Other services from non-Federal sources	0
Working Capital Fund	23
Other Federal sources (DHS Charges)	0
Other goods and services from Federal sources	43
Operation and maintenance of facilities	0
Operation and maintenance of equipment	0
Supplies and materials	0
Equipment	0
Grants, subsidies, and contributions	0
Insurance claims and indemnities	0

Built-Ins Subtotal **\$1,275**

Net Program **\$2,431**

Direct FTE **10**

	Estimate	FTE
Base	\$81,889	387
Program Increase	\$2,431	10
Program Decrease	\$0	0