

**FY 2017**

**CONGRESSIONAL BUDGET JUSTIFICATION**

**OFFICE OF INSPECTOR GENERAL**

This page is intentionally left blank.

# OFFICE OF INSPECTOR GENERAL

## TABLE OF CONTENTS

Inspector General Reform Act (Pub. L. 110-409) .....	1
Appropriation Language .....	2
Amounts Available for Obligation.....	3
Summary of Changes .....	4
Summary Budget Authority and FTE by Activity .....	6
Budget Authority by Object Class .....	7
Authorizing Statutes.....	8
Appropriation History .....	9
Overview .....	10
Organization Chart.....	11
Budget Activities .....	13
OIG Program Activity.....	13

This page is intentionally left blank.

# **OFFICE OF INSPECTOR GENERAL**

## **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 (OIG) 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 (CIGIE).

For FY 2017, this information is as follows:

- OIG's aggregate budget estimate and request to OMB for FY 2017 is \$94,871,000.
- OIG's aggregate funding request to Congress for FY 2016 was \$88,312,000.
- OIG's funding request for training needs is \$1,578,000.
- Funding necessary to support the Council of Inspectors General on Integrity and Efficiency is \$776,000.

# 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, [\$80,640,000] \$88,881,000, together with not to exceed [\$5,660,000] \$5,660,000, which may be expended from the Employment Security Administration Account in the Unemployment Trust Fund. (Department of Labor Appropriations Act, 2016)*

## OFFICE OF INSPECTOR GENERAL

<b>AMOUNTS AVAILABLE FOR OBLIGATION</b>						
(Dollars in Thousands)						
	<b>FY 2015 Enacted</b>		<b>FY 2016 Enacted</b>		<b>FY 2017 Request</b>	
	<b>FTE</b>	<b>Amount</b>	<b>FTE</b>	<b>Amount</b>	<b>FTE</b>	<b>Amount</b>
<b>A. Appropriation</b>	<b>343</b>	<b>\$76,000</b>	<b>337</b>	<b>\$80,640</b>	<b>342</b>	<b>\$88,881</b>
Reduction Pursuant to P.L. 113-6 for FY 2013	0	\$0	0	\$0	0	\$0
Sequestration Reduction Pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985 as Amended	0	\$0	0	\$0	0	\$0
Offsetting Collections From:						
Reimbursements	0	\$500	0	\$500	0	\$500
Unemployment Trust Fund	35	\$5,590	35	\$5,660	35	\$5,660
Black Lung Disability Trust Fund	1	\$303	1	\$305	1	\$330
Sequestration Reduction Pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985 as Amended	0	\$0	0	\$0	0	\$0
<i>Subtotal</i>	<i>36</i>	<i>\$6,393</i>	<i>36</i>	<i>\$6,465</i>	<i>36</i>	<i>\$6,490</i>
<b>B. Gross Budget Authority</b>	<b>379</b>	<b>\$82,393</b>	<b>373</b>	<b>\$87,105</b>	<b>378</b>	<b>\$95,371</b>
Reimbursements	0	-\$500	0	-\$500	0	-\$500
<i>Subtotal</i>	<i>379</i>	<i>\$81,893</i>	<i>373</i>	<i>\$86,605</i>	<i>378</i>	<i>\$94,871</i>
<b>C. Budget Authority Before Committee</b>	<b>379</b>	<b>\$81,893</b>	<b>373</b>	<b>\$86,605</b>	<b>378</b>	<b>\$94,871</b>
Reimbursements	0	\$500	0	\$500	0	\$500
<i>Subtotal</i>	<i>379</i>	<i>\$82,393</i>	<i>373</i>	<i>\$87,105</i>	<i>378</i>	<i>\$95,371</i>
<b>D. Total Budgetary Resources</b>	<b>379</b>	<b>\$82,393</b>	<b>373</b>	<b>\$87,105</b>	<b>378</b>	<b>\$95,371</b>
Lapsed FTE & Unobligated Balance Expiring	12	\$481	0	\$0	0	\$0
<b>E. Total, Estimated Obligations</b>	<b>391</b>	<b>\$82,874</b>	<b>373</b>	<b>\$87,105</b>	<b>378</b>	<b>\$95,371</b>

# OFFICE OF INSPECTOR GENERAL

## SUMMARY OF CHANGES

(Dollars in Thousands)

	FY 2016 Enacted	FY 2017 Request	Net Change
<b>Budget Authority</b>			
General Funds	\$80,640	\$88,881	+\$8,241
Trust Funds	\$5,965	\$5,990	+\$25
<b>Total</b>	<b>\$86,605</b>	<b>\$94,871</b>	<b>+\$8,266</b>
 <b>Full Time Equivalents</b>			
General Funds	337	342	5
Trust Funds	36	36	0
<b>Total</b>	<b>373</b>	<b>378</b>	<b>5</b>

Explanation of Change	FY 2017 Change							
	FY 2016 Base		Trust Funds		General Funds		Total	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
<b>Increases:</b>								
<b>A. Built-Ins:</b>								
To Provide For:								
Costs of pay adjustments	384	\$48,243	0	\$25	0	\$638	0	\$663
Personnel benefits	0	\$1,423	0	\$0	0	\$277	0	\$277
Employee health benefits	0	\$15,013	0	\$0	0	\$8	0	\$8
Two days less of Pay	0	\$0	0	\$0	0	\$0	0	\$0
Federal Employees' Compensation Act (FECA)	0	\$590	0	\$0	0	\$189	0	\$189
Travel and transportation of persons	0	\$2,083	0	\$0	0	\$0	0	\$0
Transportation of things	0	\$0	0	\$0	0	\$0	0	\$0
Rental payments to GSA	0	\$5,235	0	\$0	0	\$167	0	\$167
Rental payments to others	0	\$98	0	\$0	0	\$0	0	\$0
Communications, utilities, and miscellaneous charges	0	\$486	0	\$0	0	\$0	0	\$0
Printing and reproduction	0	\$12	0	\$0	0	\$0	0	\$0
Advisory and assistance services	0	\$4,073	0	\$0	0	\$0	0	\$0
Other services from non-Federal sources	0	\$849	0	\$0	0	\$0	0	\$0
Working Capital Fund	0	\$5,814	0	\$0	0	\$357	0	\$357
Other Federal sources (DHS Charges)	0	\$442	0	\$0	0	\$0	0	\$0
Other goods and services from Federal sources	0	\$879	0	\$0	0	\$0	0	\$0
Operation and maintenance of facilities	0	\$0	0	\$0	0	\$0	0	\$0
Operation and maintenance of equipment	0	\$1,280	0	\$0	0	\$0	0	\$0
Supplies and materials	0	\$263	0	\$0	0	\$0	0	\$0
Equipment	0	\$1,003	0	\$0	0	\$0	0	\$0

# OFFICE OF INSPECTOR GENERAL

FY 2017 Change

Explanation of Change	FY 2016 Base		Trust Funds		General Funds		Total	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Grants, subsidies, and contributions	0	\$0	0	\$0	0	\$0	0	\$0
Insurance claims and indemnities	0	\$620	0	\$0	0	\$0	0	\$0
<b>Built-Ins Subtotal</b>	<b>384</b>	<b>+\$88,406</b>	<b>0</b>	<b>+\$25</b>	<b>0</b>	<b>+\$1,636</b>	<b>0</b>	<b>+\$1,661</b>
<b>B. Programs:</b>								
Restoration of Inflationary Built-Ins Not Provided in FY 2016 Omnibus	373	\$86,605	0	\$0	0	\$4,972	0	\$4,972
Job Corps Center Safety, Outreach and Fraud Awareness	373	\$88,881	0	\$0	4	\$1,100	4	\$1,100
Investigative Case Management System	373	\$8,661	0	\$0	1	\$660	1	\$660
Increased CIGIE Assessment	0	\$0	0	\$0	0	\$282	0	\$282
<b>Programs Subtotal</b>			<b>0</b>	<b>\$0</b>	<b>5</b>	<b>+\$7,014</b>	<b>5</b>	<b>+\$7,014</b>
<b>Total Increase</b>	<b>384</b>	<b>+\$88,406</b>	<b>0</b>	<b>+\$25</b>	<b>5</b>	<b>+\$8,650</b>	<b>5</b>	<b>+\$8,675</b>
<b>Decreases:</b>								
<b>A. Built-Ins:</b>								
To Provide For:								
Two days less of Pay	-11	-\$1,801	0	\$0	0	-\$409	0	-\$409
<b>Built-Ins Subtotal</b>	<b>-11</b>	<b>-\$1,801</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>-\$409</b>	<b>0</b>	<b>-\$409</b>
<b>B. Programs:</b>								
<b>Total Decrease</b>	<b>-11</b>	<b>-\$1,801</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>-\$409</b>	<b>0</b>	<b>-\$409</b>
<b>Total Change</b>	<b>373</b>	<b>+\$86,605</b>	<b>0</b>	<b>+\$25</b>	<b>5</b>	<b>+\$8,241</b>	<b>5</b>	<b>+\$8,266</b>

## OFFICE OF INSPECTOR GENERAL

<b>SUMMARY BUDGET AUTHORITY AND FTE BY ACTIVITY</b>								
(Dollars in Thousands)								
	FY 2015 Enacted		FY 2016 Enacted		FY 2017 Request		Diff. FY17 Request / FY16 Enacted	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
<b>OIG Program Activity</b>	<b>367</b>	<b>81,893</b>	<b>373</b>	<b>86,605</b>	<b>378</b>	<b>94,871</b>	<b>5</b>	<b>8,266</b>
General Funds	367	76,000	337	80,640	342	88,881	5	8,241
Unemployment Trust Funds	0	5,590	35	5,660	35	5,660	0	0
Black Lung Disability Trust Funds	0	303	1	305	1	330	0	25
<b>Total</b>	<b>367</b>	<b>81,893</b>	<b>373</b>	<b>86,605</b>	<b>378</b>	<b>94,871</b>	<b>5</b>	<b>8,266</b>
<b>General Funds</b>	<b>367</b>	<b>76,000</b>	<b>337</b>	<b>80,640</b>	<b>342</b>	<b>88,881</b>	<b>5</b>	<b>8,241</b>
<b>Unemployment Trust Funds</b>	<b>0</b>	<b>5,590</b>	<b>35</b>	<b>5,660</b>	<b>35</b>	<b>5,660</b>	<b>0</b>	<b>0</b>
<b>Black Lung Disability Trust Funds</b>	<b>0</b>	<b>303</b>	<b>1</b>	<b>305</b>	<b>1</b>	<b>330</b>	<b>0</b>	<b>25</b>

NOTE: 2015 reflects actual FTE.

## OFFICE OF INSPECTOR GENERAL

<b>BUDGET AUTHORITY BY OBJECT CLASS</b>					
(Dollars in Thousands)					
		FY 2015 Enacted	FY 2016 Enacted	FY 2017 Request	Diff. FY17 Request / FY16 Enacted
	Full-Time Equivalent				
	Full-time Permanent	379	373	378	5
	<b>Total</b>	<b>379</b>	<b>373</b>	<b>378</b>	<b>5</b>
	Average ES Salary	\$170,000	\$178,000	\$178,000	\$0
	Average GM/GS Grade	13	13	13	0
	Average GM/GS Salary	\$104,000	\$107,000	\$107,000	\$0
11.1	Full-time permanent	40,657	41,583	42,809	1,226
11.3	Other than full-time permanent	76	68	68	0
11.5	Other personnel compensation	4,171	4,454	4,454	0
11.8	Special personal services payments	0	0	0	0
11.9	<b>Total personnel compensation</b>	<b>44,904</b>	<b>46,105</b>	<b>47,331</b>	<b>1,226</b>
12.1	Civilian personnel benefits	15,958	17,363	17,942	579
21.0	Travel and transportation of persons	2,420	2,083	2,758	675
22.0	Transportation of things	0	0	0	0
23.1	Rental payments to GSA	5,066	5,235	5,402	167
23.2	Rental payments to others	113	98	98	0
23.3	Communications, utilities, and miscellaneous charges	371	486	486	0
24.0	Printing and reproduction	10	12	12	0
25.1	Advisory and assistance services	3,093	4,073	6,745	2,672
25.2	Other services from non-Federal sources	613	849	1,649	800
25.3	Other goods and services from Federal sources 1/	7,001	7,135	7,774	639
25.4	Operation and maintenance of facilities	0	0	0	0
25.7	Operation and maintenance of equipment	1,072	1,280	1,788	508
26.0	Supplies and materials	530	263	263	0
31.0	Equipment	482	1,003	2,003	1,000
41.0	Grants, subsidies, and contributions	0	0	0	0
42.0	Insurance claims and indemnities	260	620	620	0
	<b>Total</b>	<b>81,893</b>	<b>86,605</b>	<b>94,871</b>	<b>8,266</b>
	1/Other goods and services from Federal sources				
	CIGIE	423	494	776	282
	Working Capital Fund	5,854	5,814	6,171	357
	DHS Services	422	442	442	0
	Services by Other Government Departments	302	385	385	0

# OFFICE OF INSPECTOR GENERAL

## AUTHORIZING STATUTES

<b>Public Law/Act</b>	<b>Legislation</b>	<b>Statute No. U.S. Code</b>	<b>Expiration Date</b>
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

<b>APPROPRIATION HISTORY</b>					
(Dollars in Thousands)					
	<b>Budget Estimates to Congress</b>	<b>House Allowance</b>	<b>Senate Allowance</b>	<b>Appropriations</b>	<b>FTE</b>
2007					
Base Appropriation	\$73,761	\$74,107	\$76,107	\$72,766	432
2008					
Base Appropriation...1/	\$78,658	\$78,993	\$79,993	\$74,390	407
2009					
Base Appropriation...2/	\$82,141		\$82,466	\$82,141	417
2010					
Base Appropriation	\$84,014	\$84,341	\$84,341	\$84,014	427
2011					
Base Appropriation...3/	\$85,082	\$84,173	\$84,173	\$83,846	417
2012					
Base Appropriation	\$84,445	\$84,772	\$84,772	\$83,688	417
2013					
Base Appropriation...4/	\$85,108			\$79,310	403
2014					
Base Appropriation	\$86,041			\$80,311	387
2015					
Base Appropriation	\$83,993			\$81,590	379
2016					
Base Appropriation	\$87,985	\$84,660	\$79,311	\$86,300	373
2017					
Base Appropriation	\$94,541				378

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 \$1,323,000 reduction pursuant to P.L. 110-161.

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

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

4/ 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**

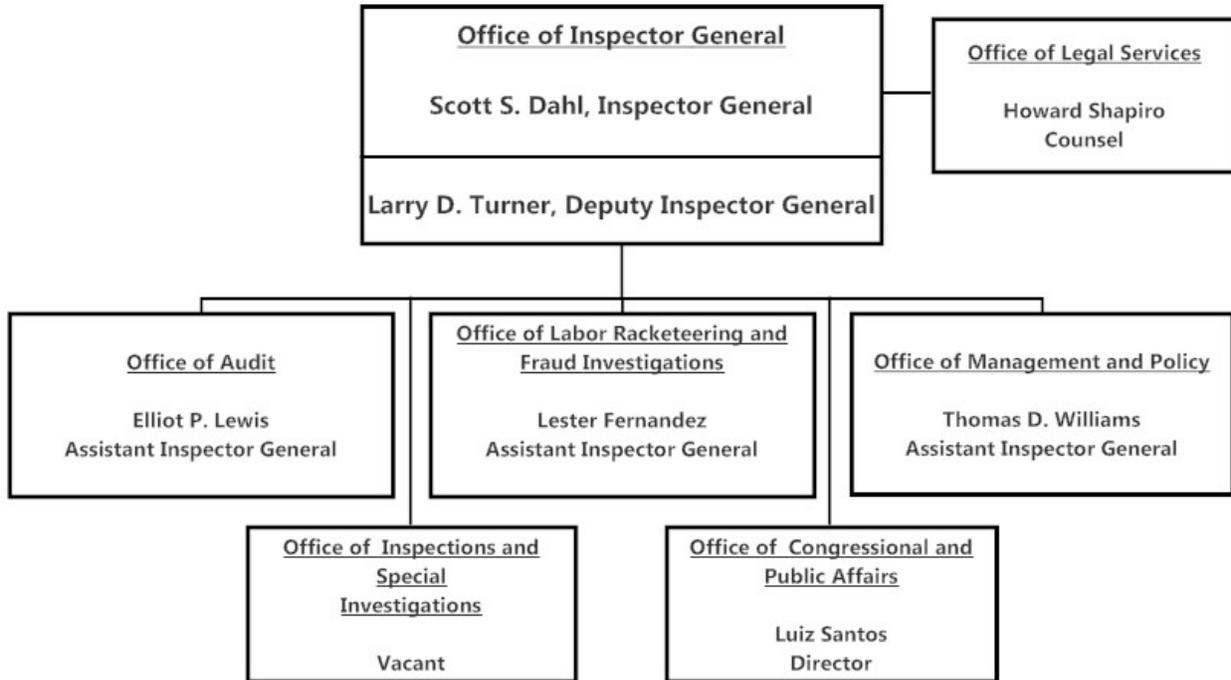
The Office of Inspector General (OIG) at the U.S. Department of Labor (DOL) serves the American Workforce, the agency, and the Congress by providing independent and objective oversight of Departmental programs through audits and investigations, and by combatting the influence of labor racketeering in the workplace.

The OIG conducts audits to review the effectiveness, efficiency, economy, and integrity of all DOL programs and operations, including those performed by its contractors and grantees. OIG conducts this work in order to determine whether: DOL programs and operations comply with applicable laws and regulations; DOL efficiently and economically utilizes its resources; and DOL programs achieve their intended results.

The OIG also conducts criminal, civil and administrative investigations relating to violations of Federal laws, rules or regulations, including those performed by DOL contractors and grantees; as well as investigations into allegations of misconduct on the part of DOL employees. In addition, the OIG has an "external" program function to conduct criminal investigations to combat the influence of labor racketeering and organized crime in the nation's labor unions. We conduct labor racketeering investigations in three areas: employee benefit plans, labor-management relations, and internal union affairs.

# OFFICE OF INSPECTOR GENERAL

## ORGANIZATION CHART





## OFFICE OF INSPECTOR GENERAL PROGRAM ACTIVITY

<b>BUDGET AUTHORITY BEFORE THE COMMITTEE</b>				
(Dollars in Thousands)				
	<b>FY 2015 Enacted</b>	<b>FY 2016 Enacted</b>	<b>FY 2017 Request</b>	<b>Diff. FY17 Request / FY16 Enacted</b>
<b>Activity Appropriation</b>	<b>81,893</b>	<b>86,605</b>	<b>94,871</b>	<b>8,266</b>
FTE	367	373	378	5

NOTE: FY 2015 reflects actual FTE. Authorized FTE for FY 2015 was 379.

### **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.
  - **Program Fraud:** This division is responsible for conducting criminal, civil, and administrative investigations relating to violations of Federal laws, rules, or regulations as they pertain to DOL programs, grants, contracts, and operations, as well as allegations of criminal activity and serious misconduct on the part of DOL employees. This office also collaborates with DOL programs, other federal law enforcement organizations, and related activities with the goal of making investigations in the field operate more effectively and efficiently.
  
  - **Labor Racketeering:** This division is responsible for identifying and reducing labor racketeering and corruption in employee benefit plans, labor-management relations, and internal union affairs. Through its conduct of criminal investigations and collaboration with other federal law enforcement agencies, this

## OFFICE OF INSPECTOR GENERAL PROGRAM ACTIVITY

office works diligently to ensure prosecution of individuals involved in the infiltration, exploitation, and/or control of a union, employee benefit plan, employer entity, or workforce for personal benefit by illegal, violent, or fraudulent means.

- **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 overall planning, direction and management of all administrative responsibility of the OIG. This includes independently providing the full range of human resources, developing OIG policy, information technology, budget, procurement, EEO services and agency wide strategic planning.
  - 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 Special Investigations: Responsible for employee integrity investigations involving OIG employees and high-level DOL employees.
  - Office of Congressional and Public Relations: Provides independent Congressional, media and public relations services to the OIG. The office is also responsible for legislative review and external reporting.

### **Five-Year Budget Activity History**

<b><u>Fiscal Year</u></b>	<b><u>Funding</u></b> (Dollars in Thousands)	<b><u>FTE</u></b>
2012	\$83,688	417
2013	\$79,310	403
2014	\$80,311	387
2015	\$81,590	379
2016	\$86,300	373

### **FY 2017**

In FY 2017, the OIG requests \$94,871,000. At this funding level, the Office of Inspector General (OIG) would be able to restore needed audit and investigative oversight and increase coverage of important Department of Labor (DOL) programs and operations for which reductions were necessary as a result of reduced funding levels in previous years. This funding

## OFFICE OF INSPECTOR GENERAL PROGRAM ACTIVITY

level includes \$1,100,000 to conduct additional audits and investigations involving Job Corp Center Safety, Outreach, and Fraud Awareness. This funding also includes \$660,000 for the OIG's Investigative Case Management System.

In FY 2015, the OIG implemented contingency measures, including limited 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 2017, the OIG would be able to restore contract funding for these statutorily-mandated audits. 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 2015 levels. The FY 2017 budget request also provides funding for 5 FTE, which would enable the OIG to restore audit and investigative oversight in several critical areas.

Due to the erosion of OIG's budget over the last several years, the OIG does not have the financial capacity to perform the critical audit and security awareness and outreach work that will help improve the safety of students and staff in the Jobs Corps program. Exacerbating this problem is the unfunded statutory mandate to survey, audit, or evaluate each Job Corps center and service provider at least once every three years.

The \$1.1 million requested will allow the OIG to initiate 2 audits in FY 2017 that will help minimize drugs and violence at centers and ensure adequate protection of Job Corps students and staff when serious student misconduct occurs. The 2 audits would focus on ensuring Job Corps has (1) developed and implemented proactive strategies to minimize drugs and violence at its centers, and (2) taken effective action in response to prior OIG audits that determined centers did not consistently take required action in response to serious student misconduct.

OIG Special Agents will also conduct on-site visits with Job Corps Center administrators and executives to provide integrity briefings on procurement, security awareness, and personal safety outreach, and liaise with local law enforcement. To help educate Job Corps managers about specific vulnerabilities within the program and contracts they oversee, the OIG will present comprehensive fraud awareness training to the Job Corps Program's Contracting Officers and Contracting Officer's Technical Representatives. These briefings will include fraud indicators, fraud in government contracts, and discussions related to various fraud schemes.

In FY 2017, OIG will continue modernizing its Investigative Case Management System. The new system will consolidate three applications into one and will increase the accuracy, efficiency, productivity, and timeliness of conducting case analysis. The OIG must maintain an independent case management system from the Department due to the sensitivity of criminal grand jury information, security requirements under the Federal Information Security Management Act (FISMA), and FBI's Criminal Justice Information System (CJIS) standards. The standard case management systems used by other DOL agencies will not work for the OIG because they fail to meet these more stringent security guidelines.

The Investigative Case Management System is a mission-essential tool for the OIG in carrying out statutory criminal investigations. It also promotes efficiencies in the investigative process by providing investigators with a comprehensive records management system that incorporates

## OFFICE OF INSPECTOR GENERAL PROGRAM ACTIVITY

statistical analysis, case activity documentation, investigative milestones, and reporting. Additionally, with the new system, OIG agents will spend less time on data entry and more time conducting investigative work. This supports the President's Management Agenda by improving the productivity and efficiency of the Federal worker.

Below are specific examples of audit and investigative work that was completed in FY 2015 and is being worked on in FY 2016, and which are representative of the type of high-impact work that the OIG would complete in FY 2017.

### **FY 2016**

In FY 2016, the OIG received \$86,605,000. At this funding level, the OIG will provide needed audit and investigative oversight of important DOL programs and operations. Below are specific examples of audit and investigative work that will be conducted in FY 2016.

#### **Training and Employment Programs**

The OIG plans to audit Adult and Dislocated Worker grants to determine whether participants that received training services had better performance outcomes after exiting the program than participants who did not receive training services. The OIG will continue its audit of H-1B technical skills grants to determine if grantees provided training that led to participants receiving and retaining employment in new technology-related or highly-skilled occupations. The OIG will also audit the Trade Adjustment Assistance Community College and Career Training Grant Program to determine if the program (\$2 billion awarded from FY 2011 through FY 2014) developed, expanded, and improved 2-year-or-less education and training programs so participants could obtain the skills, degrees, and credentials needed to prepare them for employment in high-wage and high-skill occupations. As a follow up to a 2010 audit, the OIG will audit the Homeless Veterans Reintegration Program to determine if Veterans Employment and Training Services (VETS) ensured participants received the services needed to obtain and retain employment. In Job Corps, the OIG will continue its work to review Job Corps' actions in response to potentially serious criminal misconduct, physical security at Job Corps centers, and Job Corps' efforts to prevent or mitigate violence and other serious crimes at its centers. The OIG will also conduct an audit to determine if Employment Training Administration (ETA) properly awarded small business set-aside contracts for the operation of Job Corps centers, and whether there have been differences in performance trends between large and small-business center operators.

#### **Worker and Retiree Benefits Programs**

The OIG will continue its audit to identify if Employment Benefits Security Administration (EBSA)'s oversight of Employee Retirement Income Security Act (ERISA) denials of benefit claims was adequate to ensure plan fiduciaries process participant and beneficiary claims in accordance with plan documents and applicable law. The OIG will also review whether EBSA has been conducting adequate oversight of the Thrift Savings Plan. The OIG will also review the Office of Administrative Law Judge's Black Lung Case Management systems and processes to determine if resources were effectively used to reduce its case backlog. In Office of Workers' Compensation Programs (OWCP), the OIG will conduct an audit to determine if prescription and drug refill approvals and payments in the Federal Employees' Compensation Act (FECA)

## OFFICE OF INSPECTOR GENERAL PROGRAM ACTIVITY

program were proper. Additionally, OIG plans to conduct audits to determine if states have been identifying employers that attempted to evade state unemployment taxes by misclassifying employees, and if penalties states levied against these employers have discouraged such practices.

### Worker Safety and Workers' Rights

The OIG will review Occupational Safety and Health Administration (OSHA)'s rulemaking process, including interpretive guidance and policy memos it has issued, and continue its audit of OSHA's abatement verification process to determine if OSHA properly conducted timely abatement verification of safety and health violations cited during inspections. In the area of mine safety and health, the OIG will conduct an audit to determine if Mine Safety and Health Administration (MSHA) had adequate controls over vacating previously issued citations and orders. The OIG will also continue its work to determine if MSHA effectively used available data to ensure that the civil monetary penalties it assessed against mine operators served as a deterrent to unsafe mine working conditions. To help ensure workers are paid the wages they earned, the OIG will continue its audit to determine if Wage and Hour Division (WHD) processed and investigated wage complaints effectively and timely.

### Department of Labor (DOL)'s Management Processes

The OIG will conduct an audit to determine if controls over ongoing and planned IT modernization projects are adequate to manage project deliverables and control related costs. The OIG will continue its annual audit of DOL's consolidated financial statements and will conduct information security audits in accordance with the FISMA of 2002. Further, the OIG will determine if DOL complied with the Improper Payments Information Act, as amended, and will assess DOL's readiness to report spending data in accordance with the Digital Accountability and Transparency Act (DATA).

### Investigative Programs

The OIG will enhance its investigative program by focusing on technology updates, training, and employee development. Due to limited resources, the OIG has not, in previous years, been able to focus on its digital evidence and data analytics programs.

The OIG will also modernize its digital evidence retrieval and analysis processes. When complete, this modernization will save significant resources, while providing better investigative products for use in the OIG's investigations. It will also significantly decrease the amount of time it takes to provide digital evidence analysis to the OIG's agents in the field and the prosecutors that they work with. The need for quicker processing of digital evidence is vital due to recent court decisions that require that law enforcement agencies conduct their digital evidence analysis in a timely manner or risk the exclusion of any evidence obtained.

The OIG will also purchase modern technical investigative equipment and supply training on the proper use of that equipment. The equipment and training will enable the OIG's agents to obtain evidence in a safe and lawful manner. This will have a positive effect on the investigative program by enabling the OIG to obtain the evidence needed to have criminal cases prosecuted and administrative cases brought to conclusion.

## OFFICE OF INSPECTOR GENERAL PROGRAM ACTIVITY

### Data Analytics

The OIG will expand its data analytics program. Until now, the OIG has been heavily reliant on program agencies to supply the OIG with the data needed to conduct audits and investigations. This has been a particular challenge with the programs administered by the Office of Workers Compensation Programs (OWCP). In many cases, OWCP contractors actually possess OWCP's data. Further, the contractor has to perform many of the data searches required by the OIG for use in audits or investigations. This process has proven to be burdensome and often causes significant delays in the progression of investigations. Recently the OIG, in tandem with a similar OWCP effort, built a database and analytical program to identify high-risk Federal Employee Compensation Act (FECA) claims based on a risk model developed using OIG investigative data. That endeavor has been extremely successful and the OIG seeks to enhance data analytics capabilities based on lessons learned from that project. The increased use of data analytics will increase the OIG's ability to identify new and changing trends in criminal activity more quickly and end fraud sooner, thus saving taxpayer funds.

### **FY 2015**

In FY 2015, The OIG identified a need to better focus its audit and investigative efforts on areas that have the greatest significance and impact. Towards that end, the OIG developed new performance goals that emphasize high-impact quality audits and investigations. The new standards also promote the timely completion of audits and investigations. The OIG implemented these new performance goals in April 2015. Guided by the new goals, the OIG was able to reduce the number of open low-risk investigations while shifting our focus to high-risk investigative areas. OIG closed 713 investigations and opened 332 new ones. The investigative efforts during FY 2015 resulted in 407 indictments, 386 convictions, and monetary results in excess of \$93 million. OIG issued 39 audit and other reports to the Department. While less than the FY 2015 target of 45 reports, the lower number of reports was expected due to the decision to devote more resources to complex, high impact audits, such as a review that identified needed improvements in the processing of Black Lung claims. Another high impact audit found that Job Corps centers were not enforcing the program's student disciplinary policies. OIG audits questioned costs totaling \$6.7 million as improper or unsupported. OIG audits also resulted in recommendations that funds be put to better use totaling \$219.5 million.

### Training and Employment Programs

OIG's audit of National Emergency Grants (NEGs), issued in the aftermath of Superstorm Sandy, found weaknesses in ETA's grant modification process, which delayed modification approvals and adversely affected NEG project operations. The OIG also estimated that ETA paid \$7.8 million to potentially ineligible participants. The OIG's oversight of Job Corps program operations continued to identify significant concerns. For example, the OIG's review of allegations related to serious student misconduct at numerous Job Corps centers identified significant deficiencies in center management's enforcement of Job Corps' disciplinary policies and in Job Corps' oversight, which resulted in centers keeping potentially dangerous students in the program. Additionally, the OIG's audit of the Veterans Retraining Assistance Program found that DOL did not determine whether only eligible applicants participated in the program, or if states properly conducted or accurately reported outreach efforts to DOL.

## OFFICE OF INSPECTOR GENERAL PROGRAM ACTIVITY

### Worker and Retiree Benefits Programs

The OIG's audits of three states' unemployment insurance programs found the states did not meet established targets for detecting, reducing, and recovering improper payments. The OIG's review of the black lung disease claims process found many opportunities for improvement. Specifically, OWCP could work with its approved medical providers to improve the quality of medical reports and to reduce the time it takes providers to submit those reports. OWCP could also work with the Social Security Administration to expedite access to claimants' earnings records. OIG also found Office of Administrative Law Judges (OALJ) could improve its workload management by establishing performance goals for the disposition of cases for the office as a whole and for its district offices individually. OIG's audit of small pension plans receiving audit waivers found that EBSA did not provide sufficient oversight of these plans because it did not allocate sufficient resources to regularly conduct comprehensive reviews.

### Worker Safety and Workers' Rights

The OIG's follow-up audit of OSHA Whistleblower Protection Programs found OSHA did not consistently ensure that complaint reviews under the Whistleblower Programs were complete, sufficient, and timely. The OIG's audit of WHD's controls and processes for the payment of back wages found WHD did not distribute \$60 million of back wages owed to employees and made minimal efforts to locate them.

### DOL's Management Processes

The OIG issued two alert memoranda notifying the Department of the need to strengthen oversight of its financial management system to control costs and to highlight significant information security deficiencies that we had repeatedly identified in previous reports. OIG's review of DOL-sponsored conferences found that the Department had adequate controls related to overseeing conference costs but did not obtain proper approval for one conference and did not post five conferences totaling \$1.1 million on the DOL website as required.

### Investigative Programs

The OIG focused on fraud against Departmental programs, such as the Unemployment Insurance, the FECA, and the Foreign Labor Certification Programs. The OIG investigated labor racketeering and/or organized crime influence or control in unions, employee benefit plans, and the workplace. The OIG transitioned its protective service detail to Office of the Assistant Secretary for Administration and Management (OASAM). This function is financed through the Working Capital Fund (WCF). During this transition, the OIG continued to be reimbursed for field support, and the agents assigned to the detail continued to be paid for through the WCF.

The OIG awarded a contract to develop and deploy a new Investigative Case Management System. The existing system did not adequately allow the OIG to manage investigative inventory and did not provide the data analytical capabilities needed to adequately identify new trends in criminal activity. The existing system separated the complaint and case management processes. The system makes responding to the increasing data requests the OIG receives from our stakeholders an inefficient and time-consuming process. The Investigative Case Management System is being developed to address the shortfalls of the current legacy system and provide additional functionality that will make the conducting of investigations more efficient. The new system combined the complaint and case management processes into one cohesive system. The

## **OFFICE OF INSPECTOR GENERAL PROGRAM ACTIVITY**

configuration of the new case management system began in late FY 2015. The initial deployment of the system is scheduled for the second half of FY 2016.

## OFFICE OF INSPECTOR GENERAL PROGRAM ACTIVITY

<b>DETAILED WORKLOAD AND PERFORMANCE</b>				
	<b>FY 2015 Enacted</b>		<b>FY 2016 Enacted</b>	<b>FY 2017 Request</b>
	<b>Target</b>	<b>Result</b>	<b>Target</b>	<b>Target</b>
<b>OIG Program Activity</b>				
<b>Strategic Goal ALL - All Strategic Goals</b>				
<b>Strategic Objective ALL.1 - All Strategic Objectives</b>				
<b>Audits</b>				
OIG Audits	45	39	48	54
OIG Investigations	415	713	450	485

Legend: (r) Revised (e) Estimate (base) Baseline -- Not Applicable TBD - To Be Determined [p] - Projection

## OFFICE OF INSPECTOR GENERAL PROGRAM ACTIVITY

<b>BUDGET ACTIVITY BY OBJECT CLASS</b>					
(Dollars in Thousands)					
		<b>FY 2015 Enacted</b>	<b>FY 2016 Enacted</b>	<b>FY 2017 Request</b>	<b>Diff. FY17 Request / FY16 Enacted</b>
11.1	Full-time permanent	40,657	41,583	42,809	1,226
11.3	Other than full-time permanent	76	68	68	0
11.5	Other personnel compensation	4,171	4,454	4,454	0
11.8	Special personal services payments	0	0	0	0
11.9	<b>Total personnel compensation</b>	<b>44,904</b>	<b>46,105</b>	<b>47,331</b>	<b>1,226</b>
12.1	Civilian personnel benefits	15,958	17,363	17,942	579
21.0	Travel and transportation of persons	2,420	2,083	2,758	675
22.0	Transportation of things	0	0	0	0
23.1	Rental payments to GSA	5,066	5,235	5,402	167
23.2	Rental payments to others	113	98	98	0
23.3	Communications, utilities, and miscellaneous charges	371	486	486	0
24.0	Printing and reproduction	10	12	12	0
25.1	Advisory and assistance services	3,093	4,073	6,745	2,672
25.2	Other services from non-Federal sources	613	849	1,649	800
25.3	Other goods and services from Federal sources 1/	7,001	7,135	7,774	639
25.4	Operation and maintenance of facilities	0	0	0	0
25.7	Operation and maintenance of equipment	1,072	1,280	1,788	508
26.0	Supplies and materials	530	263	263	0
31.0	Equipment	482	1,003	2,003	1,000
41.0	Grants, subsidies, and contributions	0	0	0	0
42.0	Insurance claims and indemnities	260	620	620	0
	<b>Total</b>	<b>81,893</b>	<b>86,605</b>	<b>94,871</b>	<b>8,266</b>
	1/Other goods and services from Federal sources				
	CIGIE	423	494	776	282
	Working Capital Fund	5,854	5,814	6,171	357
	DHS Services	422	442	442	0
	Services by Other Government Departments	302	385	385	0

# OFFICE OF INSPECTOR GENERAL PROGRAM ACTIVITY

## CHANGES IN FY 2017

(Dollars in Thousands)

### Activity Changes

#### Built-In

To Provide For:

Costs of pay adjustments	\$663
Personnel benefits	277
Employee health benefits	8
Two days less of Pay	-409
Federal Employees' Compensation Act (FECA)	189
Travel and transportation of persons	0
Transportation of things	0
Rental payments to GSA	167
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	357
Other Federal sources (DHS Charges)	0
Other goods and services from Federal sources	0
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** **\$1,252**

**Net Program** **\$7,014**

**Direct FTE** **5**

	Estimate	FTE
<b>Base</b>	<b>\$87,857</b>	<b>373</b>
<b>Program Increase</b>	<b>\$7,014</b>	<b>5</b>
<b>Program Decrease</b>	<b>\$0</b>	<b>0</b>