

FY 2016

CONGRESSIONAL BUDGET JUSTIFICATION

OFFICE OF INSPECTOR GENERAL

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OFFICE OF INSPECTOR GENERAL

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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 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 2016, this information is as follows:

- OIG's aggregate budget estimate and request to OMB was \$94,197,000.
- OIG's aggregate funding request to Congress for FY 2016 is \$88,312,000.
- OIG's funding request for training needs is \$453,000.
- Funding necessary to support the Council of Inspectors General on Integrity and Efficiency (CIGIE) is \$423,000.

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APPROPRIATION LANGUAGE

For salaries and expenses of the Office of Inspector General in carrying out the provisions of the Inspector General Act of 1978, [\$76,000,000] \$82,325,000, together with not to exceed [\$5,590,000] \$5,660,000, which may be expended from the Employment Security Administration Account in the Unemployment Trust Fund. (Department of Labor Appropriations Act, 2015)

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AMOUNTS AVAILABLE FOR OBLIGATION						
(Dollars in Thousands)						
	2014		2015		2016	
	FTE	Amount	FTE	Amount	FTE	Amount
A. Appropriation	351	\$74,721	343	\$76,000	348	\$82,325
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	\$5,590	35	\$5,660
Black Lung Disability Trust Fund	1	\$327	1	\$303	1	\$327
Sequestration Reduction Pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985 as Amended	0	-\$24	0	\$0	0	\$0
<i>Subtotal</i>	<i>36</i>	<i>\$6,393</i>	<i>36</i>	<i>\$6,393</i>	<i>36</i>	<i>\$6,487</i>
B. Gross Budget Authority	387	\$81,114	379	\$82,393	384	\$88,812
Reimbursements	0	-\$500	0	-\$500	0	-\$500
<i>Subtotal</i>	<i>387</i>	<i>\$80,614</i>	<i>379</i>	<i>\$81,893</i>	<i>384</i>	<i>\$88,312</i>
C. Budget Authority Before Committee	387	\$80,614	379	\$81,893	384	\$88,312
Reimbursements	0	\$500	0	\$500	0	\$500
<i>Subtotal</i>	<i>387</i>	<i>\$81,114</i>	<i>379</i>	<i>\$82,393</i>	<i>384</i>	<i>\$88,812</i>
D. Total Budgetary Resources	387	\$81,114	379	\$82,393	384	\$88,812
Lapsed FTE & Unobligated Balance Expiring	-8	-\$102	0	\$0	0	\$0
E. Total, Estimated Obligations	379	\$81,012	379	\$82,393	384	\$88,812

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SUMMARY OF CHANGES

(Dollars in Thousands)

	2015	2016	Net Change
Budget Authority			
General Funds	\$76,000	\$82,325	+\$6,325
Trust Funds	\$5,893	\$5,987	+\$94
Total	\$81,893	\$88,312	+\$6,419
Full Time Equivalents			
General Funds	343	348	5
Trust Funds	36	36	0
Total	379	384	5

Explanation of Change	2016 Change							
	2015 Base		Trust Funds		General Funds		Total	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Increases:								
A. Built-Ins:								
To Provide For:								
Costs of pay adjustments	379	\$44,904	0	\$0	0	\$2,522	0	\$2,522
Personnel benefits	0	\$352	0	\$0	0	\$879	0	\$879
Employee health benefits	0	\$15,013	0	\$0	0	\$0	0	\$0
One day more of pay	0	\$0	0	\$70	0	\$703	0	\$773
Federal Employees' Compensation Act (FECA)	0	\$0	0	\$0	0	\$0	0	\$0
Travel and transportation of persons	0	\$2,420	0	\$0	0	\$0	0	\$0
Transportation of things	0	\$0	0	\$0	0	\$0	0	\$0
Rental payments to GSA	0	\$5,066	0	\$0	0	\$128	0	\$128
Rental payments to others	0	\$113	0	\$0	0	\$0	0	\$0
Communications, utilities, and miscellaneous charges	0	\$371	0	\$0	0	\$0	0	\$0
Printing and reproduction	0	\$10	0	\$0	0	\$0	0	\$0
Advisory and assistance services	0	\$3,093	0	\$0	0	\$0	0	\$0
Other services from non-Federal sources	0	\$613	0	\$0	0	\$0	0	\$0
Working Capital Fund	0	\$5,854	0	\$0	0	\$697	0	\$697
Other Federal sources (DHS Charges)	0	\$422	0	\$0	0	\$0	0	\$0
Other goods and services from Federal sources	0	\$725	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	\$1,072	0	\$0	0	\$0	0	\$0
Supplies and materials	0	\$530	0	\$0	0	\$0	0	\$0
Equipment	0	\$482	0	\$0	0	\$0	0	\$0
Grants, subsidies, and contributions	0	\$0	0	\$0	0	\$0	0	\$0

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Explanation of Change	2016 Change							
	2015 Base		Trust Funds		General Funds		Total	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Insurance claims and indemnities	0	\$260	0	\$0	0	\$0	0	\$0
Built-Ins Subtotal	379	+\$81,300	0	+\$70	0	+\$4,929	0	+\$4,999
B. Programs:								
Reducing Improper Payments Black Lung Disability Trust Fund Restoration From FY 2015 Sequestration Reduction	379	\$81,893	0	\$0	5	\$1,500	5	\$1,500
Programs Subtotal	379	\$81,893	0	\$24	0	\$0	0	\$24
Total Increase	379	+\$81,300	0	+\$94	5	+\$6,429	5	+\$6,523
Decreases:								
A. Built-Ins:								
To Provide For: Federal Employees' Compensation Act (FECA)	0	\$593	0	\$0	0	-\$104	0	-\$104
Built-Ins Subtotal	0	+\$593	0	\$0	0	-\$104	0	-\$104
B. Programs:								
Total Decrease	0	+\$593	0	\$0	0	-\$104	0	-\$104
Total Change	379	+\$81,893	0	+\$94	5	+\$6,325	5	+\$6,419

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SUMMARY BUDGET AUTHORITY AND FTE BY ACTIVITY (Dollars in Thousands)								
	2014		2015		2016		Diff. 2016 / 2015	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
OIG Program Activity	379	80,614	379	81,893	384	88,312	5	6,419
General Funds	343	74,721	343	76,000	348	82,325	5	6,325
Unemployment Trust Funds	35	5,590	35	5,590	35	5,660	0	70
Black Lung Disability Trust Funds	1	303	1	303	1	327	0	24
Total	379	80,614	379	81,893	384	88,312	5	6,419
General Funds	343	74,721	343	76,000	348	82,325	5	6,325
Unemployment Trust Funds	35	5,590	35	5,590	35	5,660	0	70
Black Lung Disability Trust Funds	1	303	1	303	1	327	0	24

NOTE: 2014 reflects actual FTE.

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BUDGET AUTHORITY BY OBJECT CLASS					
(Dollars in Thousands)					
		2014	2015	2016	Diff. 2016 / 2015
	Full-Time Equivalent				
	Full-time Permanent	387	379	384	5
	Total	387	379	384	5
	Average ES Salary	\$170,000	\$170,000	\$178,000	\$8,000
	Average GM/GS Grade	13	13	13	0
	Average GM/GS Salary	\$103,000	\$104,000	\$107,000	\$3,000
11.1	Full-time permanent	39,983	40,657	44,243	3,586
11.3	Other than full-time permanent	165	76	76	0
11.5	Other personnel compensation	4,365	4,171	4,171	0
11.8	Special personal services payments	0	0	0	0
11.9	Total personnel compensation	44,513	44,904	48,490	3,586
12.1	Civilian personnel benefits	16,340	15,958	17,166	1,208
21.0	Travel and transportation of persons	2,025	2,420	2,420	0
22.0	Transportation of things	0	0	0	0
23.1	Rental payments to GSA	4,814	5,066	5,194	128
23.2	Rental payments to others	117	113	113	0
23.3	Communications, utilities, and miscellaneous charges	391	371	371	0
24.0	Printing and reproduction	14	10	10	0
25.1	Advisory and assistance services	4,030	3,093	3,893	800
25.2	Other services from non-Federal sources	484	613	613	0
25.3	Other goods and services from Federal sources 1/	5,969	7,001	7,698	697
25.4	Operation and maintenance of facilities	5	0	0	0
25.7	Operation and maintenance of equipment	1,276	1,072	1,072	0
26.0	Supplies and materials	315	530	530	0
31.0	Equipment	320	482	482	0
41.0	Grants, subsidies, and contributions	0	0	0	0
42.0	Insurance claims and indemnities	1	260	260	0
	Total	80,614	81,893	88,312	6,419
	1/Other goods and services from Federal sources				
	CIGIE	468	423	423	0
	Working Capital Fund	4,691	5,854	6,551	697
	DHS Services	374	422	422	0
	Services by Other Government Departments	436	302	302	0

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
2006					
Base Appropriation...1/	\$70,819	\$71,163	\$72,163	\$71,101	450
2007					
Base Appropriation	\$73,761	\$74,107	\$76,107	\$72,766	432
2008					
Base Appropriation...2/	\$78,658	\$78,993	\$79,993	\$74,390	407
2009					
Base Appropriation...3/	\$82,141	\$0	\$82,466	\$82,141	417
2010					
Base Appropriation	\$84,014	\$84,341	\$84,341	\$84,014	427
2011					
Base Appropriation...4/	\$85,082	\$84,173	\$84,173	\$83,846	417
2012					
Base Appropriation	\$84,445	\$84,772	\$84,772	\$83,688	417
2013					
Base Appropriation...5/	\$85,108	\$0	\$0	\$79,310	403
2014					
Base Appropriation	\$86,041	\$0	\$0	\$80,311	387
2015					
Base Appropriation	\$83,993	\$0	\$0	\$81,590	379
2016					
Base Appropriation	\$87,985	\$0	\$0	\$0	384

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 \$718,000 reduction pursuant to P.L. 109-148.

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

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

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

5/ 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

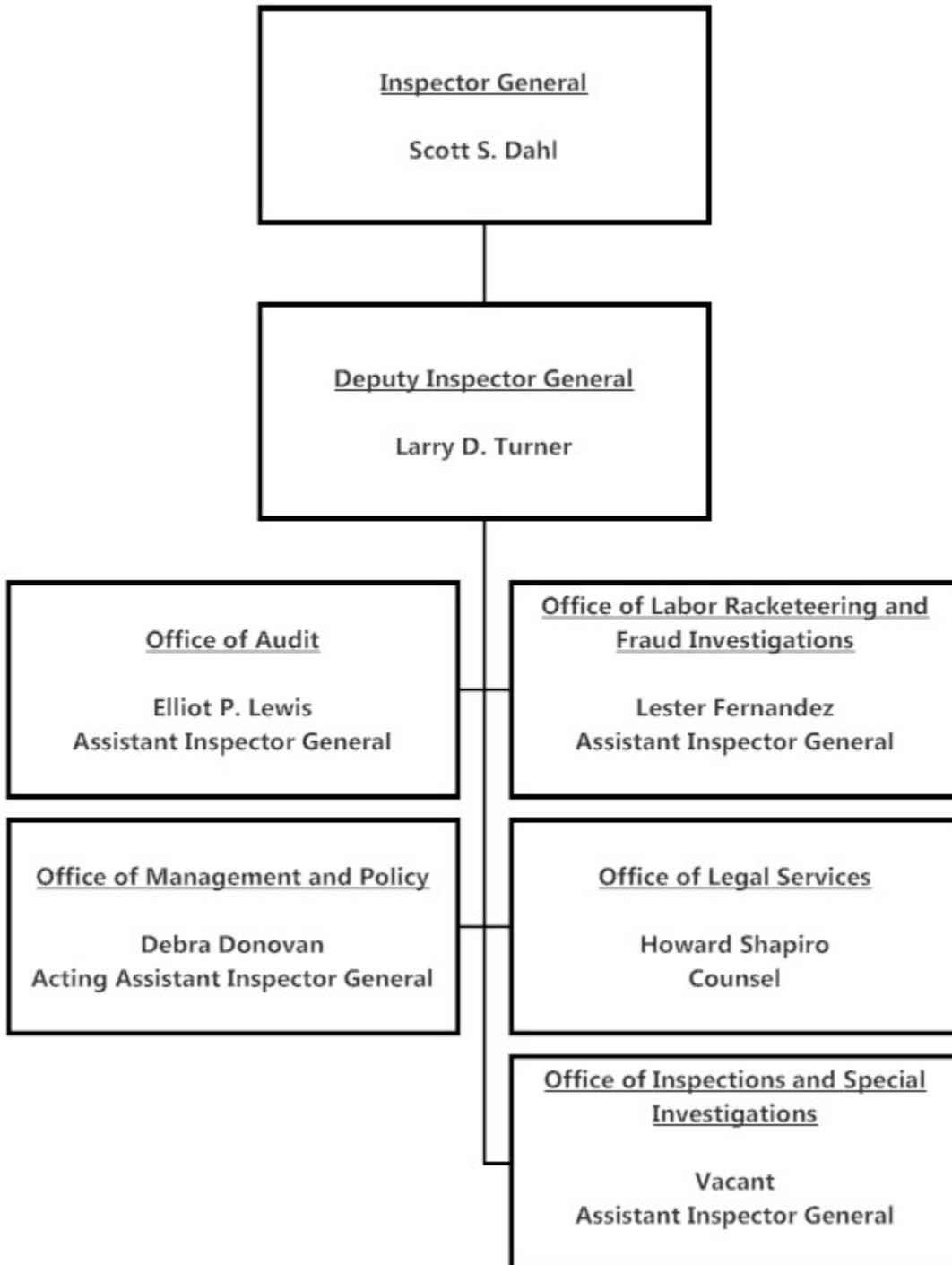
The mission of the Office of Inspector General (OIG) at the Department of Labor (DOL) is to serve the American Workforce, the Department of Labor, and the Congress by providing independent and objective oversight of Departmental programs through audits and investigations, and by combatting the influence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

The OIG's function 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 relations.

OFFICE OF INSPECTOR GENERAL

ORGANIZATION CHART



OFFICE OF INSPECTOR GENERAL PROGRAM ACTIVITY

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	2014	2015	2016	Diff. 2016 / 2015
Activity Appropriation	80,614	81,893	88,312	6,419
FTE	379	379	384	5

NOTE: FY 2014 reflects actual FTE. Authorized FTE for FY 2014 was 387.

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: 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.
 - 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 Program. In recent years, the OIG has also investigated non-traditional organized crime groups and their impact on DOL programs. The influence of organized

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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 liaising 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: 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>
2011	\$83,846	417
2012	\$83,688	417
2013	\$79,310	403
2014	\$80,311	387
2015	\$81,590	379

FY 2016

In FY 2016, the OIG requests \$88,312,000. This funding level includes \$1,500,000 to conduct additional audits and investigations involving improper payments in the Unemployment Insurance and FECA programs. This funding also includes an additional \$24,000 in Black Lung Disability Trust Funds to restore 2015 sequester reductions. At this funding level, the OIG would provide needed audit and investigative oversight of important DOL programs and operations. Below are specific examples of audit and investigative work that was completed in

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FY 2014 and is being worked on in FY 2015, and which are representative of the type of high-impact work that the OIG would complete in FY 2016.

FY 2015

In FY 2015, for the area of training and employment programs, the OIG will continue its audits of 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 plans to audit whether Job Corps ensured the integrity of student testing performed at Job Corps centers and the reliability of reported results. Additionally, the OIG plans to audit the YouthBuild program to determine if participation in YouthBuild improved participant employability. We will also determine if placement data reported by YouthBuild and its grantees was accurate.

In the areas of worker and retiree benefits programs, the OIG is conducting an audit to identify if EBSA's oversight of ERISA denials of benefit claims is adequate to ensure plan fiduciaries process participant and beneficiary claims in accordance with plan documents and applicable law. Additionally, OIG is conducting a review to determine if DOL ensured its agencies processed and adjudicated black lung claims efficiently and effectively. The OIG plans to conduct an audit of the Energy Employees Occupational Illness Compensation Act (EEOIC) program to determine if OWCP's bill process monitoring can be improved, identify best practices used by other federal health care programs, and whether OWCP has the necessary regulatory and legislative tools to control health care providers costs. Additionally, the OIG plans to conduct an audit to determine whether State Workforce Agencies (SWAs) have used federal funds for Information Technology Modernization to improve UI program integrity and reduce improper payments.

The OIG continues to focus on the areas of worker safety and workers' rights. For example, the OIG plans to conduct an audit of OSHA's abatement verification process to determine if OSHA properly conducts timely abatement verification of safety and health violations cited during inspections. Regarding mine worker safety and health, the OIG plans to conduct an audit to determine if MSHA has adequately received, logged, assessed, and responded to hotline complaints of hazardous mine 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 assess the effectiveness of DOL's management process. For example, the OIG plans to conduct an audit to determine if DOL has developed and implemented an effective acquisition planning process. The OIG will continue its annual audit of DOL's consolidated financial statements and will conduct information security audits in accordance with the Federal Information Security Management Act of 2002. Further, OIG will determine if DOL complied with the Improper Payments Information Act, as amended.

In FY 2015, 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

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organized crime influence or control in unions, employee benefit plans, and the workplace. In addition, in FY 2015, the OIG is transitioning its protective service detail to OASAM. This function is financed through the WCF. During this transition, the OIG will continue to be reimbursed for field support, and the agents assigned to the detail will continue to be paid for through the WCF.

FY 2014

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

Indicators, Targets, and Results	FY 2013 Result	FY 2014 Target	FY 2014 Result
Number of investigations completed	59	54	64
Percentage of prosecutions that result in a conviction for those indicted	98%	85%	97%
Number of audits and other reports completed	18	12	10
Percentage of prior year recommendations resolved by DOL	100%	50%	85.5%
Percentage of prior year recommendations implemented by DOL	32%	35%	29%
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 the Veterans' Employment and Training (VETS). 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.

In FY 2014, the OIG completed 10 audits and 64 investigations under Goal 1. The number of audits was short of its target of 12 because, due to sequestration funding reductions, OIG diverted staff from discretionary to mandatory audits. However, as previously discussed, the OIG exceeded its overall FY 2014 target for number of investigations completed by almost 10 investigations. The following are examples of the OIG's audit work under this goal:

- An audit of ETA's On-the-Job Training (OJT) grant program found that the entered employment and retention percentages achieved for the long-term unemployed exceeded ETA's expectations. However, grantees did not have proper controls in place to support payments made to participating employers, resulting in questioned costs of about \$360,000.
- An audit of Job Corps' use of student travel funds found that approximately \$900,000 of Job Corps funds were misused or wasted because the agency lacked basic internal

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controls over prepaid debit cards and centrally billed government travel cards used to pay student travel expenses.

- The OIG audit of the Jobs for Veterans State Grants (JVSG) program operated by Florida’s Department of Economic Opportunity (DEO) found that VETS did not ensure DEO’s JVSG staff adequately provided intensive services to meet the employment and training needs of eligible veterans, or that program measures were accurately reported.

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

- A former director of educational services at the Columbus Urban League in Ohio was sentenced to 42 months in prison and ordered to pay \$85,181 in restitution for his involvement in a scheme to defraud the League, which is a recipient of WIA and other federal grant funds.
- A Colorado business owner was sentenced to more than 10 years in prison for his role in an H-1B visa fraud scheme, after being 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 New York immigration attorney and her associate were each sentenced to two years in prison after more than seven years of involvement in a scheme to fraudulently obtain temporary and permanent work visas.

Goal 2: Safeguard and improve worker and retiree benefit programs

Indicators, Targets, and Results	FY 2013 Result	FY 2014 Target	FY 2014 Result
Number of investigations completed	288	215	326
Percentage of prosecutions that result in a conviction for those indicted	97%	85%	95%
Number of audits and other reports completed	13	13	8
Percentage of prior year recommendations resolved by DOL	80%	50%	83.3%
Percentage of prior year recommendations implemented by DOL	36%	35%	41.7%
Percentage of concurrence on prior year recommendations for monetary savings identified by OIG audits	100%	50%	NA

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Under this goal, the OIG promotes improved integrity and cost efficiency of the Unemployment Insurance (UI) program and Federal disability compensation programs, such as the Federal Employees' Compensation Act (FECA) and the Energy Employees Occupational Illness Compensation Program Act (EEOICPA). The OIG also seeks to improve the programs that safeguard the Nation's pension and health and welfare benefit plans.

In FY 2014, the OIG completed 326 investigations and 8 audits under Goal 2. The number of audits was short of its target of 13 because, due to sequestration funding reductions, OIG diverted staff from discretionary to mandatory audits. The OIG exceed its target for the number of investigations completed as a result of large numbers of single claimant unemployment insurance fraud cases involving American Recovery and Reinvestment Act (ARRA) funds.

The following are examples of the OIG's audit work under this goal:

- An OIG audit to determine whether the Employment and Training Administration (ETA) adequately protected the UI Weekly Claims Report from premature release found that ETA's use of an optional press lock-up to provide pre-release access to news organizations may have provided a competitive trading advantage to these organizations and their clients.
- An audit of the Employee Benefits Security Administration's (EBSA) oversight of the use of limited-scope audits for employee benefit plans found that EBSA had not provided the guidance and oversight needed to adequately protect more than \$1 trillion of plan assets invested in complex trust arrangements and hard-to-value assets held and certified by custodians.

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

- As a result of one of the OIG's UI investigations, two Chicago-area women were sentenced to 6 and 4 years in prison and ordered to pay more than \$4.8 million and \$4.6 million, respectively, in restitution. This was from one of the largest fictitious employer UI fraud schemes ever prosecuted in the U.S. From February 2009 until December 2012, they registered 97 fictitious companies and filed more than 900 false UI claims, some of which were based on stolen identities.
- One OIG investigation resulted in the sentencing of a former U.S. Army military nurse to one year in prison and an order to pay DOL restitution of more than \$192,000. After sustaining an on-the-job injury, she submitted false claims and fraudulent documents for medical and travel costs she never incurred.
- In another investigation, a Texas psychologist was sentenced to 3 years in prison and ordered to pay more than \$1.8 million in restitution to the Office of Workers' Compensation Programs for defrauding the Federal Employees' Compensation Act Program by filing claims to receive payments for services never rendered on behalf of an injured federal worker covered under the Act.

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

Indicators, Targets, and Results	FY 2013 Result	FY 2014 Target	FY 2014 Result
Number of investigations completed	30	24	63
Percentage of prosecutions that result in a conviction for those indicted	83%	85%	93%
Number of audits and other reports completed	10	9	6
Percentage of prior year recommendations resolved by DOL	95%	50%	100%
Percentage of prior year recommendations implemented by DOL	43%	35%	52.4%
Percentage of concurrence on prior year recommendations for monetary savings identified by OIG audits ¹	N/A	50%	100%

¹ The OIG made no recommendations for monetary savings for audits of programs that fell within OIG Goal 3 in 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.

In FY 2014, the OIG completed 63 investigations and 6 audits under Goal 3. The number of audits was short of its target of 9 because, due to sequestration funding reductions, OIG diverted staff from discretionary to mandatory audits. The following are examples of the OIG's audit work under this goal:

- An audit of the process used by MSHA to detect and deter underreporting of injuries and illnesses in the mining industry found that MSHA has taken steps to identify underreporting. However, MSHA could strengthen this process by deriving better estimates of the overall prevalence, magnitude, and distribution of underreporting. We also found that MSHA needs to take more action to encourage employers to create a culture of reporting injuries and illnesses, and to address retaliatory and injurious employer practices.
- MSHA operates laboratories that test samples of air, gases, dusts, and solids gathered by MSHA inspectors and mine operators to evaluate safety conditions in mines. In an audit of MSHA's mine sampling process, we found that MSHA lacked a unified timeliness standard for its laboratories, covering the entire cycle time from collection of samples by mine inspectors to the reporting of results, for tests of underground mine air, gas, and dust samples that are critical to ensuring mine safety and health.

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- An audit of OSHA’s Voluntary Protection Program (VPP) found that 13 percent of the employers we reviewed had injury and illness rates above industry averages or had been cited with violations of safety and health standards. Most of these participants were allowed to remain in VPP—and therefore not subject to regular OSHA inspections—for up to 6 additional years.

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

- A demolition company owner and his father were sentenced to prison terms of 6 years and 4 years, respectively, for perpetrating a scheme to underpay employees on a federally funded prevailing wage contract.

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

Indicators, Targets, and Results	FY 2013 Result	FY 2014 Target	FY 2014 Result
Number of investigations completed	33	16	17
Percentage of prosecutions that result in a conviction for those indicted	100%	85%	100%
Number of audits and other reports completed	17	16	16
Percentage of prior year recommendations resolved by DOL	100%	50%	100%
Percentage of prior year recommendations implemented by DOL	55%	35%	47.2%
Percentage of concurrence on prior year recommendations for monetary savings identified by OIG audits ¹	N/A	50%	100%

¹ The OIG made no recommendations for monetary savings for audits of programs that fell within OIG Goal 4 in 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 DOL’s administrative processes comply with various regulations and laws.

In FY 2014, the OIG completed 16 audits and 17 investigations under Goal 4. Examples of the OIG’s audit work include the following:

- As part of its IT security work, the OIG identified deficiencies related to a number of the Department’s IT controls, including tracking of program-wide Plans of Action and Milestones, capital planning and investment controls for managing IT investments, implementation of cloud email services, and the migration of its human resources systems to the Department of the Treasury’s Shared Services Center.
- Our review of the Department’s financial management continuity plans, designed to ensure the continued operation of its financial management processes in the event the

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system becomes unavailable for any reason, found that the Department had made substantial progress but identified significant concerns with those plans. The Department had not fully developed a comprehensive plan for the recovery or reconstitution of financial data into an approved financial system after a disruption, compromise, or failure.

- Our annual review of the Department’s compliance with the Improper Payments Elimination and Recovery Act of 2010 (IPERA) found that DOL met five of seven IPERA requirements. The Department did not quite meet the annual improper payment reduction target for the Unemployment Insurance (UI) program, and we believe the methodology the Department used to estimate improper payments resulted in it understating the actual improper payment rate for the UI program.

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

Indicators, Targets, and Results	FY 2013 Result	FY 2014 Target	FY 2014 Result
Number of investigations completed	95	83	92
Percentage of prosecutions that result in a conviction for those indicted	97%	85%	91%

The DOL OIG has the responsibility for investigating labor racketeering and organized crime influence or control in unions, employee benefit plans, and labor management relations in the workplace. In FY 2014, the OIG completed 92 investigations under goal 5. Examples of the OIG’s investigative accomplishments in support of Goal 5 include the following:

- The wife of a Colombo La Cosa Nostra crime family associate was sentenced to 4 years’ probation and ordered to pay \$40,000 in restitution after pleading guilty to embezzling from a union benefit plan. She submitted falsified shop steward reports and invoices to the union benefit plans in an effort to conceal a double-breasted operation that allowed La Cosa Nostra to utilize union drivers to operate trucks under the guise of a nonunion business entity and significantly reduce its operating costs.
- A Chiropractor and his wife were sentenced to 8 and 2 years in prison, respectively, and ordered to pay more than \$1.4 million in restitution to the victims of a health care fraud scheme in which they submitted claims and fraudulently obtained reimbursements for services not rendered.
- The former president of the Metal Polishers Union Local 8A-28A was sentenced to 4 years in prison and ordered to pay more than \$800,000 in restitution for his involvement in multiple plan embezzlement schemes.
- The former president of the Service Employees International Union Local 6434 was sentenced to 33 months in prison for stealing funds from the union.

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DETAILED WORKLOAD AND PERFORMANCE				
	2014		2015	2016
	Target	Result	Target	Target
OIG Program Activity				
Strategic Goal ALL - All Strategic Goals				
Strategic Objective ALL.1 - All Strategic Objectives				
Audits				
OIG Audits	50	40	45	48
ARRA Audits	0	--	--	--
OIG Investigations	409	563	415	450

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

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BUDGET ACTIVITY BY OBJECT CLASS					
(Dollars in Thousands)					
		2014	2015	2016	Diff. 2016 / 2015
11.1	Full-time permanent	39,983	40,657	44,243	3,586
11.3	Other than full-time permanent	165	76	76	0
11.5	Other personnel compensation	4,365	4,171	4,171	0
11.8	Special personal services payments	0	0	0	0
11.9	Total personnel compensation	44,513	44,904	48,490	3,586
12.1	Civilian personnel benefits	16,340	15,958	17,166	1,208
21.0	Travel and transportation of persons	2,025	2,420	2,420	0
22.0	Transportation of things	0	0	0	0
23.1	Rental payments to GSA	4,814	5,066	5,194	128
23.2	Rental payments to others	117	113	113	0
23.3	Communications, utilities, and miscellaneous charges	391	371	371	0
24.0	Printing and reproduction	14	10	10	0
25.1	Advisory and assistance services	4,030	3,093	3,893	800
25.2	Other services from non-Federal sources	484	613	613	0
25.3	Other goods and services from Federal sources 1/	5,969	7,001	7,698	697
25.4	Operation and maintenance of facilities	5	0	0	0
25.7	Operation and maintenance of equipment	1,276	1,072	1,072	0
26.0	Supplies and materials	315	530	530	0
31.0	Equipment	320	482	482	0
41.0	Grants, subsidies, and contributions	0	0	0	0
42.0	Insurance claims and indemnities	1	260	260	0
	Total	80,614	81,893	88,312	6,419
1/Other goods and services from Federal sources					
	CIGIE	468	423	423	0
	Working Capital Fund	4,691	5,854	6,551	697
	DHS Services	374	422	422	0
	Services by Other Government Departments	436	302	302	0

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CHANGES IN 2016

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments	\$2,522
Personnel benefits	879
Employee health benefits	0
One day more of pay	773
Federal Employees' Compensation Act (FECA)	-104
Travel and transportation of persons	0
Transportation of things	0
Rental payments to GSA	128
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	697
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 **\$4,895**

Net Program **\$1,524**

Direct FTE **5**

	Estimate	FTE
Base	\$86,788	379
Program Increase	\$1,524	5
Program Decrease	\$0	0