

## Significant FY 2002 Audits and Evaluations

### 1. Workforce Investment Act: Better Guidance and Revised Funding Formula Would Enhance Dislocated Worker Program (GAO-02-274), February 2002

Agency: ETA

Conducted by: General Accounting Office

**Recommendations:** This report recommends that DOL: 1) Actively identify areas that require additional assistance to help States and local areas implement the dislocated worker program; 2) Disseminate guidance that is more responsive to the concerns of workforce officials responsible for implementing the Act's requirements, including when to register individuals into the dislocated worker program and how to provide additional assistance to local areas using rapid response funds; and 3) Disseminate timely information on best practices being developed by local areas to meet the needs of their dislocated workers.

**Actions Taken:** The actions proposed to address these concerns are discussed in guidance issued by the Department in November, 2001. The Department has also created and supported a National Dislocated Worker and Rapid Response Workgroup that developed a number of technical assistance products for use by staff in local workforce areas. These products are in production and will be available in 2003. In addition, the Department developed a contract to produce a website which will display best program practices nationwide. Full implementation of the website is expected later in the year. On the three-part formula for the dislocated worker program, the Department initiated a study of the dislocated worker formula and fund distribution process.

**Additional Information:** Available from the GAO website: [www.gao.gov](http://www.gao.gov).

### 2. Workforce Investment Act: Improvement Needed in Performance Measures to Provide More Accurate Picture of WIA's Effectiveness (GAO- 02-275), February 2002

Agency: ETA

Conducted by: General Accounting Office

**Recommendations:** The report recommends that the Department: 1) Delay the provision of financial assistance for at least one year or until States have their data system in place to successfully track WIA outcomes; 2) Expedite guidance on revising negotiated performance levels and allow States to immediately begin the process of renegotiation; 3) Provide clearer guidance on WIA registration for tracking proposes and work proactively with States to implement guidance; 4) Continue to fully fund the Wage Record Interchange System (WRIS) to assist with the sharing of Unemployment Insurance data across state lines, and develop ways for States to share promising approaches in using supplemental data sources to close Unemployment Insurance data gaps and improve timeliness issues; 5) Ensure that development of optional One-Stop system measures is completed so States can implement them in the beginning of PY 2002.

**Actions Taken:** The Department will take GAO's recommendation into account when determining whether to impose financial sanctions for under performance in PY 2002. Guidance on sanction policy was provided (March 2000). Additional guidance on negotiation of performance levels was issued to States (February 2002). The Department has also provided additional funding for the Wage Record Interchange System (WRIS).

**Additional Information:** The full report is available from the GAO website: [www.gao.gov](http://www.gao.gov).

### 3. Workforce Investment Act: Interim Report on Status of Spending and States' Available Funds (GAO-02-1074), September 2002

Agency: ETA

Conducted by: General Accounting Office

**Findings:** GAO observed: (1) The Department lacks accurate information upon which to base WIA funding decisions because of inconsistencies in the way fund obligations are reported by States. (2) When obligations are not considered, funding commitments made by States and localities are not included, causing the Department's estimate of available funds to be overstated. (3) Even with data limitations it is likely that the States will easily spend their allocation within the three years allowed — most of it within the first 2 years. (4) To improve accuracy of financial reporting and enhance the way they manage funds, States should seek more help from the Department in the form of better definitions, better guidance and technical assistance, and the systematic sharing of effective management strategies.

**Actions Taken:** ETA responded to the observations made in this recent report but has not yet taken any action. ETA published a clarification of reporting instructions on November 6, 2002 to address concerns expressed to GAO and has committed to provide additional guidance and technical assistance during the current year. This guidance and technical assistance will extend to the proper accounting for Federal funds, clarification of reporting requirements, and discussions of best practices relating to the effective and timely spending of WIA allocations. A number of other recommendations made by GAO could substantially increase the reporting burden and may not produce the desired results. ETA believes these are more appropriately discussed as part of the upcoming WIA reauthorization.

**Additional Information:** The full report is available from the GAO website: [www.gao.gov](http://www.gao.gov).

**4. Workforce Investment Act: Youth Provisions Promote New Service Strategies but Additional Guidance Would Enhance Program Performance (GAO-02-413), April 2002**

**Agency:** ETA

**Conducted by:** General Accounting Office

**Findings:**

- Nearly all local workforce investment boards nationwide established a youth council and network of youth service providers, but not without challenges.
- Youth councils established linkages with the education community.
- Two factors improved coordination and delivery of services: having experience in collaborative efforts among various public and private youth-serving agencies and placing priority on youth development
- Three legislative requirements impeded progress: eligibility documentation requirements, meeting the 30% requirement of funds to be spent on out of school youth, and complex performance measures.

**Recommendations:** Issue guidance to assist boards and Youth Councils in:

- Recruiting representatives for the Youth Council
- Increasing responses to Requests for Proposal
- Sharing client information among agencies to verify applicant eligibility
- Recruiting and training out-of-school youth
- Facilitating linkages between boards and youth councils and their youth-serving partner
- Collaborating with Dept. of Education and other experts to link workforce and education activities
- Clarifying the definition of skill attainment for younger youth to ensure consistency in reporting

**Actions Taken:** The Department disseminated youth council tool kits on July 23, 2002. Program Guidance for Implementation of Youth Services under WIA was issued May 20, 2002, and provided guidance on a) increasing/leveraging funding sources to better serve out-of-school youth; b) developing and implementing strategies and service delivery priorities to promote greater participation of faith and community based programs in delivery of WIA youth services; and c) strategies for enhancing recruitment and retention of out-of-school youth. The Department is still exploring sampling methodology to ease eligibility requirements. Also, the Department has received a draft final report on practices that enhance youth connections and access to One-Stops. A National Youth Summit was held in June 2002, in collaboration with the Department of Education. In preparation for WIA reauthorization, ETA has conducted several national and regional forums and experts meetings, including education representatives, to seek input and discuss and identify issues to address in reauthorizing the legislation. The Department will clarify the definition of skill attainment with the implementation of common performance measures for job training programs in the 2004 budget.

**Additional Information:** The full report is available from the GAO website: [www.gao.gov](http://www.gao.gov).

**5. Left Out of the Boom Economy: UI Recipients in the Late 1990s, October 2001**

**Agency:** ETA

**Conducted by:** Mathematica Policy Research (MPR), Inc.

**Findings:** Based on a nationally representative sample of 3,907 UI recipients who established a UI benefit year in 1998 (1,864 of whom exhausted benefits), the study found that UI claimants on average took longer to find reemployment, had higher exhaustion rates, and found new jobs replacing less of their pre-unemployment wages than showed up in a similar study by MPR ten years earlier. In part, these changes mirrored changes in the U.S. economy generally (Unemployment durations have lengthened, claimants are older and more likely to be minorities.) but also reflected declines in potential UI benefit durations. Claimants were less likely to have registered with the Employment Service or One-Stop than in 1988, and less likely to have received services once registered, but more likely to have participated in training or education to improve work skills. Services are well targeted on claimants at different income levels and those who have exhausted benefits or were dislocated workers. However, the authors consider low-skilled claimants relatively underserved because their labor market

outcomes were significantly worse than other recipients despite receiving services at the same rate as higher-skilled workers.

**Recommendations:** The study recommends that States (1) strengthen job search requirements; (2) increase resources available to reemployment services, and (3) ensure that low skill workers are targeted for reemployment services by expanding the measures of skill level used in profiling.

**Actions Taken:** This research has been instrumental in helping formulate possible ways of measuring entered employment of UI claimants as indicators of the extent that the UI system facilitates UI claimants' reemployment. In March 2002, the Department distributed \$8 billion in special Reed Act funds to States and has urged the States to use some of these resources for reemployment services.

**Additional Information:** The report can be found on the DOL web site at: [http://wdr.doleta.gov/owsdrr/ETA\\_occasional.asp](http://wdr.doleta.gov/owsdrr/ETA_occasional.asp)

## 6. Unemployment Insurance: Increased Focus on Program Integrity Could Reduce Billions in Overpayments (GAO 02-697), July 2002

**Agency:** ETA

**Conducted by:** General Accounting Office

**Findings:** Between September 2001 and May 2002, the GAO reviewed internal Department guidance and documentation, performance plans and reports, performance data relevant to the Department's oversight of the UI program, and data from the Benefit Accuracy Measurement (BAM) and Benefit Payment Control (BPC) systems; and they interviewed over 100 management and line staff in the ETA national and Regional offices, in six state UI offices, and various stakeholder organizations. They concluded that BAM estimates are better indicators of the true levels and nature of overpayments than reported data on BPC activities because they reflect all reasons for overpayments accurately, and not only those that are administratively detectable or cost-effective to establish for recovery. GAO determined that States do not sufficiently balance the need to process and pay claims quickly with the need to control program integrity, and rely too heavily on what claimants themselves report about their eligibility for benefits. Further, the GAO believes the Department has also emphasized payment timeliness over payment accuracy — e.g., through its choices of key performance measures and in the lack of incentives and sanctions to promote accuracy. At the same time, the GAO commended the Department for working to obtain data and conduct analyses that help States improve integrity, and for its decision to develop a key payment accuracy measure for FY 2003.

**Recommendations:** The GAO recommends that the Department (1) revise program measures to ensure increased emphasis on payment accuracy; (2) develop incentives and sanctions that will encourage compliance with payment integrity measures; (3) use its quality assurance (BAM) data more intensively to help States identify internal policies and procedures that need to be changed to enhance program accuracy; (4) help States increase the proportion of overpayments they recover each year; and (5) study the potential for using the Wage Record Interchange System (WRIS) to verify eligibility of persons claiming interstate benefits.

**Actions Taken:** The Department has taken several actions consistent with the GAO's recommendations. These include the development of the proposed integrity measure; conducting several analyses of the causes of UI overpayments and the benefits and costs of preventing, detecting and recovering them; and instructing States to use New Hire data to inform BAM overpayment estimates, and encouraging them to use new hires data to improve the detection and recovery of overpayments due to claimants who continue to claim benefits despite having returned to work. In June, ETA announced an agreement with the Social Security Administration to give States real-time access to the Social Security database. This will permit them to prevent many, if not most, overpayments due to fraudulent or mistaken use of Social Security Numbers (SSNs). UI payment integrity is a Federal emphasis area in the State Quality Service Plan for FY 2003; States must explain how they intend to address program integrity during the upcoming year.

**Additional Information:** The complete GAO report may be obtained from the GAO's web site at [www.gao.gov](http://www.gao.gov).

## 7. Audit of the Unemployment Insurance Data Validation Pilot Program (OIG/OA Report 22-02-005-03-315), March 2002

**Agency:** ETA

**Conducted by:** Office of Inspector General

**Findings:** During 2001 and 2002, the OIG reviewed the UI Data Validation (UI DV) program, which the Department will rely on to ensure the accuracy of data used to compute key performance measures. States are now in the process of implementing UI DV with a targeted completion date of July 2003. The OIG audit involved reviewing the UI DV handbooks, related procedures for handling reports data, and visits to two of the three UI DV pilot States (Minnesota and North Carolina). The OIG concluded that the UI DV methodology is sound and that it contains appropriate management controls to provide reasonable assurance of valid reports data. They also

identified two best practices (Minnesota's use of Social Security query and cross match procedures, and North Carolina's data extraction procedures.)

**Recommendations:** The OIG recommended that the Department (1) establish written internal procedures to ensure the completeness of performance reports data; (2) validate UI program performance data annually instead of on the regular UI DV 3-year cycle; and (3) require reporting entities to retain complete audit trails.

**Actions Taken:** The Department agreed with the OIG findings and is taking steps to implement them. It has agreed to validate data used to compute key GPRA performance goals annually, but notes that the annual validation of data cannot begin until about FY 2005, after all States have completed their first full validation.

**Additional Information:** The complete OIG audit report can be found on the OIG's web site at [www.oig.dol.gov/public/reports/oa/2002/22-02-005-03-315.pdf](http://www.oig.dol.gov/public/reports/oa/2002/22-02-005-03-315.pdf)

#### 8. Findings and Recommendations to the Chief Financial Officer as a Result of an Audit of the U.S. Department of Labor's Principal Financial Statements (OIG/ OA Report 22-02-004-13-001), March 2002

**Agency:** ETA

**Conducted by:** Office of Inspector General (OIG)

**Findings:** The OIG notes that UI's Benefit Accuracy Measurement (BAM) data reflects little change in UI overpayment rates, and that BAM data are not being used fully either to identify States with especially higher overpayment rates or that are doing especially good jobs of preventing or recovering overpayments. It considers that States need to improve their internal controls over UI payments, and that DOL involvement is required if they are to increase the prevention, detection and recovery of recoverable overpayments they can detect through Benefit Payment Control (BPC) operations (the Department estimates through BAM that these were roughly \$1 billion in FY 2001).

**Recommendations:** The OIG recommends (1) a written plan to use BAM data as the impetus for internal controls over the benefit payment process, to include analysis procedures, methods to assist States in developing system improvements, and monitoring of program improvement actions; (2) accelerated efforts to use better systems to prevent and detect overpayments, such as new hires data and the Social Security on-line Query System; (3) using the same cause categories for BPC overpayments established as BAM uses for its estimates, so that the effectiveness of

BPC in establishing overpayments can be better determined; and (4) perform a cost-benefit analysis of overpayments identified as being difficult for BPC units to detect and to determine whether additional resources should be devoted to such areas.

**Actions Taken:** The Department has taken several actions consistent with these recommendations. It developed a multi-year plan to address the identification of the causes of UI overpayments through more detailed analyses, and to stimulate corrective actions by the States. Pursuant to this work plan, it has conducted several analyses of the causes of UI overpayments and the benefits and costs of preventing, detecting and recovering them. A preliminary analysis concluded that the costs of detecting most types of errors now undetected at the claims administration level exceed probable recoveries. UI payment integrity is a federal emphasis area in the State Quality Service Plan for FY 2003; States must explain how they intend to address program integrity during the upcoming year. The Department has instructed BAM units to use data from the State Directory of New Hires to inform BAM overpayment estimates, and has encouraged States to use new hires data to improve the detection and recovery of overpayments made to claimants who continue to claim benefits despite having returned to work. In June 2002, ETA announced an agreement with the Social Security Administration to give States real-time access to the Social Security database. This will permit them to prevent many, if not most, overpayments due to fraudulent or mistaken use of Social Security Numbers.

**Additional Information:** The complete OIG audit report can be found on the DOL/OIG web site at [www.oig.dol.gov/public/reports/oa/2002/22-02-004-13-001.pdf](http://www.oig.dol.gov/public/reports/oa/2002/22-02-004-13-001.pdf)

#### 9. Workforce Investment Act Performance Outcomes Reporting Oversight (OIG/OA Report 06-02-006-03-390), September 2002

**Agency:** ETA

**Conducted by:** Office of Inspector General

**Findings:** The audit report raised concerns about whether the third party data reported by states for WIA performance were accurate and supportable.

**Recommendations:** OIG recommended that the Assistant Secretary for Employment and Training: (1) continue ETA's efforts to establish a standardized, statistical method for WIA performance data validation and require States to use this method or a comparable one, (2) provide States with consistent definitions and documentation guidelines, and (3) have ETA regional representatives require states to validate data as part of their monitoring, establish minimum documentation standards, and independently calculate reported performance as part of state performance monitoring.

**Actions Taken:** The Assistant Secretary generally agreed with the concerns raised by the Office of Inspector General, though not with each of the recommendations. The response indicated that the Inspector General concerns would be addressed with the deployment of a data validity and verification policy and tools that have been under development and are scheduled to be deployed in 2003.

**Additional Information:** The complete OIG audit report can be found on the DOL/OIG web site at [www.oig.dol.gov/public/reports/oa/2002/06-02-006-03-390.pdf](http://www.oig.dol.gov/public/reports/oa/2002/06-02-006-03-390.pdf)

#### **10. Pension Welfare Benefits Administration: Opportunities Exist for Improving Management of the Enforcement Program (GAO- 02-232), March 2002**

**Agency:** PWBA

**Conducted by:** General Accounting Office

**Findings:** The GAO concluded that PWBA's enforcement program is, overall, a well-run program. They identified certain weaknesses in PWBA's management of its enforcement strategy and investigative process, in its overall human capital management, and in its measures for addressing program performance. GAO recommended actions to improve national oversight and coordination and to address workforce issues.

**Recommendations:** (1) Develop a cost-effective strategy to assess the level and type of ERISA non-compliance in employee benefit plans. (2) Conduct regular reviews of the sources of cases that lead to investigations. (3) Share best practices among regions on selecting and conducting investigations. (4) Develop a closed case quality review process that ensures the independence of reviewers. (5) Monitor and analyze barriers to participation in the Voluntary Fiduciary Correction (VFC) program and find ways to reduce them. (6) Conduct a comprehensive review of PWBA's future human capital needs.

**Actions Taken:** (1) PWBA has recently completed a baseline compliance study with respect to health care provisions of Part 7 of ERISA. During FY 2003, PWBA will conduct a follow-up study of its FY 1995 baseline study to assess the quality of employee benefit plan audits for Plan Year 2000. (2) PWBA will conduct annual reviews of the sources of cases as resources permit. A baseline review of FY 1999 data was issued October 31, 2001, and a review of FY 2000 data was issued December 30, 2002. Work has already begun on designing a study of FY 2001 and 2002 data. The FY 2000 analysis provided an overview of the various types of investigations conducted by PWBA during FY 2000; identified which sources of investigations are most likely to result in correction of a violation; identified which sources of investigations that resulted in a corrected violation are most cost-effective, in terms of staff years expended; analyzed the geographic coverage of the enforcement program during FY 1999 and FY 2000; and, reviewed the Agency's Taft-Hartley investigations. (3) PWBA is developing an Internet website to facilitate the sharing of best practices. PWBA is also exploring other avenues for sharing best practices. Suitable ideas will be presented to the Director of Enforcement for consideration. (4) PWBA is finalizing a new quality review process that will be implemented in FY 2003. (5) PWBA modified its VFC program taking into account GAO's specific recommendations by expanding the scope of the program, reducing the documentation requirements, and providing limited relief from the excise tax imposed on prohibited transactions under the Internal Revenue Code. (6) During FY 2003, PWBA will prepare a report of accomplishments in the human capital management area that address the future human capital needs identified by GAO. As part of the Department's Strategic Management of Human Capital, the Department requested funding for FY 2003 to lead a Department-wide, cross cutting initiative to conduct workforce analyses. PWBA has submitted a proposal under this program. At this time, the Department is considering PWBA's proposal and awaiting the final outcome of the FY 2003 appropriation. If PWBA's proposal is granted and funded, PWBA anticipates using this preliminary workforce analysis as a basis for developing a more comprehensive, strategic plan for human capital.

**Additional Information:** A copy of the complete report can be obtained from the Pension and Welfare Benefits Administration, 200 Constitution Avenue, N.W., Room N-5668 Washington, D.C., 20210. Please specify report # GAO-02-232 dated March 2002. The report may also download it directly from [www.GAO.gov](http://www.GAO.gov).

## 11. Market Landscape Analysis: *Saving Matters* Campaign and Publications

**Agency:** PWBA

**Conducted by:** The Gallup Organization in collaboration with Cone, LLC

**Findings:** (1) There is a need for focused, retirement savings education. (2) Americans know saving is important, but they need to feel empowered. (3) There is a lack of attention paid to American workers who need and want retirement savings education. (4) Measurement of the effectiveness of retirement savings education efforts is exceptionally difficult. (5) Many key organizations are willing to collaborate on savings education but want their goals and “branded” materials to be the focus. (6) The *Saving Matters* campaign offers a base from which to grow. (7) DOL has an important role to play in the retirement savings educational arena. (8) Department educational campaign materials were found to be clearly presented and easy to understand but the covers could be improved to increase the likelihood that the materials would be opened. (9) There is pervasive misunderstanding of basic financial management issues such as the tax benefits of a 401(k), risks associated with long-term investment, and the positive benefits of saving early and compounding interest.

**Recommendations:** (1) The campaign should: (a) have clearly defined objectives, criteria, audiences, and mission statement, (b) focus on workers and make retirement savings issues relevant, (c) educate on how to plan and save for retirement, (d) increase understanding of retirement savings options, (e) encourage taking action, (f) include a comprehensive approach with focused and consistent messages and strong campaign voice, (h) leverage DOL assets particularly field staff, (i) collaborate with select partners, (j) establish measurable outcomes, and (k) target the underserved segment of worker. (2) With respect to campaign publications, materials should: (a) focus on educating workers with real examples of the tax benefits of retirement savings vehicles, (b) demonstrate how saving small amounts compounds over time, and (c) focus on how the market performs in the long term. (3) Recommendations were made for distribution points to encourage individuals unlikely to seek out information but who would be willing to read retirement savings information if provided to them. (4) The *Savings Fitness* cover should be redesigned to include DOL branding.

**Actions Taken:** (1) Findings were presented to the PWBA Regional Executive leadership and Supervisory Benefit Advisors stressing the need to focus on workers and develop evaluation criteria. (2) The Strategic Outreach and Education Plan for *Saving Matters* for FY 2003 has been

revised. (3) The Department contracted with Gallup to develop measurable outcomes and to conduct program evaluations in FY 2003, including potential use of pre and post surveys to measure campaign effectiveness. Results of this initiative will not be complete until late FY 2003. At that time, PWBA will review Gallup’s findings and consider whether to incorporate them, as appropriate. (4) The cover of the *Savings Fitness* booklet was redesigned to encourage individuals to read the publication.

**Additional Information:** A copy of the complete reports can be obtained from the Pension and Welfare Benefits Administration, 200 Constitution Avenue, N.W., Room N-5668 Washington, D.C., 20210.

## 12. Introducing the Health Care Compliance Assistance Plan

**Agency:** PWBA

**Conducted by:** PWBA

**Findings:** After reviewing a representative sample of health plans for compliance with the health care provisions of Part 7 of ERISA [e.g. Health Insurance Portability and Accountability Act (HIPAA)] of 1996, Mental Health Parity Act of 1996, Newborns’ and Mothers’ Health Protection Act of 1996, and Women’s Health and Cancer Rights Act of 1998), PWBA found: (1) Generally, group health plans are in compliance with the substantive provisions of the new health laws. (2) Implementation problems exist, particularly with respect to certain requirements to provide notice to plan participants as well as certain discrete substantive provisions that are technical in nature.

**Recommendations:** (1) Develop and distribute additional publications and other educational materials to improve compliance. (2) Dedicate a section of the compliance assistance page on PWBA’s website to the new health care laws. (3) Participate in live workshops around the country for the regulated community.

**Actions Taken:** PWBA has developed the HIPAA Compliance Assistance Program (H-CAP) to improve compliance by partnering with the regulated community to address problem areas identified in the Project. Under the H-CAP initiative, PWBA is (1) publishing three new publications to assist group health plans and health insurance issuers in complying with the new laws, including a new Self-Audit Checklist, updated Compliance Tips, and a New Health Laws Notice Guide. These materials will be distributed through PWBA’s toll-free publications line, at workshops and compliance assistance activities, through industry groups and industry newsletters, the trade press, and the PWBA website; (2) dedicating a new section of the web page to make it

easier for plans, issuers, and other service providers to find, in one location, all of the regulations, publications, frequently asked questions, and other guidance available; and (3) developing live workshops to be presented around the country where trained staff will meet with plan administrators, plan sponsors, and other service providers to apply the new Self-Audit Checklist to various sample plan provisions.

**Additional Information:** A copy of the *Health Disclosure and Claims Issues: FY 2001 Compliance Project Report* can be obtained from the Pension and Welfare Benefits Administration by calling the toll-free publications hotline at 1-866-275-7922 or by downloading it from the Internet at: [www.dol.gov/pwba](http://www.dol.gov/pwba).

### 13. Audit of the Federal Employees' Compensation Act Performance Measures System (OIG/OA Report 22-02-006-04-431), March 2002

**Agency:** ESA

**Conducted by:** Office of Inspector General (OIG)

**Findings:** The Office of Inspector General completed an audit of the Federal Employees' Compensation Act (FECA) program's performance measures for Fiscal Years 1999 and 2000. The audit's objectives were to determine whether (1) the Division of Federal Employees' Compensation's (DFEC's) stated mission relates to its authorizing legislation and reported performance measures reflect achievement of legislative intent; (2) all FY 1999 and 2000 performance goals were measurable and management controls existed over data reporting, appropriateness, description, and definition; and (3) the full cost of accomplishing these performance goals was developed.

The OIG found that the FECA program mission relates to its legislative authority and that its FY 1999 and 2000 performance goals provided accountability because goals were measurable and outcome oriented. In addition, DFEC has been very active in coordinating the FECA program and activities with other Federal agencies with crosscutting issues to achieve performance goals. However, the OIG stated that management controls over data reporting, appropriateness, description, and definition could be improved. Specifically, OIG found that FECA customer satisfaction goal was not fully appropriate because DFEC did not include employing agencies as a customer, the Lost Production Days goal should include a definition for "lost production days," and management controls related to four of the goals would be improved if written procedures were developed to document and describe data collection and reporting procedures. Also, a system to identify the full cost of accomplishing these

performance goals – a step necessary to comply with Statement of Federal Financial Accounting Standards (SFFAS) No. 4 requirements – has not been developed.

**Recommendations:** The OIG commended DFEC for its efforts to develop and implement a strategic and annual performance plan that reflects its mission with outcome-based goals. To improve its goals and management controls, the OIG recommended that DFEC should:

- Establish a performance goal for customer satisfaction that includes employing agencies;
- Expand the description for performance for the Lost Production Days goal to define "lost production days."
- Define in writing how to calculate the quality index score for the claims processing quality goal as part of the Accountability Review;
- Develop written procedures to explain how (and what sources are used) to extract the data and make the calculations to report on the performance measures; and
- Establish a time line for developing and placing in operation a system that links performance measures, costs and the budget.

**Actions Taken:** OWCP generally concurred with the findings and recommendations in the report. Actions taken include establishment of a customer service goal that includes employing agencies; definition of "lost production days"; definition of the quality index score calculation; and written procedures explaining how data is extracted and calculations made. The recommendation to establish a timeline to establish a system to link budget and performance is unresolved; a corrective action plan and timeline for completion was completed in December 2002.

**Additional Information:** The complete report can be found on the OIG's website at [www.oig.dol.gov/public/reports/oa/2002/22-02-006-04-431.pdf](http://www.oig.dol.gov/public/reports/oa/2002/22-02-006-04-431.pdf)

### 14. OSHA Data Initiative Collection Quality Control: Analysis of Audits on 2000 Employer Injury and Illness Record keeping

**Agency:** OSHA

**Conducted by:** Eastern Research Group, Inc. and the National Opinion Research Center

**Findings:** The data collected by the OSHA Data Initiative (ODI) represent reasonable quality for OSHA's targeting and performance measurement purposes. There has been a slight overall improvement among employers in maintaining onsite log and hours worked data that are consistent with information submitted to OSHA for the ODI. The percent of establishments classified with accurate record keeping (at-or-above the 95 percent threshold) is above 90 percent for both total recordable and lost workday injury and illness cases.

**Recommendations:** Continue the audit program as a quality control mechanism and use the information in outreach efforts to improve employer injury and illness record keeping. Conduct an adjunct analysis to determine the best method for assessing employer understanding of the revised record keeping rule.

**Actions Taken:** OSHA will continue the Audit and Verification Program of Occupational Injury and Illness and Illness Records, implement the recommendations to improve the audit processes, and use the results to reach out to employers to help them implement the new record keeping rule and to improve their record keeping.

**Additional Information:** A copy of the report can be obtained from the Occupational Safety and Health Administration, 200 Constitution Ave., NW, Washington, DC 20210 or by calling 202-693-2000.

### 15. Evaluation of the OSHA Consultation Program

**Agency:** OSHA

**Conducted by:** John Mendeloff, PhD., University of Pittsburgh and Wayne Gray, PhD, Clark University

**Findings:** Through agreements with States, OSHA's Consultation program funds State-provided, free safety and health consultation visits to employers who request them. A consultation is associated with a 5.2% decline in the establishment's lost workday injury and illness rate (at the 90% confidence level). Limiting the analysis to consultations that provided a complete safety hazard assessment produced a larger (8.9%) decline in LWDII rate. Inspections of establishments that had a consultation visit in the prior 2 years found significantly fewer serious violations, imposed penalties less often, and imposed smaller penalties. Inspections with a preceding consultation found an average of 0.66 fewer serious violations and assessed an average of about \$3,000 less in penalties.

**Recommendations:** Improve the quality of data submitted from State Consultation Programs and encourage them to submit data from consultations on a timelier basis. Conduct further investigation of possible associations between consultation characteristics (such as type and duration of services provided) and injury and illness rates.

**Action Taken:** OSHA is addressing the need to improve the quality of the data submitted from the State Consultation Programs in FY 2003 through its Integrated Management Information System redesign project. OSHA will assess the impact of the consultation program by analyzing injury and illness data from the OSHA Data Initiative for establishments that have received consultation visits.

**Additional Information:** A copy of the report can be obtained by writing the Occupational Safety and Health Administration, 200 Constitution Ave., NW, Washington, DC 20210 or by calling 202-693-2000.

### 16. Workplace Safety and Health: OSHA Should Strengthen Management of Its Consultation Program (GAO-02-60), October 2001

**Agency:** OSHA

**Conducted by:** The General Accounting Office

**Findings:** GAO identified factors that contribute to or detract from small employers' willingness to participate in OSHA's Consultation Program. They also found weaknesses in OSHA's ability to measure the success of the program and in its process for allocating program funds to the States.

**Recommendations:** Restructure the formula for distribution of funds to State consultation projects. Improve the measurement of the program and better assess the impact of the program on worker safety and health.

**Actions Taken:** OSHA has revised its formula to allocate funds based on performance criteria, and will use the new formula in FY 2003. OSHA will address the other recommendations through the IMIS redesign project and by analyzing injury and illness data from the OSHA Data Initiative for businesses served by the consultation program. In addition, OSHA has implemented an inspection deferral program, whereby employers working towards an effective safety and health management system are granted up to 18 months deferral from a programmed OSHA inspection. This inspection deferral program should increase small business' willingness to participate in the OSHA Consultation Program. Finally, the funding



formula rewards States that proactively seek out and service small high-hazard employers, most likely resulting in increased participation by small employers in OSHA's Consultation Program.

**Additional Information:** The complete report can be found on the General Accounting Office website at [www.gao.gov](http://www.gao.gov).

**17. Worker Protection: Labor's Efforts to Enforce Protections for Day Laborers Could Benefit from Better Data and Guidance (GAO- 02-925), September 2002**

**Agency:** OSHA

**Conducted by:** The General Accounting Office

**Findings:** Current data on injury and illness may overlook hazardous workplaces for day laborers. DOL uses injury and illness data reported by employers to determine which industries and workplaces to target for investigation. However, temporary staffing agencies are not required to report such data—a responsibility that falls to the client employers—so OSHA cannot identify the extent to which day laborers working through temporary agencies are injured or killed. GAO suggested that because OSHA focuses its inspections on larger employers, smaller sites (where day laborers are more likely to be employed) might be overlooked.

**Recommendations:** GAO recommended that OSHA enhance procedures to reach day laborers, review local efforts to obtain additional data on the presence and violation experience of day laborers working for temporary staffing agencies, finalize its effort to collect data on fatalities, and consider developing regulations to specify temporary staff agency responsibility for safety and health.

**Actions Taken:** In response to the report's recommendations, OSHA will continue to make a concerted effort to address issues related to day laborers; OSHA's regional and area offices will continue working at a local level with a variety of organizations – faith-based, community, academic and governmental – to address the issues related to day laborers. OSHA will also (1) continue exploring the best way to collect data on the violation experience of day laborers, redesigning its current data collection tool, Form 170 and (2) review interpretations for consistency and conformity with current policy.

**Additional Information:** The complete report can be found on the General Accounting Office website at [www.gao.gov](http://www.gao.gov).

**18. Performance Audit of Strategic Partnership Program Occupational Safety and Health Administration for the Period January 1, 1995 through February 28, 2002 (OIG/OA Report 05-02-007-10-001), September 2002**

**Agency:** OSHA

**Conducted by:** Office of the Inspector General (OIG)

**Findings:** The Office of the Inspector General issued a report on OSHA Strategic Partnerships (OSP). In an OSP, OSHA enters into an extended, cooperative relationship with employers, employees, and employee representatives. The objectives of the audit were to determine how effective OSHA was in establishing OSP's through its outreach efforts, and if the OSP's were making an impact in improving safety and health conditions in the workplace. The OIG found examples of OSP successes, but they also found that OSHA needed to improve data collection and program impact measurement, increase program participation, and improve OSHA staff awareness of program requirements.

**Recommendations:** Enlist more employers into OSP's, ensure policies and procedures are communicated to all field offices, enforce the requirement that program evaluation reports be completed annually, ensure verification inspections are performed as required, share encouraging preliminary results of the OSP's with potential participating employers, explore procedures for obtaining information to corroborate Lost Work Day Injury and Illness information, and correct and update the OSP log information and transfer information to a database system.

**Actions Taken:** In response, OSHA expanded the database for strategic partnerships by including additional data points, tracking information, and general information that will enable it to better service and assist small businesses. Additionally, OSHA did the following: improved data quality; initiated analysis of OSP evaluation reports received through FY 2002; increased coordination between personnel involved with the program at the National, Regional and Area Office levels; and drafted a revised directive to clarify program requirements that is currently being reviewed by OSHA's field units.

**Additional Information:** The complete report can be found on the Office of Inspector General website at [www.oig.dol.gov/public/reports/oa/main.2002/05-02-007-10\\_001.pdf](http://www.oig.dol.gov/public/reports/oa/main.2002/05-02-007-10_001.pdf). ■