

**FY 2008**

**CONGRESSIONAL BUDGET JUSTIFICATION**

**OFFICE OF INSPECTOR GENERAL**

**OFFICE OF INSPECTOR GENERAL**

**PERFORMANCE BUDGET**

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# OFFICE OF INSPECTOR GENERAL

## GENERAL STATEMENT

### Introduction

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

- recommend policies to prevent and detect waste, fraud, and abuse in DOL programs and operations and to increase their economy and efficiency;
- 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;
- review legislation and regulations to assess potential for waste, fraud, 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.

These efforts indirectly support all DOL's goals by enhancing the integrity and efficiency of programs and operations and by protecting the rights and benefits of American workers.

### Issues, Outcomes, and Strategies

#### Issues

In FY 2006, the OIG shifted significant resources toward providing both investigative and audit oversight of the Department's response to the 2005 hurricanes. Indeed, at one point, two audit and investigative regional offices were completely focused on providing this coverage and other regional offices were sending agents to the Gulf Coast to assist in cases. This caused a reprioritization of their work to focus on this critical area.

In these challenging economic times, effective and accountable employment and training programs are more critical than ever. The OIG has received requests from the Secretary to focus on Job Corps. The success of fraud schemes that target Unemployment Insurance and other benefit programs illustrate the need to further safeguard the benefits of American workers. In addition, balancing enforcement and compliance assistance in the Department's worker protection and safety programs presents challenges in ensuring that workers are adequately protected. We are also devoting significant resources to provide increased oversight of MSHA as the result of a number of mining accidents that occurred over the past year.

The procurement of goods and services government-wide is an area that has received significant attention over the past several years. In addition, it will be important to verify and validate the results of A-76 competitive sourcing practices. The OIG's audit expertise will be invaluable to DOL in ensuring that it is complying with all applicable rules in these areas.

Labor racketeering also continues to negatively impact benefits for workers, competitive opportunities for businesses, and prices consumers pay for goods and services. Moreover, the

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OIG continues to identify fraud against DOL programs including foreign labor certification and Unemployment Insurance programs by non-traditional organized crime groups. We are participating in a number of national-level task forces to address this problem. Together, all these external factors demonstrate the continuing need for the work envisioned by the Inspector General Act of 1978 (5 U.S.C. App. 3) (IG Act).

### Outcomes

The desired outcome of the OIG's work is to improve DOL programs and operations by promoting efficiencies, reducing vulnerabilities, producing a positive return on invested resources, and ensuring the quality of services provided. In addition, the OIG aims to reduce the influence of organized crime and labor racketeering activities on employee benefit plans, internal union affairs, and labor-management relations.

OIG accomplishments are measured against OIG strategic goals in terms of audits and investigations, as well as efficiencies realized by DOL as the result of OIG work. These efficiencies are measured using the percentage of OIG audit recommendations to improve programs and operations that the Department agrees to implement. OIG results are also measured in terms of investigative cases accepted for enforcement action; indictments and convictions that result from OIG investigations; and the conviction rate for those indicted based on OIG investigations, which reflects the quality of the investigation.

In addition, the OIG tracks the monetary results of OIG investigations, total costs questioned by OIG audits, and recommendations that funds be put to better use, as required by the IG Act. A comparison of the monetary results of OIG investigations with the cost of conducting those investigations shows a positive return on dollars invested every year since the base year of 1995.

### Strategies

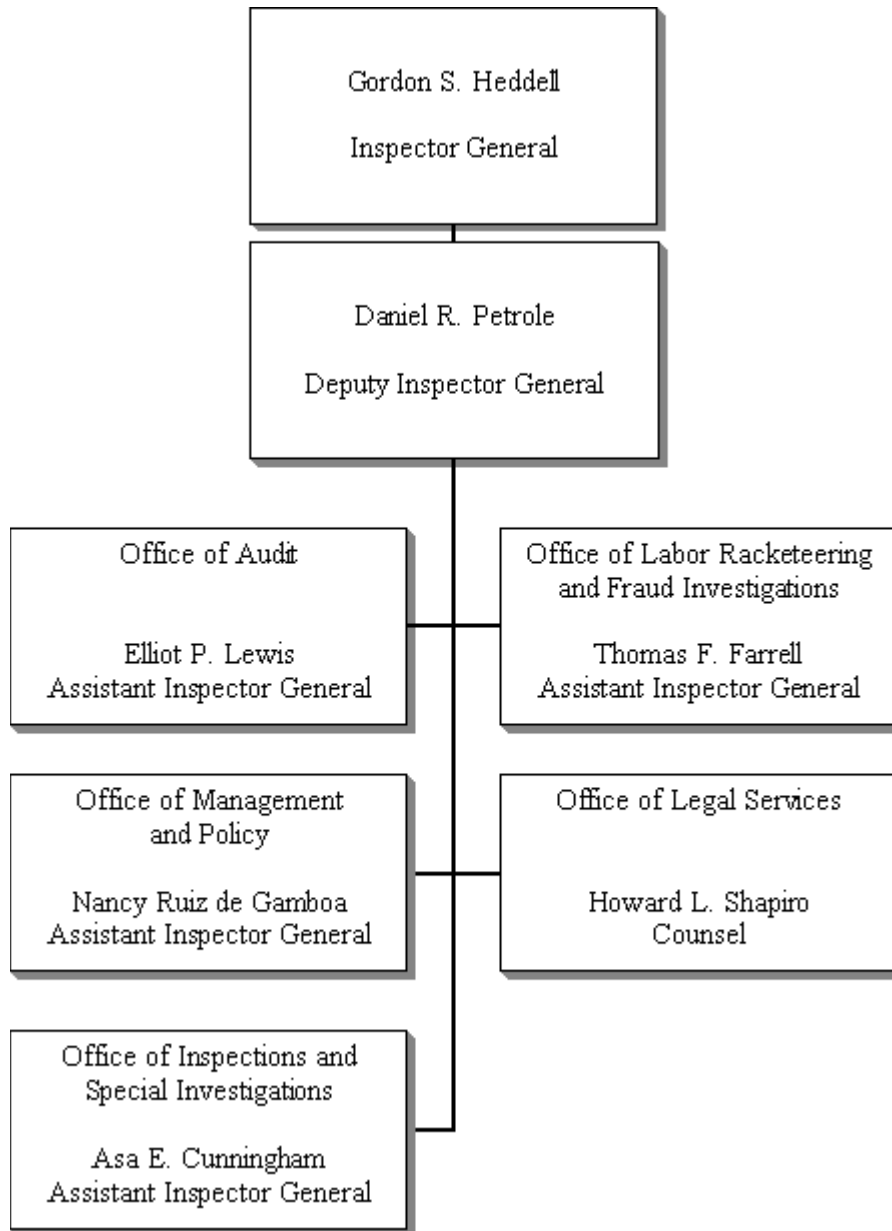
In pursuit of its strategic objectives, the OIG conducts audits and provides technical assistance to DOL agencies. It works with DOL management to resolve recommendations and follows-up to ensure that recommendations are implemented and have the desired impact. The OIG also conducts both program fraud and labor racketeering investigations, which result in criminal convictions or civil/administrative actions as well as monetary accomplishments.

### Cost Model

In FY 2008, the OIG requests a total of \$78,993,000 and 468 FTE, an increase of \$7,546,000 the FY 2007 C.R. level. This includes \$72,929,000 and 431 authorized FTE for salaries, benefits, and expenses, \$5,729,000 and 36 authorized FTE for Unemployment Insurance trust fund, and \$335,000 and 1 authorized FTE for Black Lung Disability trust fund. This level of funding will enable the OIG to carry out its mandate under the IG Act of 1978. The FY 2008 request also includes \$2,000,000 for an initiative to expand our labor racketeering program and \$2,912,000 to restore funds for staff reductions and inflationary costs that were not provided under the full year continuing resolution.

**OFFICE OF INSPECTOR GENERAL**

**ORGANIZATION CHART**



**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, as amended, [\$68,073,000] \$72,929,000, together with not to exceed [\$5,688,000] \$5,729,000, which may be expended from the Employment Security Administration Account in the Unemployment Trust Fund. (Department of Labor Appropriations Act, 2006.)<sup>1</sup>*

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<sup>1</sup> Note. — A regular 2007 appropriation for this account had not been enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 109-289, Division B, as amended). The amounts included for 2007 in this budget reflect the levels provided by the continuing resolution.

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**AMOUNTS AVAILABLE for OBLIGATIONS**  
(Dollars in Thousands)

	FY 2006 Enacted		FY 2007 C. R.		FY 2008 Request	
	FTE	Amount	FTE	Amount	FTE	Amount
<b>A. Appropriation</b>	<b>413</b>	<b>66,211</b>	<b>386</b>	<b>65,549</b>	<b>431</b>	<b>72,929</b>
Reduction pursuant to (P.L. 109-148)	0	-662	0	0	0	0
A.1) Subtotal	413	65,549	386	65,549	431	72,929
Reimbursements	0	100	0	1,000	0	1,000
Unemployment Trust Fund	36	5,608	36	5,552	36	5,729
Reduction pursuant to (P.L. 109-148)	0	-56	0	0	0	0
Black Lung Disability Trust Fund	1	344	1	346	1	335
A.2) Subtotal	37	5,996	37	6,898	37	7,064
<b>B. Gross Budget Authority</b>	<b>450</b>	<b>71,545</b>	<b>423</b>	<b>72,447</b>	<b>468</b>	<b>79,993</b>
Reimbursements	0	-100	0	-1,000	0	-1,000
B.1) Subtotal	0	-100	0	-1,000	0	-1,000
<b>C. Budget Authority</b>	<b>450</b>	<b>71,445</b>	<b>423</b>	<b>71,447</b>	<b>468</b>	<b>78,993</b>
Reimbursements	0	100	0	1,000	0	1,000
IT Crosscut	0	1,000	0	1,100	0	950
C.1) Subtotal	0	1,100	0	2,100	0	1,950
<b>D. Total Budgetary Resources</b>	<b>450</b>	<b>72,545</b>	<b>423</b>	<b>73,547</b>	<b>468</b>	<b>80,943</b>
Unobligated Balance Expiring	-31	-60	0	0	0	0
<b>E. Total, Estimated Obligations</b>	<b>419</b>	<b>71,385</b>	<b>423</b>	<b>71,447</b>	<b>468</b>	<b>78,993</b>

The 2007 level is the assumed current rate under the terms of P.L. 109-289, as amended.

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**SUMMARY OF CHANGES**

(Dollars in Thousands)

	<b>FY 2007 C. R.</b>	<b>FY 2008 Agency Request</b>	<b>Net Change</b>
<b>Budget Authority</b>			
General Funds	65,549	72,929	+7,380
Trust Funds	5,898	6,064	+166
<b>Total</b>	<b>71,447</b>	<b>78,993</b>	<b>+7,546</b>
<b>Full Time Equivalents</b>			
General Funds	386	431	+45
Trust Funds	37	37	0
<b>Total</b>	<b>423</b>	<b>468</b>	<b>+45</b>

Explanation of Change	FY 2008 Change							
	FY 2007 Base		Trust Funds		General Funds		Total	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
<b>Increases:</b>								
<b>A. Built-Ins:</b>								
Costs of pay adjustments	423	40,821	0	87	0	750	0	837
Employee health benefits	0	11,615	0	23	0	215	0	238
Two More Days of Pay	0	0	0	4	0	405	0	409
Federal Employees Compensation Act (FECA)	0	419	0	0	0	20	0	20
Travel	0	3,232	0	9	0	94	0	103
Transportation of Things	0	4	0	0	0	0	0	0
GSA Space Rental	0	4,422	0	34	0	608	0	642
Communications, utilities & miscellaneous charges	0	582	0	1	0	16	0	17
Printing and reproduction	0	38	0	0	0	0	0	0
Other services	0	236	0	1	0	6	0	7
Working Capital Fund	0	4,744	0	0	0	212	0	212
Other Government Accounts (DHS Charges)	0	266	0	0	0	8	0	8
Purchase of goods and services from other Government accounts	0	4,349	0	20	0	112	0	132
Operation and maintenance of equipment	0	173	0	0	0	6	0	6
Supplies and materials	0	239	0	0	0	7	0	7
Equipment	0	307	0	1	0	9	0	10
<b>Built Ins Subtotal</b>	<b>+423</b>	<b>+71,447</b>	<b>0</b>	<b>+180</b>	<b>0</b>	<b>+2,468</b>	<b>0</b>	<b>+2,648</b>
<b>B. Programs:</b>								
Labor Racketeering and Non-Traditional Organized Crime Initiative	0	0	0	0	18	2,000	18	2,000
To restore funds for staff reductions and inflationary costs that were not provided under full year FY2007 C.R.			0	0	27	2,912	27	2,912
<b>Programs Subtotal</b>			<b>0</b>	<b>0</b>	<b>+45</b>	<b>+4,912</b>	<b>+45</b>	<b>+4,912</b>
<b>Total Increase</b>	<b>+423</b>	<b>+71,447</b>	<b>0</b>	<b>+180</b>	<b>+45</b>	<b>+7,380</b>	<b>+45</b>	<b>+7,560</b>
<b>Decreases:</b>								
<b>A. Built-Ins:</b>								
Purchase of goods and services from other Government accounts	0	0	0	-14	0	0	0	-14
<b>Built Ins Subtotal</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-14</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-14</b>
<b>Total Decrease</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-14</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-14</b>
<b>Total Change</b>	<b>+423</b>	<b>+71,447</b>	<b>0</b>	<b>+166</b>	<b>+45</b>	<b>+7,380</b>	<b>+45</b>	<b>+7,546</b>



**OFFICE OF INSPECTOR GENERAL**

**SUMMARY BUDGET AUTHORITY and FTE by ACTIVITY**  
(Dollars in Thousands)

	FY 2006 Enacted 1/		FY 2007 C. R. 2/		FY 2008 Request	
	FTE	Amount	FTE	Amount	FTE	Amount
<b>OIG Program Activity</b>	<b>450</b>	<b>71,445</b>	<b>423</b>	<b>71,447</b>	<b>468</b>	<b>78,993</b>
Black Lung Disability Trust Funds	1	344	1	346	1	335
General Funds	413	65,549	386	65,549	431	72,929
Unemployment Trust Funds	36	5,552	36	5,552	36	5,729
<b>Total</b>	<b>450</b>	<b>71,445</b>	<b>423</b>	<b>71,447</b>	<b>468</b>	<b>78,993</b>
General Funds	413	65,549	386	65,549	431	72,929
Unemployment Trust Funds	36	5,552	36	5,552	36	5,729
Black Lung Disability Trust Funds	1	344	1	346	1	335

1/ The FY 2006 reflects enacted, not actual, levels.

2/ The 2007 level is the assumed current rate under the terms of P.L. 109-289, as amended.

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<b>Budget Authority by Object Class</b>					
<b>(Dollars in Thousands)</b>					
		<b>FY 2006 Enacted</b>	<b>FY 2007 C. R.</b>	<b>FY 2008 Request</b>	<b>FY 08 Request / FY 07 C. R.</b>
	Total Number of Full-Time Permanents Positions	450	423	468	45
	Full-Time Equivalent				
	Full-time Permanent	450	423	468	45
	Average ES Salary	149,000	151,000	151,000	0
	Average GM/GS Grade	12.7	12.8	13.4	0.6
	Average GM/GS Salary	81,536	82,498	87,974	5,476
	Average Salary of Ungraded Positions	0	0	0	0
11.1	Full-time permanent	36,404	37,024	41,063	4,039
11.3	Other than full-time permanent	287	100	109	9
11.5	Other personnel compensation	3,616	3,697	4,236	539
11.8	Special personal services payments	0	0	0	0
12.1	Civilian personnel benefits	11,550	12,034	13,503	1,469
21.0	Travel and transportation of persons	3,232	3,232	3,695	463
22.0	Transportation of things	4	4	4	0
23.1	Rental payments to GSA	4,525	4,422	5,064	642
23.2	Rental payments to others	4	100	103	3
23.3	Communications, utilities, and miscellaneous charges	578	482	496	14
24.0	Printing and reproduction	38	38	38	0
25.2	Other services	386	236	243	7
25.3	Other purchases of goods and services from Government accounts 1/	9,771	9,359	9,697	338
25.7	Operation and maintenance of equipment	273	173	179	6
26.0	Supplies and materials	339	239	246	7
31.0	Equipment	438	307	317	10
	<b>Total</b>	<b>71,445</b>	<b>71,447</b>	<b>78,993</b>	<b>7,546</b>

1/Other Purchases of Goods and Services  
From Government Accounts

Other Services - WCF	4,095	4,744	4,956	212
Department of Homeland Security Services (DHS)	266	266	274	8

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<b>APPROPRIATION HISTORY</b>					
<b>(Dollars in Thousands)</b>					
	<b>Budget Estimates to Congress</b>	<b>House Allowance</b>	<b>Senate Allowance</b>	<b>Appropriations</b>	<b>FTE</b>
1998....1/	47,046	47,046	47,046	46,568	417
1999....2/	50,111	46,578	48,806	48,806	423
2000	55,496	47,806	52,243	52,237	428
2001....3/	56,465	52,243	53,351	55,001	428
2002....4/	57,461	57,461	57,461	57,201	428
2003....5/	62,590	62,590	60,090	62,185	453
2004....6/	67,133	67,133	65,190	65,677	470
2005....7/	69,932	69,932	69,932	69,337	468
2006....8/	71,163	71,163	72,163	71,445	450
2007	74,107				
2008	78,993				

Unemployment Insurance (UI) and Black Lung Disability (BL) trust fund are included in the amount for each year indicated.

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- 1/ Includes a \$22,000 transfer from DM for Public Affairs field operations.
  - 2/ Includes a \$1,000,000 transfer from Y2K Contingent Emergency Fund.
  - 3/ Includes \$102,000 reduction pursuant to P.L. 106-554.
  - 4/ Includes \$158,000 reduction pursuant to P.L. 107-116 and a rescission of \$102,000 pursuant to P.L. 107-206.
  - 5/ Includes \$405,000 reduction pursuant to P.L. 108-7.
  - 6/ Includes \$485,000 reduction pursuant to P.L. 108-199.
  - 7/ Includes a \$595,000 reduction pursuant to P.L. 108-447 and a reduction of 12 FTE .
  - 8/ Includes a \$718,000 reduction pursuant to P.L. 109-148

## OIG PROGRAM ACTIVITY

(Dollars in Thousands)						
	FY 2006 Enacted	FY 2007 C. R.	FY 2007 Estimate	Diff. FY06 Enact. FY07 C. R.	FY 2008 Request	Diff. FY 07 C. R. / FY 08 Request
<b>Activity Appropriation</b>	71,445	71,447	71,447	2	78,993	7,546
<b>FTE</b>	450	423	423	-27	468	45

### Introduction

OIG Program Activity encompasses all the work undertaken by the OIG pursuant to its mission as mandated by the IG Act. The mission of the OIG is to effect positive change in DOL programs and operations, reduce vulnerabilities, produce a positive return on invested resources, and ensure the quality of services provided. In addition, the OIG aims to reduce the influence of organized crime and labor racketeering activities on employee benefit plans, internal union affairs, and labor-management relations. OIG accomplishments are measured against OIG strategic goals in terms of audits and investigations conducted as well as efficiencies realized by DOL as the result of OIG work. OIG results are also measured using investigative cases accepted for enforcement action and investigations that result in indictments and convictions. In addition, the OIG tracks the monetary results of OIG investigations, total costs questioned by OIG audits, and recommendations that funds be put to better use.

The FY 2008 President's Budget funds the OIG program activity at \$78,993,000 and 468 FTE . 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. The strategies employed by the major components of the OIG, as well as their past and projected performance are addressed immediately below.

- **Office of Audit:** In FY 2008, the audit function will be funded at \$30,980,000 and 182 FTE. 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:** In FY 2008, this function will be funded at \$37,607,000 and 219 FTE. 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

## OIG PROGRAM ACTIVITY

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 programmatic 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 organized crime's influence and control over the nation's labor unions and employee benefit plans. In recent years, we have also investigated non-traditional organized crime groups and their impact on DOL programs. The influence of organized crime 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.

The funding for this office includes an initiative that will focus on an area where we have been tasked by the Administration to increase investigative attention and where our investigations and intelligence have been shown to be vulnerable to labor racketeering and non-traditional organized crime groups. These include Gulf Coast Reconstruction and Construction Contracts and Unemployment Insurance Fraud.

- **Executive Direction and Management.** In FY 2008, the Executive Direction and Management function will be funded at \$10,406,000 and 67 FTE. 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:
  - The Office of Legal Services provides independent legal services and counsel to the IG and the OIG components relating to laws of the United States. 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.
  - The Office of Inspections and Special Investigations is responsible for employee integrity investigations and performs internal inspections of the OIG functions.

## OIG PROGRAM ACTIVITY

- The Office of Management and Policy provides for overall direction, planning, management, and administration necessary to carry out the nationwide responsibilities of the OIG. This includes human resources, information technology, budget, procurement, and EEO. The office is also responsible for congressional liaison and reporting, agency-wide strategic planning, developing OIG policy, and reviewing and assessing proposed legislation and regulations.

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

<b>Fiscal Year</b>	<b>Funding</b>	<b>FTE</b>
2003	62,185	453
2004	65,677	470
2005	69,337	468
2006	71,445	450
2007	71,447	423

### **FY 2008**

In FY 2008, we will conduct 98 audits and complete approximately 384 investigations. The OIG would continue to initiate audits, investigations, and evaluations in keeping with our mission under the IG Act and mandates under various laws and other federal requirements. We would perform work related to DOL employment and training programs and grants, worker benefit programs, worker protections and safety, and labor racketeering. We would also perform audits to assist DOL in maintaining an effective strategic management process to include auditing the financial statements of the Department, as required by the Chief Financial Officers Act. Our financial management and e-government work has been instrumental in DOL receiving “green” scores on the President’s Management Agenda scorecard.

The OIG is also proposing an initiative to expand our labor racketeering program. The initiative will focus on an area where we have been tasked by the Administration to increase investigative attention and where our investigations and intelligence have been shown to be vulnerable to labor racketeering and non-traditional organized crime groups. These include Gulf Coast Reconstruction and Construction Contracts and Unemployment Insurance Fraud.

### **FY 2007**

In FY 2007, we plan to conduct 309 program fraud and labor racketeering investigations and 91 audits. We plan to resolve a significant percentage of prior year audit recommendations and promote implementation of those recommendations. Moreover, our investigations will result in an 85% or higher conviction rate for cases that resulted in indictments.

In FY 2007, the OIG is devoting significant resources to provide audit oversight of DOL’s implementation of the 1977 Federal Mine and Safety and Health Act and enforcement of mandatory safety and health standards. The OIG’s efforts will focus on MSHA’s inspection program and internal accountability program. Another priority for FY 2007 is audit oversight of

## OIG PROGRAM ACTIVITY

the Department's implementation of its responsibilities to investigate and resolve complaints from returning reservists who are not rehired or do not receive the benefits required under the Uniformed Services Employment and Reemployment Rights Act from former employers.

Additionally, we are working with the other Federal agencies to develop tools for identifying fraudulent activity in the Federal Employee's Compensation Act program. The OIG will also audit the Energy Employees Occupational Illness Compensation Program.

From an investigative perspective, we are focusing on fraud committed in the Gulf Coast areas and have implemented a two-phased approach to investigate those seeking to defraud the Government after the 2005 hurricanes. The first phase is addressing the thousands of possible cases of fraudulent claims for Unemployment benefits. The second phase is concentrating on labor racketeering schemes in reconstruction and debris removal.

In addition, we are focusing on foreign labor certification fraud, which has implications for national security, adversely impacts workers in the United States, and deprives employers of legitimate candidates for employment. The OIG is also investigating labor racketeering and organized crime influence or control in unions, employee benefit plans, and the workplace.

### **FY 2006**

In FY 2006, we issued 123 audits and resolved a significant percentage of prior year audit recommendations and promoted the implementation of those recommendations. With respect to OIG investigative work, we completed approximately 512 program fraud and labor racketeering investigations.

When the OIG initially established targets for FY 2006, the Hurricanes had not yet devastated the Gulf Coast area. As a result of the Hurricanes, the OIG reallocated significant resources to ensure that DOL funds used for the Hurricane response were being appropriately spent. DOL's response concentrated on its state partners' payment of unemployment benefits to individuals who became unemployed as a result of the hurricanes, and on DOL's funding of National Emergency Grants (NEGs).

The OIG assessed risks and identified vulnerabilities that might hinder the effective delivery of services and benefits. We provided advice to DOL and the states on how to mitigate potential fraud risks. Audit work led to the identification of significant vulnerabilities including:

- evacuees who found to be receiving unemployment benefits from a state affected by the disaster could obtain employment in another state while continuing to receive unemployment benefits.
- \$1.8 million in NEG funding was used to cover the educational expenses of over 500 students who were mass enrolled in NEG-funded college courses, even though they were already attending college. Moreover, the State of Mississippi accepted eligibility selfcertifications without later verifying the students' eligibility for training.

## OIG PROGRAM ACTIVITY

With respect to the investigative efforts of the OIG, the OIG initiated a two-phased approach. The first phase focused on addressing the thousands of possible cases of fraudulent claims for Unemployment benefits. The OIG opened hundreds of investigations and had much success in obtaining convictions of those found guilty of defrauding these programs. For example,

- A former contractor at the Baton Rouge Career and Job Center pled guilty for his role in the filing of approximately 80 fraudulent unemployment benefit claims with the State of Louisiana. He assisted in the filing and processing of claims for people he knew were not qualified to receive such assistance.
- An individual pled guilty to charges of false use of Social Security numbers for his scheme to obtain Louisiana Disaster Unemployment Assistance (DUA) debit cards. He fraudulently submitted 11 different claims for Louisiana DUA. At the time of the arrest, 29 weeks of DUA benefits had been credited to each of the 11 cards, resulting in a total loss of approximately \$28,420.

The second phase of the OIG’s investigative work began in May 2006 and is concentrating on labor racketeering schemes in reconstruction and debris removal. We expect that these types of investigations will continue over the next few years as billions of dollars for reconstruction are spent.

Listed below are the OIG’s indicators, targets, results, and descriptions of its FY 2006 accomplishments.

<b>Goal 1 – Optimize performance and accountability of DOL employment and training programs</b>				
<b>Indicators, Targets and Results</b>	<b>FY 2005 Result</b>	<b>FY 2006 Target</b>	<b>FY 2006 Result</b>	<b>Target Reached*</b>
Number of investigations completed	49	40	64	Y
Percentage of investigations that result in a conviction for those indicted	97%	85%	100%	Y
Number of audits completed	54	53	58	Y
Percentage of FY 2005 audit recommendations that were resolved by DOL	68%	50%	83%	Y
*Indicator target reached (Y), substantially reached (S) or not reached (N)				

In FY 2006, two major areas of concern within this goal were DOL’s foreign labor certification (FLC) and Job Corps programs. As a result of this increased attention in these two areas, we surpassed both our audit and investigative goals. From an investigative perspective, we completed 64 investigations, surpassing our target of 40. Moreover, we set a goal to produce a conviction rate of 85% of cases that resulted in indictment and achieved 100%. For example:



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- A company owner was sentenced to 44 months in prison and three years probation for his leading role in a large-scale immigration fraud ring. The investigation found that the defendants assisted aliens in obtaining green cards through the Permanent FLC program and profited by more than \$4.5 million by charging the aliens as much as \$120,000 to pursue their visa applications.
- A company owner pled guilty to charges of sponsoring himself for a green card using an alternate identity and of labor certification substitution. It was discovered that he used counterfeit forms to apply for at least 250 green cards via the FLC program and made profits of at least \$2.1 million from the sale of the counterfeit labor documents.

From an audit perspective, we completed 58 audits, surpassing our goal of 53. We also achieved the majority of our goals for the percentage of recommendations resolved and implemented. Significant audit work in this area included several Job Corps audits. Based on our past and ongoing work, in FY 2006 we identified a number of challenges, including performance-based contracts, safety and health, procurement, and student attainment. Many of these issues are longstanding concerns for the OIG. For example, one audit showed that a Job Corps center significantly overstated its employment and educational placement outcomes, and another audit identified several conditions that posed health and safety risks to a Center’s student and staff population that warranted immediate corrective actions.

<b>Goal 2 – Safeguard and improve worker and retiree benefit programs</b>				
<b>Indicators, Targets and Results</b>	<b>FY 2005 Result</b>	<b>FY 2006 Target</b>	<b>FY 2006 Result</b>	<b>Target Reached</b>
Number of investigations completed	200	175	277	Y
Percentage of investigations that result in a conviction for those indicted	92%	85%	94%	Y
Number of audits completed	21	19	21	Y
Percentage of FY 2005 audit recommendations that were resolved by DOL	52%	50%	79%	Y

In Goal 2, we continued to focus on schemes that defrauded the DOL’s worker benefits programs. We set a target to complete 175 investigations, but completed 277, an increase which can be contributed to our extensive work in the Gulf Coast area following the Hurricanes.

Moreover, we set a goal to produce a conviction rate of 85% of cases that resulted in indictment and achieved 94%. In addition, we continued to focus on high-impact, multi-state UI fraud schemes involving multiple defendants and organized crime groups. Highlights of our work in this area include:

- Two individuals being sentenced for their roles in an UI identity theft scheme. The OIG investigation found that they used more than 200 stolen identities and filed 222 UI claims, obtaining more than \$693,000 in UI benefits.

## OIG PROGRAM ACTIVITY

- Two cases, one in Michigan and one in Texas, involving state employees who assisted individuals in obtaining UI benefits to which they were not entitled. One allowed more than 250 fraudulent claims to be approved, which resulted in approximately \$500,000 in illegal payments. The second caused \$143,479 in fraudulent benefit checks to be issued.

From an audit perspective, our target in Goal 2 was to complete 19 audits. In FY 2006, we exceeded our target and completed 21 audits. Highlights of our work follow:

- An audit of the Office of Workers Compensation Program’s procedures for ensuring that contract nurses with the Nurse Intervention Program were properly licensed and that their access to confidential medical records was restricted to only assigned cases. While DOL generally had adequate procedures in place, we found additional action is needed to periodically verify nurse licenses and further restrict unnecessary access to confidential records.
- On March 22, 2006, DOL’s OIG, along with the Department of Commerce’s OIG, hosted a symposium to address issues relating to the FECA program, a \$2.4 billion dollar program that affects employees and agencies across Government. The goal of the symposium was to engage the inspector general community in a more coordinated and collaborative approach to doing work related to the FECA program. As part of this symposium, the OIG community is developing a comprehensive long-term plan to address this complex issue.

<b>Goal 3 – Optimize the performance and accountability of worker protection and workplace safety programs</b>				
<b>Indicators, Targets and Results</b>	<b>FY 2005 Result</b>	<b>FY 2006 Target</b>	<b>FY 2006 Result</b>	<b>Target Reached</b>
Number of investigations completed	20	10	17	Y
Percentage of investigations that result in a conviction for those indicted	100%	85%	94%	Y
Number of audits completed	8	6	7	Y
Percentage of FY 2005 audit recommendations that were resolved by DOL	75%	50%	97%	Y

Our target in Goal 3 was to complete 6 audits; we exceeded our target and completed 7 audits. Highlights of our work include:

- An audit of the hazardous condition complaint process in Mine Safety and Health Administration’s (MSHA’s) Office of Coal Mine Safety and Health, which found deficiencies in the process for receiving and documenting complaints that were routed to Headquarters through a contractor-run answering service.

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- A review of allegations by several underground anthracite coal mine operators that they were treated unfairly by MSHA, which found no indications or corroborating evidence to support the allegations of harassment and unwarranted enforcement of MSHA safety standards. However, we did identify several regulatory areas where MSHA needed to address this type of mining.
- An audit of a settlement agreement with Wal-Mart relating to allegations that the company violated child labor provisions of the Fair Labor Standards Act. While the agreement did not violate Federal laws or regulations, we found that there were serious breakdowns in the process for developing settlement agreements. The agreement gave significant concessions to Wal-Mart in exchange for little commitment on the company's part. Also, significant portions of the agreement were written by Wal-Mart attorneys, and the Department's solicitor was not consulted during the negotiation process.

<b>Goal 4 – Assist DOL in maintaining an effective strategic management process</b>				
<b>Indicators, Targets and Results</b>	<b>FY 2005 Result</b>	<b>FY 2006 Target</b>	<b>FY 2006 Result</b>	<b>Target Reached</b>
Number of audits completed	56	20	37	Y
Percentage of FY 2005 audit recommendations that were resolved by DOL	71%	50%	97%	Y

Most of our work in support of this goal involves auditing DOL's financial statements and conducting work to ensure that DOL's IT systems are secure. In FY 2006, our goal was to conduct 20 audits in support of this goal. We exceeded this target by conducting 37 audits. Examples of our work in this area include:

- Issuing an unqualified opinion on DOL's financial statements for the tenth year. We did note 10 reportable conditions, none of which were considered material weaknesses.
- Completing 4 audits of critical information systems and performing an evaluation of the DOL's protection of sensitive agency information.

<b>Goal 5 – Combat the influence of organized crime and labor racketeering in the workplace</b>				
<b>Indicators, Targets and Results</b>	<b>FY 2005 Result</b>	<b>FY 2006 Target</b>	<b>FY 2006 Result</b>	<b>Target Reached</b>
Number of investigations completed	106	106	114	Y
Percentage of investigations that result in a conviction for those indicted	86%	85%	94%	Y

Unlike other Inspectors General, the DOL OIG has a unique program responsibility for investigating labor racketeering and organized crime influence or control in unions, employee benefit plans, and the workplace. In support of this responsibility, the OIG established Goal 5 to

## OIG PROGRAM ACTIVITY

capture our work in this area. In FY 2006 our target was to complete 106 investigations. We surpassed our target and completed 114. Moreover, we set a goal to produce a conviction rate of 85% of cases that resulted in indictment. We exceeded our goal and achieved 94%. Significant work in support of this goal includes:

- Ralphs Grocery pleading guilty for its role in a labor dispute and agreeing to pay \$50 million in restitution to current and former employees and a \$20 million fine. Ralphs illegally rehired approximately 1,000 locked-out workers during a labor dispute, which undermined the financial integrity of the union and its affiliated benefit plans.
- Eight high-ranking officials of the LIUNA Local 91 pleading guilty or being sentenced for their roles in a conspiracy to commit violations of the Hobbs Act. Through their violent scheme, Local 91 officials extorted both local and out-of-town businesses of their right to hire and retain workers of their choice at construction projects.
- The former financial secretary-treasurer of a union local being sentenced to 18 months in jail and three years' probation and being ordered to pay \$192,494 in restitution. The investigation found that he wrote fraudulent checks drawn on the union's bank account.
- The former president of Administrative Services of North America being sentenced to 15 years in prison and ordered to pay \$837,000 in restitution. He diverted participant premiums from an employee benefit plan to his personal accounts.
- A former president and vice president of finance were convicted of multiple charges related to their embezzlement scheme that sent their company into bankruptcy. Part of the scheme involved embezzling \$325,000 from the company's pension plan. They also deducted \$110,000 of health care contributions from employee wages and failed to remit those funds to the third-party health care plan administrator. More than 700 employees lost their jobs as a result.

## OIG PROGRAM ACTIVITY

<b>WORKLOAD SUMMARY</b>			
	<b>FY 2006 Actual</b>	<b>FY 2007 Target</b>	<b>FY 2008 Target</b>
Number of Audits	123 <sup>2</sup>	91	98
Number of Investigations Closed	512 <sup>3</sup>	309	384

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<sup>2</sup> This significant increase is due to a high volume of Single Audit Act audits that the OIG received from the National Single Audit Clearinghouse.

<sup>3</sup> The large number of investigations closed was the result of an increased investigative workload as the result of the FY 2005 Hurricanes.

## OIG PROGRAM ACTIVITY

<b>CHANGES IN FY 2008</b> (Dollars in Thousands)		
<b>Activity Changes</b>		
<b>Built-in</b>		
To provide for:		
Costs of pay adjustments		837
Personnel benefits		0
Employee health benefits		238
Two More Days of Pay		409
Federal Employees Compensation Act (FECA)		20
Travel		103
GSA Space Rental		642
Communications, utilities & miscellaneous charges		17
Other services		7
Working Capital Fund		212
Other Government Accounts (DHS Charges)		8
Purchase of goods and services from other Government accounts		118
Operation and maintenance of equipment		6
Supplies and materials		7
Equipment		10
<b>Total Built-in</b>		<b>2,634</b>
<b>Net Program</b>		<b>\$4,912</b>
<b>Direct FTE</b>		<b>45</b>
	<b>Estimate</b>	<b>FTE</b>
<b>Base</b>	<b>\$74,081</b>	<b>423</b>
<b>Program Increase</b>	<b>\$4,912</b>	<b>45</b>

## OIG PROGRAM ACTIVITY

**U.S. Department of Labor  
OIG Program Activity  
Performance Budget Issue Paper  
Labor Racketeering and Non-Traditional Organized Crime Initiative**

**Applicable Performance Goal:**

The OIG proposes an initiative to expand our labor racketeering program. The initiative will focus on an area where we have been tasked by the Administration to increase investigative attention and where our investigations and intelligence have been shown to be vulnerable to labor racketeering and non-traditional organized crime groups. These include Gulf Coast Reconstruction and Construction Contracts and Unemployment Insurance Fraud.

This initiative supports the OIG goals of optimizing performance and accountability of DOL employment and training programs and safeguarding and improving worker and retiree benefit programs, and combating the influence of organized crime and labor racketeering in the workplace. In addition, it supports the DOL goals of achieving a prepared workforce and strengthening economic protections.

**Requested Resources:**

A total of +\$2,000 is requested, an increase of +\$2,000 from the FY 2007 C. R..

**Rationale/Strategy and Performance Impact Related to Resource Increase:**

With the requested funding, we will be able to carryout our investigative responsibilities in the Gulf Coast region with respect to construction fraud. This funding will also provide the necessary resources to expand our investigations into large-scale unemployment insurance fraud by non-traditional organized crime groups.

**Gulf Coast Reconstruction and Construction Contracts**

As the U.S. Government assists the long-term reconstruction process in the Gulf Coast region, investigative oversight is needed to monitor the substantial dollars that are currently being spent as well as the additional dollars slated to be spent in the out years. The rebuilding effort will be an attractive target to those who engage in labor racketeering activities. Based on current preliminary investigations and the intelligence we are developing in this area already, labor racketeering has already manifested itself in the Gulf Coast region in the construction industry. We are seeing this in the form of companies hiring undocumented workers, paying subscale wages in cash with no benefits, and not paying Unemployment Insurance taxes. These companies also obtain false construction permits and licenses. This enables them to bid on construction contracts at a lower rate than legitimate contractors who can't compete due to

## OIG PROGRAM ACTIVITY

higher, legitimate operating costs. This creates an unfair competitive advantage which eventually forces the legitimate contractor out of business and competition.

The OIG is a recognized leader throughout the law enforcement community on construction fraud because of our decades-long experience in fighting labor racketeering. Indeed, we receive requests from U.S. Attorneys for investigative assistance. Moreover, we provide training to other Federal, state, and local law enforcement agencies on how to investigate this type of fraud and are lead participants on a number of Katrina Task Forces, particularly the Department of Justice Katrina Fraud Task Force.

Our experience in the area of construction fraud is illustrated by an investigation in which we found that Local union officials in New York allowed construction contractors to violate collective bargaining agreements in exchange for kickbacks that the officials shared with two organized crime families. In addition, the crime families extorted money in the form of wages and contributions to the Locals' benefit plans. As of March 31, 2006, 51 of 63 individuals charged have pled guilty.

With this initiative, the OIG will focus on investigating labor racketeering crime involving Federally-funded construction contracts that have a unionized workforce. Additionally we will investigate program fraud to include Unemployment Insurance fraud in other construction projects.

### Unemployment Insurance Fraud

Another important aspect of this initiative is combating fraud committed by nontraditional organized crime groups against the UI program. Over the past several years, the OIG has shifted its focus to these multi-defendant cases because of the substantial associated monetary loss. In just one OIG case, defendants were ordered to pay \$59 million in restitution. They were part of a group indicted after our investigation found that they used more than 15,000 stolen identities to apply for benefits. Fraud against the UI program by nontraditional organized crime groups who use identity theft schemes result in millions of dollars in overpayments, which have been targeted for reduction in the President's Management Agenda.

In FY 2006, UI fraud cases resulted in 62 indictments, 48 convictions, and over \$5 million in monetary results. With this initiative, we will increase our investigative capability to ensure that UI benefits dollars are only available to those who are eligible to receive them.

### **Performance Impact**

With the requested funding, in FY 2008 we would increase case inventory by 45 cases. These complex, multi-state labor racketeering cases require the investment of significant travel resources and the time of experienced criminal investigators, who by law receive availability pay equal to 25% of their salaries and have corresponding higher benefit costs. In addition, we will provide audit oversight and assistance in support of this initiative.



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### **Base Level Funding (\$ in thousands):**

Base:

Estimate:                      \$4,480                      FTE:                      24

With base level resources, we would continue to conduct foreign labor certification and unemployment insurance investigations at the current rate. However, with base level resources, we would not also be able to fund permanent staff in the Gulf Coast area to conduct construction-related investigations.

### **Program Performance at Request Level (\$ in thousands):**

Program Changes:

Estimate:                      +\$2,000                      FTE:                      18

With the requested funds we would we would increase case inventory by 45 cases.

### **Object Class (\$ in thousands):**

	Object Class	FY 2008 Request
11.1	Full Time Perm Appts	+\$935
11.5	Premium Pay/Overtime	+\$235
12.1	Other Benefits	+\$470
21.0	Travel/Transportation of Persons	+\$360
	TOTAL	+\$2,000

**OIG PROGRAM ACTIVITY**

**PERFORMANCE CHAPTER**

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# OFFICE OF INSPECTOR GENERAL

## Performance Summary

### Introduction

Consistent with the Government Performance and Results Act of 1993, the OIG has a strategic plan that is driven by our responsibilities under the IG Act and other statutes, as well as the mission of the Department of Labor. The OIG's strategic goals align with those of the Department. However, given our mission, OIG goals focus on optimizing integrity and accountability rather than on specific program or policy results, with the exception of the OIG labor racketeering program. The OIG strategic goals are as follows:

- Goal 1: *Optimize performance and accountability of DOL employment and training programs.*
- Goal 2: *Safeguard and improve worker and retiree benefit programs.*
- Goal 3: *Optimize the performance and accountability of worker protection and workplace safety programs.*
- Goal 4: *Assist DOL in maintaining an effective strategic management process.*
- Goal 5: *Combat the influence of organized crime and labor racketeering in the workplace.*

The OIG plans its work based on these five OIG goals and establishes performance targets based on workload trends. However, we cannot anticipate with precision, a full year in advance, what risks may emerge, what oversight requests may be forthcoming, and therefore, what audits and investigations we will conduct. Indeed, for FY 2006, over 50% of new discretionary audits were initiated as a result of hotline complaints and requests from the Department and the Congress. This figure does not include the significant work we do as a result of statutory mandates. This approach to the budget also permits the OIG to exercise its independent authority to initiate audits and investigations wherever we deem appropriate as risks or oversight needs become apparent.

### Cost Model

In FY 2008, the OIG requests a total of \$78,993,000 and 468 FTE, an increase of \$7,546,000 the FY 2007 C.R. level. This includes \$72,929,000 and 431 authorized FTE for salaries, benefits, and expenses, \$5,729,000 and 36 authorized FTE for Unemployment Insurance trust fund, and \$335,000 and 1 authorized FTE for Black Lung Disability trust fund. This level of funding will enable the OIG to carry out its mandate under the IG Act. The FY 2008 request also includes \$2,000,000 for an initiative to expand our labor racketeering program and \$2,912,000 to restore funds for staff reductions and inflationary costs that were not provided under the full year continuing resolution.

### Performance Challenges

#### External Factors

The following are factors beyond the control of the OIG that may affect our achieving the goals and objectives:

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- It is not within the OIG's authority to implement our recommendations. For example, while we can recommend that misspent costs be disallowed, the ultimate authority to make that determination rests with the Department, whose decisions are then subject to various forms of appeal. Likewise, implementation of program recommendations or improvements is outside of our direct control.
- The OIG cannot control the results of judicial or administrative proceedings that may affect the outcomes of our investigative efforts.
- It is not within our jurisdiction, authority, or responsibility to collect monetary sanctions imposed by the courts or the Department (restitution, fines, penalties, debts, etc.) as a result of our audits or investigations.

### Employee Benefits and Human Capital

The high cost of OIG benefits continue to erode the funds appropriated for the OIG to fulfill its mission. The type of work we perform requires senior level, highly experienced audit and investigative professionals, with commensurate salary expenses. The OIG is the only DOL agency that has 1811-series criminal investigators who, by law, receive law enforcement availability pay equal to 25% of their salaries for working mandatory 50 hour weeks. In FY 2008, OIG availability costs would total over \$4,100,000.

More of our investigators are covered under the Federal Employee Retirement System (FERS) rather than the less costly Civil Service Retirement System, and investigators' FERS matching costs are proportionally higher than other employees because their salaries allow them to contribute more. The cost of employee benefits continues to present a challenge for the OIG. In FY 2008 OIG benefit costs would total approximately \$13,700,000.

Over the next few years, the OIG will also be challenged to address a human capital shortfall. A number of OIG managers will be eligible to retire, and many of our most experienced investigators will reach the mandatory retirement age of 57. The OIG will be challenged to hire and promote qualified individuals to fill these positions in a manner that ensures a smooth succession plan. In addition, the OIG faces a continuing challenge to recruit and retain qualified auditors. The OIG has instituted a number of policies to maximize its recruitment and retention of talented people. For example, the OIG uses automated recruiting, special hiring programs, telework, flexible work schedules, student loan repayment, and retention and recruitment bonuses, the latter three having a very real budgetary impact.

### Expanded Audit Requirements

The OIG is being required to increase the scope of the DOL financial statement audit to meet additional requirements. These include the Federal Accounting Standards Advisory Board's change to the reporting and auditing requirements for social insurance programs, which required us to begin providing audit assurance over actuarial present values for the Black Lung Disability Trust Fund starting with the FY 2006 audit. Additional work will be needed to meet Department, OMB, and congressional initiatives.

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- In FY 2006, the OIG began testing DOL's compliance with the documentation and testing requirements of OMB Circular A-123, Management Responsibility for Internal Controls.
- Once its new managerial cost accounting system is fully operational, DOL plans to incorporate program costs and results statements into the financial statement footnotes, using data from the cost accounting system. This will require OIG to audit the cost accounting system and perform data validation over the performance data included in the footnotes.
- OMB increased OIG involvement to include giving an opinion on the closing package DOL submits to the Treasury Department for use in preparing the Government-wide financial statement. This will continue to require additional audit resources.

In addition, the OIG will begin providing audit oversight of DOL's competitive sourcing initiatives to ensure that the requirements of OMB Circular A-76 were met.

### **Conclusion**

Despite restrictions on our ability to enforce OIG recommendations or impact the judicial process, the OIG will continue our strategy of working closely with DOL managers and U.S. Attorneys to promote implementation of our recommendations and prosecution of cases we investigate. We will continue our efforts to recruit and retain highly qualified staff, and maximize efficiency.

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**OIG Strategic Goals**

The OIG must have the flexibility to shift resources to address risks as they become apparent during the year the budget is executed and respond to oversight requests from the Congress and the Department. The OIG must also be able to independently initiate audits and investigations and maintain an oversight role relative to DOL programs versus a policy implementation role. For these reasons, it is not appropriate for the OIG to tie its costs directly to specific DOL goals/policies.

The independent work of the OIG nevertheless contributes to achievement of the Department’s strategic goals through improved integrity of DOL programs and operations, reduced vulnerabilities, and efficiencies and cost savings realized. Like all results-oriented organizations, the OIG plans work based on our strategic goals, establishes yearly performance targets based on workload trends, and tracks our accomplishments. At the same time, in keeping with our mission, we allow for the reallocation of resources during the year the budget is executed.

		<b>DOL Goals</b>			
		<b>Prepared Workforce</b>	<b>Strengthened Economic Protections</b>	<b>Safe and Secure Workplaces</b>	<b>Competitive Workforce</b>
<b>OIG Goals</b>	Optimize performance and accountability of DOL employment and training programs	X			
	Safeguard and improve worker and retiree benefit programs		X		
	Optimize the performance and accountability of worker protection and workplace safety programs			X	
	Assist DOL in maintaining an effective strategic management process	X	X	X	X
	Combat the influence of organized crime and labor racketeering in the workplace		X	X	

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**TOTAL BUDGETARY RESOURCES by ACTIVITY  
FY 2006 – 2008  
(Dollars in Thousands)**

	FY 2006 Enacted				FY 2007 C. R.				FY 2008 Request			
	Activity Approp.	Other Approp. <sup>1/</sup>	Other Resrcs. <sup>2/</sup>	Total	Activity Approp.	Other Approp. <sup>1/</sup>	Other Resrcs. <sup>2/</sup>	Total	Activity Approp.	Other Approp. <sup>1/</sup>	Other Resrcs. <sup>2/</sup>	Total
OIG Program Activity	71,445	1,000	100	72,545	71,447	1,100	1,000	73,547	78,993	950	1,000	80,943
<b>Total</b>	<b>71,445</b>	<b>1,000</b>	<b>100</b>	<b>72,545</b>	<b>71,447</b>	<b>1,100</b>	<b>1,000</b>	<b>73,547</b>	<b>78,993</b>	<b>950</b>	<b>1,000</b>	<b>80,943</b>

<sup>1/</sup> "Other Appropriation" is comprised of resources appropriated elsewhere, but for which the benefits accrue toward the operation of the budget activities. (Mgmt Crosscut, Executive Direction, and IT Crosscut)

<sup>2/</sup> "Other Resources" include funds that are available for a budget activity, but not appropriated such as, reimbursements and fees

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**DISTRIBUTION of OTHER APPROPRIATED RESOURCES**  
(Dollars in Thousands)

	<b>FY 2006 Enacted</b>	<b>FY 2007 C. R.</b>	<b>FY 2008 Request</b>
<b>Total Agency</b>	<b>1,000</b>	<b>1,100</b>	<b>950</b>
IT Crosscut	1,000	1,100	950
<b>OIG Program Activity</b>	<b>1,000</b>	<b>1,100</b>	<b>950</b>
IT Crosscut	1,000	1,100	950



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### Summary of Performance and Resource Levels

Presented below are summaries and projections of performance and resource levels for FYs 2003-2008. Please note that 2007 and 2008 numbers reflect estimates of audit and investigation numbers based on historical trends in departmental and congressional requests.

<b>DOL Goal</b>	<b>A Prepared Workforce</b>
<b>OIG Goal</b>	<b>Optimize performance and accountability of DOL employment and training programs</b>

		Actual				Plan	
		2003	2004	2005	2006	2007	2008
	Budget Resources (\$ in millions)	\$19.8	\$19.3	\$25.0	\$25.5	\$25.5	\$26.8
<b>Indicators</b>	Number of investigations completed	46	42	49	64	36	50*
	Percentage of investigations that result in a conviction for those indicted	100%	100%	97%	100%	85%	85%
	Number of audits completed	49	36	54	58	49	53
	Percentage of prior year audit recommendations resolved by DOL	92%	73%	92%	83%	50%	50%

<b>Data Source</b>	OIG Information Systems
<b>Comment:</b>	*Includes 15 Unemployment Insurance investigations with the initiative

<b>DOL Goal</b>	<b>Strengthened Economic Protections</b>
<b>OIG Goal</b>	<b>Safeguard and improve worker and retiree benefit programs</b>

		Actual				Plan	
		2003	2004	2005	2006	2007	2008
	Budget Resources (\$ in millions)	\$17.5	\$15.2	\$12.3	\$15.3	\$15.3	\$16.7
<b>Indicators</b>	Number of investigations completed	236	222	200	277	166	200
	Percentage of investigations that result in a conviction for those indicted	98%	90%	92%	94%	85%	85%
	Number of audits completed	16	23	21	21	17	17
	Percentage of prior year audit recommendations resolved by DOL	28%	53%	52%	79%	50%	50%

<b>Data Source</b>	OIG Information Systems
<b>Comment:</b>	None

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<b>DOL Goal</b>	<b>Safe and Secure Workplaces</b>
<b>OIG Goal</b>	<b>Optimize the performance and accountability of worker protection and workplace safety programs.</b>

		Actual				Plan	
		2003	2004	2005	2006	2007	2008
	Budget Resources (\$ in millions)	\$2.3	\$4.8	\$3.9	\$4.1	\$4.1	\$4.3
<b>Indicators</b>	Number of investigations completed	5	13	20	17	11	10
	Percentage of investigations that result in a conviction for those indicted	100%	83%	100%	94%	85%	85%
	Number of audits completed	4	7	8	7	6	8
	Percentage of prior year audit recommendations resolved by DOL	100%	89%	75%	97%	50%	50%

<b>Data Source</b>	OIG Information Systems.
<b>Comment:</b>	None

<b>DOL Goal</b>	<b>All Goals</b>
<b>OIG Goal</b>	<b>Assist DOL in maintaining an effective strategic management process.</b>

		Actual				Plan	
		2003	2004	2005	2006	2007	2008
	Budget Resources (\$ in millions)	\$5.9	\$7.5	\$9.9	\$9.8	\$9.8	\$10.3
<b>Indicators</b>	Number of audits completed	34	49	56*	37	19	20
	Percentage of prior year audit recommendations resolved by DOL	70%	96%	71%	97%	50%	50%

<b>Data Source</b>	OIG Information Systems
<b>Comment:</b>	*This significant increase is due to a high volume of Single Audit Act audits that the OIG received late in the year from the National Single Audit Clearinghouse.

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<b>DOL Goal</b>	<b>Safe and Secure Workplaces and Strengthened Economic Protections</b>
<b>OIG Goal</b>	<b>Combat the influence of organized crime and labor racketeering in the workplace</b>

		Actual				Plan	
		2003	2004	2005	2006	2007	2008
	Budget Allocation (\$ in millions)	\$14.1	\$15.7	\$15.7	\$13.1	\$13.1	\$17.5
<b>Indicators</b>	Number of investigations completed	144	115	106	114	96	124*
	Percentage of investigations that result in a conviction for those indicted	100%	89%	86%	94%	85%	85%

<b>Data Source</b>	OIG Information Systems
<b>Comment:</b>	*Includes 30 construction-related investigations with the initiative.

## **OFFICE OF INSPECTOR GENERAL**

### **Quality Assurance Reviews of the OIG**

The OIG recently underwent quality assurance reviews by the President's Council on Integrity and Efficiency (PCIE). The PCIE comprises presidentially-appointed IGs across government and is chaired by OMB's Deputy Director for Management. These quality reviews are commonly called peer reviews, because they are conducted by other IGs. Both reviews resulted in unqualified opinions, which is a desirable result, meaning there were no significant compliance problems, as described below.

In FY 2004, the Treasury Department's Inspector General for Tax Administration conducted the peer review of the OIG's system of internal safeguards and management procedures for our investigative function. The review did not uncover any reportable findings. It resulted in an opinion that OIG's system of internal safeguards and management procedures was in full compliance with quality standards established by the PCIE and by the Attorney General for OIGs with statutory law enforcement authority. The reviewer concluded that these safeguards and procedures provide reasonable assurance of the OIG conforming with professional standards in the conduct of its investigations.

In FY 2006, the Department of Health and Human Services Inspector General conducted the external peer review of the system of quality control for the OIG's audit function for the year ending March 31, 2006. This report, which is still in draft, contains an opinion that the system of quality control of our audit function is designed in accordance with PCIE quality standards, is being complied with for the period in question, and provides a reasonable assurance of material compliance with professional auditing standards in the conduct of OIG audits.