

FY 2010

CONGRESSIONAL BUDGET JUSTIFICATION

OFFICE OF INSPECTOR GENERAL

OFFICE OF INSPECTOR GENERAL

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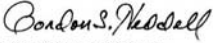
OFFICE OF INSPECTOR GENERAL

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

The Inspector General Reform Act (Pub. L. 110-409) was signed by the President on October 14, 2008. This act amends Section 6(f)(1) of the Inspector General Act of 1978, 5 U.S.C. app. 3, to require certain specifications concerning Office of Inspector General (OIG) budget submissions each fiscal year.

Each Inspector General (IG) is required to transmit a budget request to the head of the establishment or designated Federal entity to which the IG reports specifying:

- the aggregate amount of funds requested for the operations of the OIG,
- the portion of this amount requested for OIG training, including a certification from the IG that the amount requested satisfies all OIG training requirements for that fiscal year, and
- the portion of this amount necessary to support the Council of the Inspectors General on Integrity and Efficiency (CIGIE).

U.S. Department of Labor	Office of Inspector General Washington, DC 20210	
April 21, 2009		
MEMORANDUM FOR THE SECRETARY		
FROM:	 GORDON S. HEDDELL Inspector General	
SUBJECT:	Requirements Under the Inspector General Reform Act	
As required by the Inspector General Reform Act (Pub. L. 110-409), I am submitting the following information relating to the OIG's requested budget for fiscal year 2010:		
<ul style="list-style-type: none">• the aggregate budget request for the operations of the OIG is \$84,341,000• the portion of this amount needed for OIG training is \$470,000, and• the portion of this amount needed to support the Council of Inspectors General on Integrity and Efficiency is \$202,418.		
Please let me know if you have any questions.		
Working for America's Workforce		

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, [\$76,326,000] \$78,093,000 together with not to exceed [\$5,815,000] \$5,921,000 which may be expended from the Employment Security Administration Account in the Unemployment Trust Fund. (Department of Labor Appropriations Act, 2009.)

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AMOUNTS AVAILABLE FOR OBLIGATION								
(Dollars in Thousands)								
	FY 2008 Enacted		FY 2009 Enacted		Recovery Act		FY 2010 Request	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
A. Appropriation	370	70,072	378	76,326	2	6,000	378	78,093
Reduction pursuant to (P.L. 110-161) in FY 2008	0	-1,224	0	0	0	0	0	0
Appropriation, Revised	370	68,848	378	76,326	2	6,000	378	78,093
Offsetting Collections From:	0	0	0	0	0	0	0	0
Reimbursements	0	291	0	1,000	0	0	0	1,000
Unemployment Trust Fund	36	5,641	36	5,815	0	0	36	5,921
Reduction pursuant to (P.L. 110-161) in FY 2008	0	-99	0	0	0	0	0	0
Black Lung Disability Trust Fund	1	335	1	325	0	0	1	327
Non-Expenditure Transfers from DM	0	0	0	0	0	0	0	0
Subtotal	37	6,168	37	7,140	0	0	37	7,248
B. Gross Budget Authority	407	75,016	415	83,466	2	6,000	415	85,341
Reimbursements	0	-291	0	-1,000	0	0	0	-1,000
Non-Expenditure Transfers from DM	0	0	0	0	0	0	0	0
Subtotal	0	-291	0	-1,000	0	0	0	-1,000
C. Budget Authority	407	74,725	415	82,466	2	6,000	415	84,341
Reimbursements	0	291	0	1,000	0	0	0	1,000
IT Crosscut	0	0	0	0	0	0	0	0
Non-Expenditure Transfers from DM	0	0	0	0	0	0	0	0
Subtotal	0	291	0	1,000	0	0	0	1,000
D. Total Budgetary Resources	407	75,016	415	83,466	2	6,000	415	85,341
Unobligated Balance Expiring	5	-96	0	0	0	0	0	0
E. Total, Estimated Obligations	412	74,920	415	82,466	2	6,000	415	84,341

OFFICE OF INSPECTOR GENERAL

SUMMARY OF CHANGES

(Dollars in Thousands)

	FY 2009 Enacted	FY 2010 Request	Net Change
Budget Authority			
General Funds	76,326	78,093	+1,767
Trust Funds	6,140	6,248	+108
Total	82,466	84,341	+1,875
Full Time Equivalents			
General Funds	378	378	0
Trust Funds	37	37	0
Total	415	415	0

Explanation of Change	FY 2009 Base		Trust Funds		FY 2010 Change General Funds		Total	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Increases:								
A. Built-Ins:								
To Provide For:								
Costs of pay adjustments	415	43,252	0	78	0	1,197	0	1,275
Employee health benefits	0	14,018	0	26	0	389	0	415
Travel	0	3,700	0	1	0	18	0	19
Transportation of things	0	5	0	0	0	0	0	0
GSA Space Rental	0	4,789	0	1	0	23	0	24
All Other Rental	0	120	0	0	0	1	0	1
Communications, utilities & miscellaneous charges	0	350	0	0	0	2	0	2
Printing and reproduction	0	10	0	0	0	0	0	0
Advisory and assistance services	0	6,407	0	0	0	1	0	1
Other services	0	960	0	0	0	5	0	5
Working Capital Fund	0	5,785	0	0	0	36	0	36
Other government accounts (DHS Charges)	0	330	0	0	0	2	0	2
Purchase of goods and services from other Government accounts	0	0	0	2	0	108	0	110
Operation and maintenance of facilities	0	5	0	0	0	0	0	0
Operation and maintenance of equipment	0	980	0	0	0	5	0	5
Supplies and materials	0	250	0	0	0	1	0	1
Equipment	0	950	0	0	0	5	0	5
Built-Ins Subtotal	415	81,911	0	108	0	1,793	0	1,901
B. Program:								
C. Financing:								
Total Increase	+415	+81,911	0	+108	0	+1,793	0	+1,901
Decreases:								
A. Built-Ins:								
To Provide For:								

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Explanation of Change	FY 2009 Base		FY 2010 Change				Total	
			Trust Funds		General Funds			
Federal Employees Compensation Act (FECA)	0	555	0	0	0	-26	0	-26
Built-Ins Subtotal	0	555	0	0	0	-26	0	-26
B. Program:								
C. Financing:								
Total Decrease	0	+555	0	0	0	-26	0	-26
Total Change	+415	+82,466	0	+108	0	+1,767	0	+1,875

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SUMMARY BUDGET AUTHORITY AND FTE BY ACTIVITY								
(Dollars in Thousands)								
	FY 2008 Enacted		FY 2009 Enacted		Recovery Act		FY 2010 Request	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
OIG Program Activity	412	74,725	415	82,466	2	6,000	415	84,341
General Funds	375	68,848	378	76,326	2	6,000	378	78,093
Unemployment Trust Funds	36	5,542	36	5,815	0	0	36	5,921
Black Lung Disability Trust Funds	1	335	1	325	0	0	1	327
Total	412	74,725	415	82,466	2	6,000	415	84,341
General Funds	375	68,848	378	76,326	2	6,000	378	78,093
Unemployment Trust Funds	36	5,542	36	5,815	0	0	36	5,921
Black Lung Disability Trust Funds	1	335	1	325	0	0	1	327

NOTE: FY 2008 reflects actual FTE.

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BUDGET AUTHORITY BY OBJECT CLASS						
(Dollars in Thousands)						
		FY 2008 Enacted	FY 2009 Enacted	Recovery Act	FY 2010 Request	Change FY 10 Req. / FY 09 Enacted
	Full-Time Equivalent					
	Full-time Permanent	412	415	2	415	0
	Total	412	415	2	415	0
	Total Number of Full-Time Permanent Positions	412	415	2	415	0
	Average ES Salary	160,000	165,300		168,600	3300
	Average GM/GS Grade	12	12		13	1
	Average GM/GS Salary	90,626	95,475		98,289	2814.5
11.1	Full-time permanent	37,052	39,356	532	40,516	1160
11.3	Other than full-time permanent	140	266	0	274	8
11.5	Other personnel compensation	5,168	3,630	0	3,737	107
11.9	Total personnel compensation	42,360	43,252	532	44,527	1275
12.1	Civilian personnel benefits	13,616	14,573	218	14,962	389
21.0	Travel and transportation of persons	3,082	3,700	250	3,719	19
22.0	Transportation of things	5	5	0	5	0
23.1	Rent, Communications, and Utilities	4,716	4,909	0	4,934	25
23.3	Communications, utilities, and miscellaneous charges	549	350	0	352	2
24.0	Printing and reproduction	38	10	0	10	0
25.1	Advisory and Assistance Services	4,446	6,407	5,000	6,518	111
25.2	Other services	350	960	0	965	5
25.3	Other purchases of goods and services from Government accounts 1/	4,441	6,115	0	6,153	38
25.4	Operation and maintenance of facilities	17	5	0	5	0
25.7	Operation and maintenance of equipment	130	980	0	985	5
26.0	Supplies and materials	207	250	0	251	1
31.0	Equipment	759	950	0	955	5
42.0	Insurance Claims and Indemnities	9	0	0	0	0
	Total	74,725	82,466	6,000	84,341	1,875
	1/Other Purchases of Goods and Services From Government Accounts					
	Working Capital Fund	4,118	5,785	0	5,821	36
	DHS Services	323	330	0	332	2

NOTE: FY 2008 reflects actual FTE.

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BUDGET AUTHORITY BY STRATEGIC GOAL

The OIG shifts 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 independently initiates audits and investigations and maintains an oversight role relative to DOL programs versus a policy implementation role. We have included, by OIG goal, the amount of funding spent for each OIG goal. Please note that 2009 and 2010 numbers reflect estimates of audit and investigation numbers based on historical trends in departmental and congressional requests.

		2005	2006	2007	2008	2009	2010
		(\$ in millions)					
OIG Goals	Optimize performance and accountability of DOL employment and training programs	\$25.0	\$25.5	\$24.7	\$22.8	\$25.4	\$26.2
	Safeguard and improve worker and retiree benefit programs	\$12.3	\$15.3	\$11.0	\$17.1	\$18.8	\$19.2
	Optimize the performance and accountability of worker protection and workplace safety programs	\$3.9	\$4.1	\$5.8	\$5.1	\$5.6	\$5.8
	Assist DOL in maintaining an effective strategic management process	\$9.9	\$9.8	\$10.8	\$9.7	\$11.0	\$11.5
	Combat the influence of organized crime and labor racketeering in the workplace	\$15.7	\$13.1	\$13.9	\$15.1	\$16.3	\$16.2

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TOTAL BUDGETARY RESOURCES

FY 2008 - 2010

(Dollars in Thousands)

	FY 2008 Enacted				FY 2009 Enacted				Recovery Act	FY 2010 Request			
	Activity Approp.	Other Approp. ^{1/}	Other Resrcs. ^{2/}	Total	Activity Approp.	Other Approp. ^{1/}	Other Resrcs. ^{2/}	Total		Activity Approp.	Other Approp. ^{1/}	Other Resrcs. ^{2/}	Total
Office of Inspector General	74,725	0	291	75,016	82,466	0	1,000	83,466	6,000	84,341	0	1,000	85,341
OIG Program Activity	74,725	0	291	75,016	82,466	0	1,000	83,466	6,000	84,341	0	1,000	85,341
Total	74,725	0	291	75,016	82,466	0	1,000	83,466	6,000	84,341	0	1,000	85,341

^{1/} "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)

^{2/} "Other Resources" include funds that are available for a budget activity, but not appropriated, such as reimbursements and fees.

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PERFORMANCE GOALS AND INDICATORS

Presented below are summaries and projections of performance and resource levels for FYs 2006-2010. Please note that 2009 and 2010 numbers reflect estimates of audit and investigation numbers based on historical trends in departmental and congressional requests.

OIG Goal 1						
Optimize performance and accountability of DOL employment and training programs						

		Actual			Plan	
		2006	2007	2008	2009	2010
Indicators	Number of investigations completed	64	85	95	98	110
	Percentage of investigations that result in a conviction for those indicted	100%	93%	95%	85%	85%
	Number of audits completed	25	24	17	20	25
	Percentage of prior year resolved by DOL	83%	90%	100%	50%	50%

Data Source	OIG Information Systems.
Comment:	Under this goal, the OIG plans to conduct 1 ARRA-related audit in FY 2009 and 4 ARRA-related audits in FY 2010. Four of these 5 audits will be funded out of the OIG's separate appropriation for ARRA work.

OIG Goal 2						
Safeguard and improve worker and retiree benefit programs						

		Actual			Plan	
		2006	2007	2008	2009	2010
Indicators	Number of investigations completed	277	282	208	195	205
	Percentage of investigations that result in a conviction for those indicted	94%	93%	93%	85%	85%
	Number of audits completed	17	12	9	10	12
	Percentage of prior year audit recommendations resolved by DOL	79%	100%	100%	50%	50%

Data Source	OIG Information Systems.
Comment:	<p>The large number of investigations completed in FY 2006 and 2007 were the result of a high number of small dollar, single claimant UI cases that were investigated as the result of the FY 2005 Hurricanes. Because of the temporary nature of the UI fraud committed immediately after the Hurricanes, in FY 2008, performance returned to pre-2006 levels, where the OIG completed 200 investigations.</p> <p>Under this goal, the OIG plans to conduct 2 ARRA-related audits in both FY 2009 and FY 2010. Three of these 4 audits will be funded out of the OIG's separate appropriation for ARRA work.</p>

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OIG Goal 3 Optimize the performance and accountability of worker protection and workplace safety programs
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		Actual			Plan	
		2006	2007	2008	2009	2010
Indicators	Number of investigations completed	17	17	26	17	20
	Percentage of investigations that result in a conviction for those indicted	94%	100%	91%	85%	85%
	Number of audits completed	6	6	9	8	9
	Percentage of prior year audit recommendations resolved by DOL	97%	92%	100%	50%	50%

Data Source	OIG Information Systems.
Comment:	None

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

		Actual			Plan	
		2006	2007	2008	2009	2010
Indicators	Number of audits completed	15	12	17	16	20
	Percentage of prior year audit recommendations resolved by DOL	97%	92%	100%	50%	50%

Data Source	OIG Information Systems.
Comment:	Under this goal, the OIG plans to conduct 2 ARRA-related audits in FY 2009 and 1 ARRA-related audit in FY 2010. One of these 3 audits will be funded out of the OIG's separate appropriation for ARRA work.

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

		Actual			Plan	
		2006	2007	2008	2009	2010
Indicators	Number of investigations completed	114	111	93	90	100
	Percentage of investigations that result in a conviction for those indicted	94%	93%	92%	85%	85%

Data Source	OIG Information Systems.
Comment:	None

OFFICE OF INSPECTOR GENERAL

AUTHORIZING STATUTES

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

OFFICE OF INSPECTOR GENERAL

APPROPRIATION HISTORY					
(Dollars in Thousands)					
	Budget Estimates to Congress	House Allowance	Senate Allowance	Appropriations	FTE
2000	55,496	47,806	52,243	52,237	428
2001....1/	56,465	52,243	53,351	55,001	428
2002....2/	57,461	57,461	57,461	57,201	428
2003....3/	62,590	62,590	60,090	62,185	453
2004....4/	67,133	67,133	65,190	65,677	470
2005....5/	69,932	69,932	69,932	69,337	468
2006....6/	71,163	71,163	72,163	71,445	450
2007	73,112	74,107	76,107	73,112	432
2008....7/	78,993	78,993	79,993	74,725	407
2009....8/	82,466	0	82,466	82,466	415
2010	84,341	0	0	0	415

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

-
- 1/ Includes \$102,000 reduction pursuant to P.L. 106-554.
 - 2/ Includes \$158,000 reduction pursuant to P.L. 107-116 and a rescission of \$102,000 pursuant to P.L.107-206.
 - 3/ Includes \$405,000 reduction pursuant to P.L. 108-7.
 - 4/ Includes \$485,000 reduction pursuant to P.L. 108-199.
 - 5/ Includes a \$595,000 reduction pursuant to P.L. 108-447 and a reduction of 12 FTE.
 - 6/ Includes a \$718,000 reduction pursuant to P.L. 109-148.
 - 7/ Includes a \$1,323,000 reduction pursuant to P.L. 110-161.
 - 8/ Does not include \$6,000,000 received for the American Recovery and Reinvestment Act pursuant to P.L. 111-5.

OFFICE OF INSPECTOR GENERAL

OVERVIEW

Introduction

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

- recommend policies to prevent and detect fraud, waste, 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 fraud, waste, and abuse, and make recommendations to DOL and the Congress; and
- operate a criminal investigative program to reduce the influence of organized crime and labor racketeering on employee benefit plans, internal union affairs, and labor-management relations.

Consistent with the Government Performance and Results Act of 1993, the OIG has a strategic plan that is driven by 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 the agency's 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, the OIG 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 the OIG will conduct. Indeed, for FY 2008, over 50% of discretionary reports we issued resulted from projects initiated as a result of hotline complaints and requests from the Department and the Congress. This figure does not include the significant work the OIG does 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 the OIG deems appropriate as risks or oversight needs become apparent.

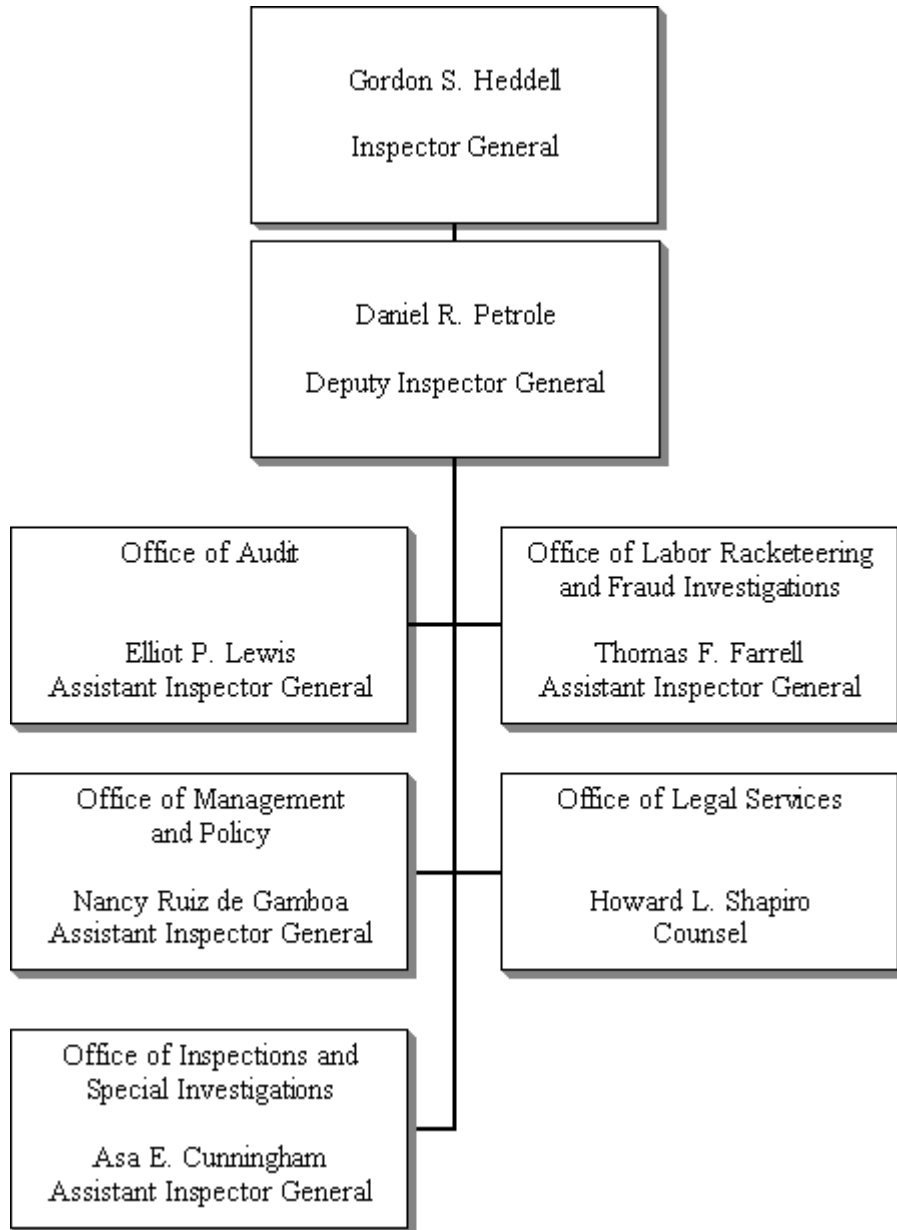
OFFICE OF INSPECTOR GENERAL

Cost Model

In FY 2010, the OIG requests a total of \$84,341,000 and 415 FTE, an increase of \$1,875,000 above the FY 2009 level. This includes \$78,093,000 and 378 authorized FTE for salaries, benefits, and expenses, \$5,921,000 and 36 authorized FTE for Unemployment Insurance trust fund, and \$327,000 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.

OFFICE OF INSPECTOR GENERAL

ORGANIZATION CHART



OIG PROGRAM ACTIVITY

BUDGET AUTHORITY BEFORE THE COMMITTEE						
(Dollars in Thousands)						
	FY 2008 Enacted	FY 2009 Enacted	Diff. FY08 Enacted / FY09 Enacted	Recovery Act	FY 2010 Request	Diff. FY09 Enacted / FY10 Req
Activity Appropriation	74,725	82,466	7,741	6,000	84,341	1,875
FTE	412	415	3	2	415	0

NOTE: FY 2008 reflects actual FTE. Authorized FTE for FY 2008 was 407.

Introduction

OIG Program Activity encompasses all the work undertaken by the OIG pursuant to its mission as mandated by the IG Act. The FY 2010 President’s Budget funds the OIG program activity at \$84,341,000 and 415 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.

- **Office of Audit:** The Office of Audit is responsible for conducting and supervising audits relating to the Department’s programs and operations and for making recommendations to promote economy and efficiency in the administration of DOL programs and operations. It is similarly responsible for preventing and detecting fraud, waste, abuse, and mismanagement in these programs and operations. Finally, it assists the Inspector General in keeping the Secretary and the Congress fully and currently informed about problems and deficiencies relating to the administration of the Department’s programs and operations as well as the necessity for, and progress of, corrective action.
- **Office of Labor Racketeering and Fraud Investigations:** The mission of the Office of Labor Racketeering and Fraud Investigations is to prevent and detect fraud and abuse in DOL programs and operations. In order to accomplish this mission, the OIG conducts criminal investigations relating to programs, operations, and employees of the Department. In addition, the Department of Labor OIG has a unique program responsibility for investigating labor racketeering and organized crime influence or control in unions, employee benefit plans, and the workplace.
 - o **Program Fraud:** The OIG administers an investigative program to detect and deter fraud, waste, and abuse in DOL programs and operations, and investigate employee misconduct allegations. Its primary goals are to increase the economy and efficiency of DOL programs by seeking criminal prosecution of those who defraud those programs and to deter future violations by reporting vulnerabilities to program managers and working with those managers to ensure corrective action is taken.
 - o **Labor Racketeering:** The OIG has a statutory mission to combat the influence of organized crime, labor racketeering, and corruption in employee benefit plans, labor-management relations, and internal union affairs. The primary emphasis of

OIG PROGRAM ACTIVITY

the program continues to be the investigation and removal of the influence and control over the nation's labor unions and employee benefit plans of organized criminal enterprises, in support of the Justice Department's Organized Crime Program. In recent years, the OIG has also investigated non-traditional organized crime groups and their impact on DOL programs. The influence of organized criminal enterprises and labor racketeering continues to have an adverse impact on the U.S. economy by reducing competitiveness in affected industries, thereby creating additional costs that are borne by American workers, businesses, and consumers, and undermining benefits protected by ERISA.

- **Executive Direction and Management.** This function provides the overall direction, planning, management, administration, and inspections necessary to independently carry out the OIG's nationwide mission, supplying centralized management of OIG headquarters and regional staff. The major components of the Executive Direction and Management function include:
 - o 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.
 - o Office of Legal Services provides independent legal services and counsel to the IG and the OIG components. Services provided include legal support and advice relating to audit and investigative activities, representation of OIG employees, litigation support, ethics training, and disclosure determinations. Moreover, the office operates a hotline and complaint analysis unit to address stakeholder allegations of wrongdoing involving DOL operations and programs.
 - o Office of Inspections and Special Investigations is responsible for employee integrity investigations and performs internal inspections of the OIG functions.

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2005	69,337	468
2006	71,445	450
2007	73,112	432
2008	74,725	407
2009	82,466	415

NOTE: Excludes Recovery Act Funding. See budget activity head table.

OIG PROGRAM ACTIVITY

FY 2010

In FY 2010, the OIG would continue to initiate audits, investigations, and evaluations in keeping with its mission under the IG Act and mandates under various laws and other federal requirements. The OIG would perform work related to DOL employment and training programs and grants, worker benefit programs, worker protections and safety, and labor racketeering. The OIG 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, and auditing the Department's mission-critical information systems to assess the overall effectiveness of the Department's information security program, as required by the Federal Information Security Management Act of 2002 (FISMA).

From an investigative perspective, the OIG would continue to perform work related to DOL worker benefit programs, worker protections and safety, and labor racketeering.

FY 2009

In FY 2009 the OIG is auditing the validity of reported outcomes for Workforce Investment Act training programs and whether the Department is providing employment and training services that meet the needs of veterans. The OIG will continue auditing financial and performance reporting of Job Corps' center operators and service providers.

In the area of workers' and retirees' benefits, the OIG conducted an audit of the Energy Workers' Compensation Program to determine whether the Department's claims decisions complied with applicable laws and regulations, and an audit of whether the Employee Benefits Security Administration evaluated its civil enforcement project results and effectively directed its enforcement resources. The OIG has conducted or will initiate audits devoted to oversight of the nation's UI program, including audits of states' utilization and accounting for the Federal share of unemployment benefits, an audit of states' use of the National Directory of New Hires to detect and prevent UI overpayments, and an audit to assess whether states have adequate contingency plans to ensure continuing UI operations in the event of a natural disaster or other event that disrupts normal operations.

Additionally, the OIG is continuing to focus on the area of worker safety and workers' rights. For example, the OIG conducted an audit of the Occupational Safety and Health Administration's (OSHA's) Enhanced Enforcement program to determine if OSHA properly identified employers to be included in the program and conducted additional enforcement efforts for those employers. OIG will initiate an audit of OSHA's gravity-based penalty system to determine whether OSHA determines, documents, and collects monetary penalties in accordance with OSHA directives and whether the gravity based penalty system effectively deters employers from violating Federal safety and health standards. OIG will also conduct an audit to determine if Mine Safety and Health inspectors receive appropriate training. In the area of protecting workers' rights, OIG will audit the Department's efforts to ensure employers' compliance with the new overtime exemption requirements of the Fair Labor Standards Act.

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From an investigative perspective, in FY 2009, the OIG is focusing on fraud in the Foreign Labor Certification Program. These investigations target unscrupulous attorneys, labor brokers, employers and others. The OIG is also investigating labor racketeering and/or organized crime influence or control in unions, employee benefit plans, and the workplace.

Recovery Act

The following work includes work using ARRA-appropriated funds as well as funds from the OIG's normal appropriation. In FY 2009, OIG has initiated or plans to initiate audits in the following areas as part of our ARRA oversight responsibilities:

- DOL's financial accounting for ARRA funds;
- DOL's reporting of ARRA activities and outcomes;
- accounting and reporting by States under the new temporary Federal Additional Compensation program, which increases the Weekly Benefit Allowance for unemployment benefits by \$25 and is estimated to cost \$9.3 billion;
- Employee Benefits Security Administration's responsibilities for ensuring compliance with ARRA provisions that will qualify millions of laid off workers for a premium reduction to continue their health coverage under COBRA;
- State and local areas' plans to serve priority populations with ARRA funds;
- paid employment opportunities for eligible youth; and
- the extent to which States and local areas are planning to spend ARRA funds on direct delivery of employment and training services;
- the award of competitive grants to train workers for high growth jobs; and
- the award of Job Corps construction and rehabilitation contracts.

In FY 2010, OIG will continue audit work related to its ARRA oversight plan. The OIG will assess how grantees and contractors performed and what was accomplished with ARRA funding. Possible FY 2010 ARRA-related audit work may include: review of construction and rehabilitation contracts awarded by Job Corps, including Job Corps' multi-year leasing authority; States' use and accounting for the Federal share of unemployment insurance benefits; a review of DOL's oversight of grantees and contractors; and audits of individual WIA grants. The OIG will also complete ARRA-related investigations, as warranted.

FY 2008

In FY 2008, the OIG issued 52 audit and other reports. With respect to OIG investigative work, the OIG completed 422 program fraud and labor racketeering investigations. Listed below are the OIG's indicators, targets, results, and descriptions of its FY 2008 accomplishments.

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OIG Goal 1				
Optimize performance and accountability of DOL employment and training programs				
Indicators, Targets and Results	FY 2007 Result	FY 2008 Target	FY 2008 Result	Target Reached*
Number of investigations completed	85	54	95	Y
Number of audit and other reports issued	24	32	17	N
*Indicator target reached (Y), substantially reached (S) or not reached (N)				

An example of the type of investigation the OIG conducts within this goal is foreign labor certification fraud. Fraud against this program has implications for national security, adversely affects workers in the United States, and deprives employers of legitimate candidates for employment. The OIG completed 69 foreign labor certification investigations with over \$12 million in monetary accomplishments. Examples of foreign labor certification investigations include:

- Four conspirators with a labor leasing company being sentenced for their roles in defrauding DOL by submitting fraudulent H-2B labor certification applications. In addition to incarceration, they were responsible for a court-ordered \$1 million judgment. The defendants also took advantage of the devastation caused by Hurricane Katrina by fraudulently requesting and obtaining certification from DOL for approximately 240 temporary foreign workers, purportedly on behalf of 4 New Orleans hotels.
- An immigration attorney and his partner being sentenced to 21 months in Federal prison and were required to pay a \$650,000 monetary judgment and \$100,000 fine and to forfeit nearly \$185,000. The two conspired to file fraudulent immigration petitions while directing their firm's paralegals to become involved in the scheme.

Our target in Goal 1 was to issue 32 audit and other reports. However in response to the need to shift significant resources to conduct several complex audits of DOL's oversight of mine safety, the OIG shifted its efforts to focus on performance audits of mine safety issues. As a result the OIG issued 17 employment and training audit and other reports. Highlights of audit work include:

- Finding that the Department could not demonstrate it followed proper procedures when it awarded non-competitively 90% (35 of 39) of high-growth competitive grants the OIG reviewed, totaling \$57 million. The OIG's findings demonstrate the need for stringent oversight and monitoring to ensure integrity in the Department's procurement practices.
- Finding that Job Corps Center operators continue to overstate their performance and, as a result, may receive performance-based financial incentives based on inaccurate performance data.

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OIG Goal 2				
Safeguard and improve worker and retiree benefit programs				
Indicators, Targets and Results	FY 2007 Result	FY 2008 Target	FY 2008 Result	Target Reached
Number of investigations completed	282	200	208	Y
Number of audit and other reports issued	12	10	9	S

From an investigative perspective, the OIG continued to focus on schemes that defrauded the DOL's worker benefits programs and completed 208 investigations in this area. For example:

- An individual was sentenced to 42 months' incarceration and ordered to pay nearly \$137,000 in a court-ordered restitution after pleading guilty to mail fraud related to his orchestration of a fraudulent UI scheme that resulted in fraudulent claims being paid by the State of Michigan UI system. He established at least three fictitious companies and then recruited individuals and stole their identities, in order to file fraudulent UI claims against wages he reported as having paid through the fictitious companies.
- An individual was sentenced to 18 months' incarceration and ordered to pay nearly \$51,000 in restitution for fraudulently filing for and receiving Disaster Unemployment Assistance benefits relating to the Hurricane Katrina disaster.
- A former Postal employee was sentenced to 30 months' incarceration and ordered to pay more than \$71,000 after pleading guilty to making false statements to obtain Federal Employees Compensation Act benefits.

In FY 2008, the OIG issued nine audit and other reports. Highlights of work include:

- An audit to ensure that DOL provides sufficient oversight of State Workforce Agencies' IT contingency planning for the UI program in order to minimize service disruption in the event of a disaster or other situation that may disrupt normal operations. The OIG found that DOL does not fully carry out its leadership responsibilities in overseeing the UI program and the OIG made two recommendations for improvement.
- A review of Hurricane-related payments made under two programs, State UI, or Disaster Unemployment Assistance, funded by FEMA. The OIG found that certain controls over claims initiation, payment processes, and fraud detection were ineffective.
- An audit of DOL's Permanent Electronic Review Management program may have certified fraudulent applications and ineligible applications after it discontinued certain types of audits in December 2005.

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OIG Goal 3				
Optimize the performance and accountability of worker protection and workplace safety programs				
Indicators, Targets and Results	FY 2007 Result	FY 2008 Target	FY 2008 Result	Target Reached
Number of investigations completed	17	13	26	Y
Number of audit and other reports issued	6	6	9	Y

In support of goal 3, the OIG completed 26 investigations and 9 audits. The OIG exceeded its audit target of completing 6 audit and other reports and issued 9 reports in FY 2008. This increase was due to a shift in other priorities to conduct complex audits in the area of mine safety and health. Highlights of work include audits which found that:

- MSHA did not complete 147 statutorily required safety inspections at 107 underground coalmines where approximately 7,500 miners worked.
- MSHA being negligent in its review and approval of the roof control plan for Utah's Crandall Canyon Mine, where six miners and three rescue workers were killed. In response to the OIG's recommendations, MSHA has taken significant steps to improve its process for approving roof control plans.
- MSHA's process for determining whether a fatality is mining-related needed improvement because the investigators and decision makers lacked independence, investigative procedures were inconsistent, and investigative documentation was sometimes incomplete.

OIG Goal 4				
Assist DOL in maintaining an effective strategic management process				
Indicators, Targets and Results	FY 2007 Result	FY 2008 Target	FY 2008 Result	Target Reached
Number of audit and other reports issued	10	12	17	Y

Most of the OIG's work in support of this goal involves issuing an opinion on DOL's financial statements and conducting work under FISMA to ensure that DOL's information technology systems are secure. In addition, work in this area is intended to ensure that the DOL's administrative processes comply with various regulations and laws.

In FY 2008, the OIG issued 12 audit and other reports. Examples of work in this area include:

- Issuing an unqualified opinion on DOL's financial statements for the tenth consecutive year. The OIG noted three internal control deficiencies.
- Conducting a number of information technology audits. For example, the OIG conducted an audit of the DOL's publicly accessible Web applications after DOL discovered that one of its

OIG PROGRAM ACTIVITY

information databases had been defaced by external hackers. The audit disclosed that the Department was not effectively managing security over its Web applications.

- Conducting the mandatory annual audit of IT security controls. The OIG found that the Department has not fully implemented minimum IT security controls required by the FISMA. For example, the OIG identified vulnerabilities in access controls, which allowed former Department employees access to departmental information systems.

OIG Goal 5				
Combat the influence of organized crime and labor racketeering in the workplace				
Indicators, Targets and Results	FY 2007 Result	FY 2008 Target	FY 2008 Result	Target Reached
Number of investigations completed	111	83	93	Y

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 uses Goal 5 to capture work in this area. In FY 2008, the OIG completed 93 investigations. Labor racketeering continues to have a negative impact on American workers, employers, and the public through reduced wages and benefits diminished competitive business opportunities, and increased costs for goods and services. The OIG has exclusive authority within the Department to conduct labor racketeering and organized crime investigations and the OIG continues to yield extraordinary results. Significant work in support of this goal includes:

- A joint investigation with the FBI exposed the Gambino Organized Crime Family's stranglehold over one of the largest construction markets in the nation. Between July and September 2008, 60 of the 62 previously indicted Gambino Organized Crime Family members and associates pled guilty, and 36 were sentenced because of charges that include racketeering conspiracy; embezzlement of union funds; and murder conspiracy.
- A joint investigation with the FBI resulted in a member of the Genovese Organized Crime Family sentenced to 57 months incarceration and ordered to pay \$255,000 in restitution, forfeiture, and fines. The member pled guilty to RICO charges related to extortion and unlawful payments from bus company owners servicing New York City schools.

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Five-Year Statistics (\$ in millions)

	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
OIG Audit and Evaluation Reports Issued	67	59	63	52	52
Single Audit Act Reports Processed*	48	80	60	43	77
Total Audit Reports	115	139	123	95	129
Questioned costs from OIG Audits	\$20.8	\$7.9	\$84.3	\$21.3	\$14.9
Questioned costs from Single Audit Act Reports*	\$2.7	\$8.7	\$12.7	\$23.4	\$123.4
Total Questioned Costs	\$23.5	\$16.6	\$97	\$44.7	\$138.3
Funds recommended be put to better use	-	\$41.7	-	\$1.2	-
Investigative cases opened	463	457	743	418	388
Investigative cases closed	447	433	512	522	422
Investigative cases referred for prosecution	242	269	296	301	290
Indictments	529	669	522	594	698
Convictions	363	417	493	451	301
Investigative monetary accomplishments	\$161.8	\$234.7	\$119.3	\$514.7	\$68.2

* Single audits are conducted by outside auditors of non-profits and other entities receiving \$500,000 or more of Federal funds. The OIG reviews audits conducted of entities receiving DOL funds and directs those reports to the appropriate DOL funding agency. The OIG tracks these audits to ensure resolution.

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WORKLOAD SUMMARY			
	FY 2008 Actual	FY 2009 Target	FY 2010 Target
Number of Audits	52	54*	66*
Number of Investigations Completed	422	400	435

*Includes 5 ARRA-related audits in FY 2009 and 7 in 2010.

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BUDGET ACTIVITY by OBJECT CLASS						
(Dollars in Thousands)						
		FY 2008 Enacted	FY 2009 Enacted	Recovery Act	FY 2010 Request	Change FY 10 Req / FY 09 Enacted
11.1	Full-time permanent	37,052	39,356	532	40,516	1,160
11.3	Other than full-time permanent	140	266	0	274	8
11.5	Other personnel compensation	5,168	3,630	0	3,737	107
11.9	Total personnel compensation	42,360	43,252	532	44,527	1,275
12.1	Civilian personnel benefits	13,616	14,573	218	14,962	389
21.0	Travel and transportation of persons	3,082	3,700	250	3,719	19
22.0	Transportation of things	5	5	0	5	0
23.1	Rent, Communications, and Utilities	4,716	4,909	0	4,934	25
23.3	Communications, utilities, and miscellaneous charges	549	350	0	352	2
24.0	Printing and reproduction	38	10	0	10	0
25.1	Advisory and Assistance Services	4,446	6,407	5,000	6,518	111
25.2	Other services	350	960	0	965	5
25.3	Other purchases of goods and services from Government accounts 1/	4,441	6,115	0	6,153	38
25.4	Operation and maintenance of facilities	17	5	0	5	0
25.7	Operation and maintenance of equipment	130	980	0	985	5
26.0	Supplies and materials	207	250	0	251	1
31.0	Equipment	759	950	0	955	5
42.0	Insurance Claims and Indemnities	9	0	0	0	0
Total		74,725	82,466	6,000	84,341	1,875
1/Other Purchases of Goods and Services From Government Accounts						
	Working Capital Fund	4,118	5,785	0	5,821	36
	DHS Services	323	330	0	332	2

OIG PROGRAM ACTIVITY

CHANGES IN FY 2010

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments	1,275
Employee health benefits	415
Federal Employees Compensation Act (FECA)	-26
Travel	19
GSA Space Rental	24
All Other Rental	1
Communications, utilities & miscellaneous charges	2
Advisory and assistance services	1
Other services	5
Working Capital Fund	36
Other government accounts (DHS Charges)	2
Purchase of goods and services from other Government accounts	110
Operation and maintenance of equipment	5
Supplies and materials	1
Equipment	5
Built-Ins Subtotal	1,875

	Estimate	FTE
Base	84,341	415