

FY 2011

CONGRESSIONAL BUDGET JUSTIFICATION

OFFICE OF INSPECTOR GENERAL

OFFICE OF INSPECTOR GENERAL

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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, [\$78,093,000] \$79,090,000 together with not to exceed [\$5,921,000] \$5,992,000 which may be expended from the Employment Security Administration Account in the Unemployment Trust Fund. (Department of Labor Appropriations Act, 2010.)

OFFICE OF INSPECTOR GENERAL

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

The Inspector General Reform Act (Pub. L. 110-409) 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 budget submissions each fiscal year. Each Inspector General (IG) is required to transmit a budget request to the head of the establishment to which the IG reports specifying: the aggregate amount of funds requested for the operations of the OIG, the portion of this amount requested for OIG training, including a certification from the IG that the amount requested satisfies all OIG training requirements for that fiscal year, and the portion of this amount necessary to support the Council of the Inspectors General on Integrity and Efficiency.

U.S. Department of Labor

Office of Inspector General
Washington, DC. 20210



September 3, 2009

MEMORANDUM FOR THE SECRETARY

Daniel R. Petrole

FROM: Daniel R. Petrole
Acting 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 2011:

- the aggregate budget request for the operations of the OIG is \$87,128,000
- the portion of this amount needed for OIG training is \$477,000, and
- the portion of this amount needed to support the Council of Inspectors General on Integrity and Efficiency is \$209,107.

Please let me know if you have any questions.

Working for America's Workforce

OFFICE OF INSPECTOR GENERAL

AMOUNTS AVAILABLE FOR OBLIGATION								
(Dollars in Thousands)								
	FY 2009 Enacted		Recovery Act		FY 2010 Enacted		FY 2011 Request	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
A. Appropriation	378	76,326	2	6,000	388	78,093	388	79,090
Pursuant to P.L. 111-8	378	76,326	0	0	0	0	0	0
Pursuant to P.L. 111-5	0	0	2	6,000	0	0	0	0
Pursuant to P.L. 111-117	0	0	0	0	388	78,093	0	0
Offsetting Collections From:	0	0	0	0	0	0	0	0
Reimbursements	0	500	0	0	0	1,000	0	1,000
Unemployment Trust Fund	36	5,815	0	0	36	5,921	36	5,992
Black Lung Disability Trust Fund	1	325	0	0	1	327	1	327
<i>Subtotal</i>	<i>37</i>	<i>6,640</i>	<i>0</i>	<i>0</i>	<i>37</i>	<i>7,248</i>	<i>37</i>	<i>7,319</i>
B. Gross Budget Authority	415	82,966	2	6,000	425	85,341	425	86,409
Reimbursements	0	-500	0	0	0	-1,000	0	-1,000
C. Budget Authority	415	82,466	2	6,000	425	84,341	425	85,409
Reimbursements	0	500	0	0	0	1,000	0	1,000
IT Crosscut	0	0	0	0	0	0	0	0
<i>Subtotal</i>	<i>0</i>	<i>500</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>1,000</i>	<i>0</i>	<i>1,000</i>
D. Total Budgetary Resources	415	82,966	2	6,000	425	85,341	425	86,409
Unobligated Balance Expiring	0	-146	0	0	0	0	0	0
Lapsed FTE	-26	0	0	0	0	0	0	0
E. Total, Estimated Obligations	389	82,820	2	6,000	425	84,341	425	85,409

OFFICE OF INSPECTOR GENERAL

SUMMARY OF CHANGES

(Dollars in Thousands)

	FY 2010 Enacted	FY 2011 Request	Net Change
Budget Authority			
General Funds	78,093	79,090	+997
Trust Funds	6,248	6,319	+71
Total	84,341	85,409	+1,068
Full Time Equivalents			
General Funds	388	388	0
Trust Funds	37	37	0
Total	425	425	0

Explanation of Change	FY 2010 Base		Trust Funds		FY 2011 Change General Funds		Total	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Increases:								
A. Built-Ins:								
To Provide For:								
Costs of pay adjustments	425	47,102	0	51	0	547	0	598
Employee health benefits	0	15,974	0	20	0	210	0	230
Federal Employees Compensation Act (FECA)	0	529	0	0	0	0	0	0
Travel and transportation of persons	0	3,540	0	0	0	0	0	0
Rental payments to GSA	0	4,630	0	0	0	50	0	50
All Other Rental	0	120	0	0	0	0	0	0
Communications, utilities, and miscellaneous charges	0	305	0	0	0	0	0	0
Printing and reproduction	0	20	0	0	0	0	0	0
Advisory and assistance services	0	4,140	0	0	0	0	0	0
Other services	0	470	0	0	0	0	0	0
Working Capital Fund	0	5,757	0	0	0	0	0	0
Other government accounts (DHS Charges)	0	334	0	0	0	0	0	0
Other purchases of goods and services from Government accounts	0	292	0	0	0	190	0	190
Operation and maintenance of equipment	0	808	0	0	0	0	0	0
Supplies and materials	0	190	0	0	0	0	0	0
Equipment	0	130	0	0	0	0	0	0
Built-Ins Subtotal	425	84,341	0	71	0	997	0	1,068
B. Program:								
C. Financing:								
Total Increase	+425	+84,341	0	+71	0	+997	0	+1,068
Decreases:								
A. Built-Ins:								
To Provide For:								

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Explanation of Change	FY 2010 Base		FY 2011 Change				Total	
			Trust Funds		General Funds			
Built-Ins Subtotal	0	0	0	0	0	0	0	0
B. Program:								
C. Financing:								
Total Change	+425	+84,341	0	+71	0	+997	0	+1,068

OFFICE OF INSPECTOR GENERAL

SUMMARY BUDGET AUTHORITY AND FTE BY ACTIVITY

(Dollars in Thousands)

	FY 2009 Enacted		Recovery Act		FY 2010 Enacted		FY 2011 Request	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
OIG Program Activity	389	82,466	2	6,000	425	84,341	425	85,409
General Funds	352	76,326	2	6,000	388	78,093	388	79,090
Unemployment Trust Funds	36	5,815	0	0	36	5,921	36	5,992
Black Lung Disability Trust Funds	1	325	0	0	1	327	1	327
Total	389	82,466	2	6,000	425	84,341	425	85,409
General Funds	352	76,326	2	6,000	388	78,093	388	79,090
Unemployment Trust Funds	36	5,815	0	0	36	5,921	36	5,992
Black Lung Disability Trust Funds	1	325	0	0	1	327	1	327

NOTE: FY 2009 reflects actual FTE.

OFFICE OF INSPECTOR GENERAL

BUDGET AUTHORITY BY OBJECT CLASS						
(Dollars in Thousands)						
		FY 2009 Enacted	Recovery Act	FY 2010 Enacted	FY 2011 Request	Change FY 11 Req. / FY 10 Enacted
	Full-Time Equivalent					
	Full-time Permanent	389	2	425	425	0
	Total	389	2	425	425	0
	Total Number of Full-time Permanent Positions	389	2	425	425	0
	Average ES Salary	168,000	0	170,000	172,380	2380
	Average GM/GS Grade	12	14	13	13	0
	Average GM/GS Salary	95,003	125,000	100,000	101,400	1400
11.1	Full-time permanent	39,356	250	42,083	42,674	591
11.3	Other than full-time permanent	266	0	417	417	0
11.5	Other personnel compensation	3,630	0	4,602	4,609	7
11.9	Total personnel compensation	43,252	250	47,102	47,700	598
12.1	Civilian personnel benefits	14,573	70	16,503	16,733	230
21.0	Travel and transportation of persons	3,700	680	3,540	3,540	0
22.0	Transportation of things	5	0	0	0	0
23.1	Rent, Communications, and Utilities	4,789	0	4,630	4,680	50
23.2	Rental payments to others	120	0	120	120	0
23.3	Communications, utilities, and miscellaneous charges	350	0	305	305	0
24.0	Printing and reproduction	10	0	20	20	0
25.1	Advisory and Assistance Services	6,407	5,000	4,140	4,140	0
25.2	Other services	960	0	470	470	0
25.3	Other purchases of goods and services from Government accounts 1/	6,115	0	6,383	6,573	190
25.4	Operation and maintenance of facilities	5	0	0	0	0
25.7	Operation and maintenance of equipment	980	0	808	808	0
26.0	Supplies and materials	250	0	190	190	0
31.0	Equipment	950	0	130	130	0
	Total	82,466	6,000	84,341	85,409	1,068
	1/Other Purchases of Goods and Services From Government Accounts					
	Working Capital Fund	5,288	0	5,757	5,757	0
	DHS Services	330	0	334	334	0
	Services by Other Government Departments	314	0	88	88	0
	CIGIE	183	0	204	394	190

NOTE: FY 2009 reflects actual FTE.

OFFICE OF INSPECTOR GENERAL

AGENCY OUTCOME GOALS SUPPORTING “GOOD JOBS FOR EVERYONE”

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. All of the OIG’s strategic goals support the vision of the Department of “good jobs for everyone.” Through the OIG’s audit and investigative programs, it helps the Department in optimizing results and promoting integrity and accountability, which enables the Department to better meet its vision. The OIG’s specific 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.*

OFFICE OF INSPECTOR GENERAL

TOTAL BUDGETARY RESOURCES													
FY 2009 - 2011													
(Dollars in Thousands)													
	FY 2009 Enacted				Recovery Act	FY 2010 Enacted				FY 2011 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	82,466	0	1,000	83,466	6,000	84,341	0	1,000	85,341	85,409	0	1,000	86,409
OIG Program Activity	82,466	0	1,000	83,466	6,000	84,341	0	1,000	85,341	85,409	0	1,000	86,409
Total	82,466	0	1,000	83,466	6,000	84,341	0	1,000	85,341	85,409	0	1,000	86,409

^{1/} "Other Appropriation" is comprised of resources appropriated elsewhere, but for which the benefits accrue toward the operation of the budget activities. (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.

OFFICE OF INSPECTOR GENERAL

Summary of Performance

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

	FY 2006	FY 2007	FY 2008	FY 2009		FY 2010	FY 2011
	Actual	Actual	Actual	Target	Actual	Target	Target
Performance Indicator							
Number of Investigations Closed	64	85	95	98	91	99	98
Number of Audits Completed	25	24	17	20	18	25	24

OIG Goal 2: Safeguard and improve worker and retiree benefit programs.

	FY 2006	FY 2007	FY 2008	FY 2009		FY 2010	FY 2011
	Actual	Actual	Actual	Target	Actual	Target	Target
Performance Indicator							
Number of Investigations Closed	277	282	208	195	196	207	205
Number of Audits Completed	17	12	9	10	15	12	12

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

	FY 2006	FY 2007	FY 2008	FY 2009		FY 2010	FY 2011
	Actual	Actual	Actual	Target	Actual	Target	Target
Performance Indicator							
Number of Investigations Closed	17	17	26	17	20	22	22
Number of Audits Completed	6	6	9	8	5	9	9

OFFICE OF INSPECTOR GENERAL

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

	FY 2006	FY 2007	FY 2008	FY 2009		FY 2010	FY 2011
	Actual	Actual	Actual	Target	Actual	Target	Target
Performance Indicator							
Number of Audits Completed	15	12	17	16	16	20	20

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

	FY 2006	FY 2007	FY 2008	FY 2009		FY 2010	FY 2011
	Actual	Actual	Actual	Target	Actual	Target	Target
Performance Indicator							
Number of Investigations Closed	114	111	93	90	117	107	106

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
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....8/	84,341	84,341	84,341	84,341	425
2011....8/	85,409	0	0	0	425

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:

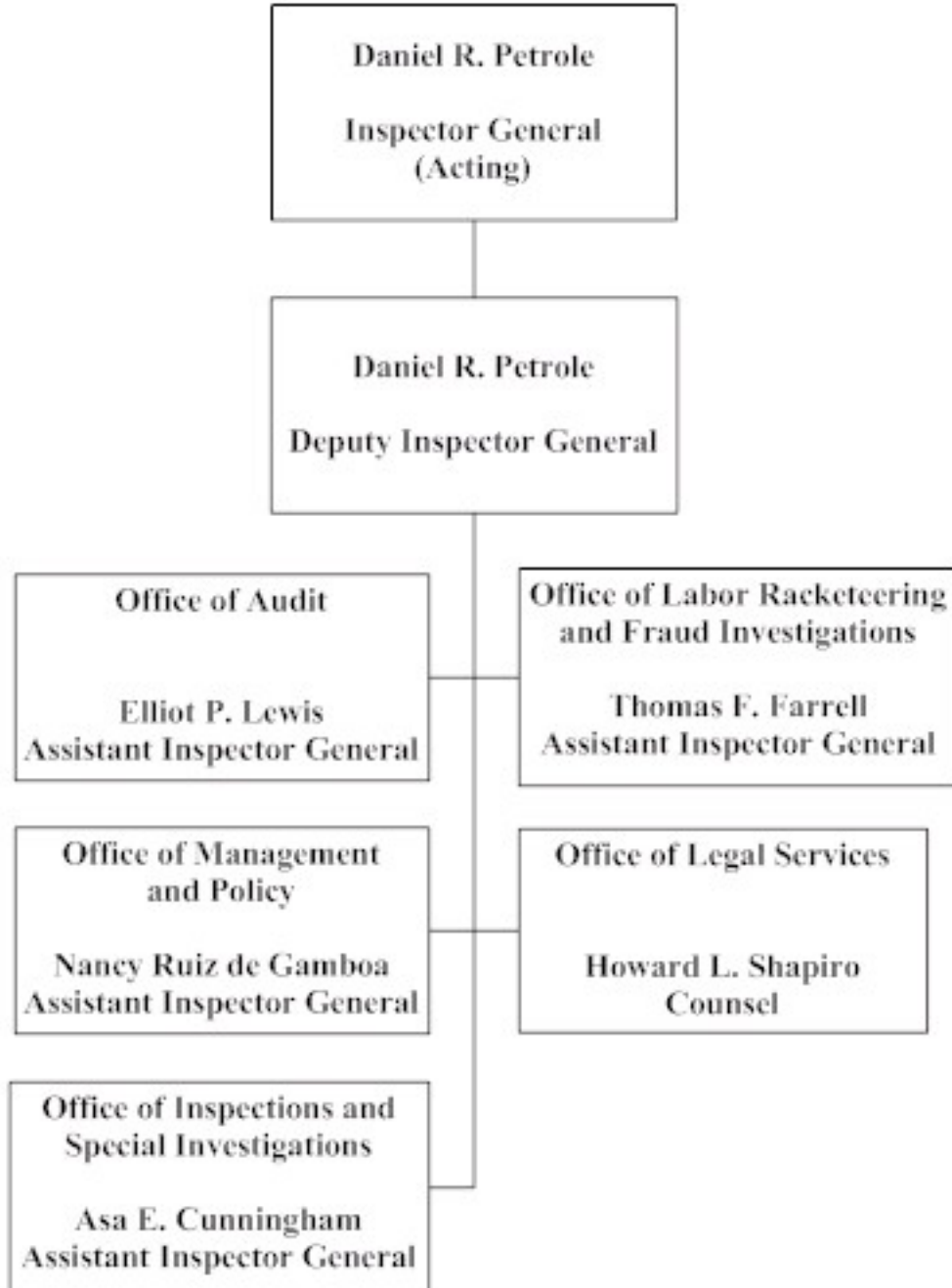
- recommend policies to prevent and detect fraud, waste, and abuse in DOL programs and operations and to increase their economy and efficiency;
- conduct and supervise audits and investigations of DOL's programs and activities;
- inform the Secretary of Labor and the Congress of problems and corrective action taken with respect to the administration of DOL operations and programs;
- assess the potential for fraud, waste, and abuse, and make recommendations to DOL and the Congress; and
- operate a criminal investigative program to reduce the influence of organized crime and labor racketeering on employee benefit plans, internal union affairs, and labor-management relations.

Cost Model

The OIG requests a total of \$85,409,000 and 425 FTE, an increase of \$1,068,000 over the FY 2010 Request level. This includes \$79,090,000 and 388 authorized FTE for salaries, benefits, and expenses, \$5,992,000 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 2009 Enacted	Recovery Act	FY 2010 Enacted	FY 2011 Request	Diff. FY 11 Req. / FY 10 Enacted
Activity Appropriation	82,466	6,000	84,341	85,409	1,068
FTE	389	2	425	425	0

NOTE: FY 2009 reflects actual FTE. Authorized FTE for FY 2009 was 415.

Introduction

In carrying out its statutory responsibility to conduct and supervise audits and investigations relating to the programs and operations of the DOL, the Inspector General provides program direction over: the Office of Audit, the Office of Labor Racketeering and Fraud Investigations, and the Executive Direction and Management function.

- **Office of Audit:** The Office of Audit is responsible for conducting and supervising audits relating to the Department’s programs and operations and for making recommendations to promote economy and efficiency in the administration of DOL programs and operations. It is similarly responsible for preventing and detecting fraud, waste, abuse, and mismanagement in these programs and operations. Finally, it assists the Inspector General in keeping the Secretary and the Congress fully and currently informed about problems and deficiencies relating to the administration of the Department’s programs and operations as well as the necessity for, and progress of, corrective action.

- **Office of Labor Racketeering and Fraud Investigations:** The mission of the Office of Labor Racketeering and Fraud Investigations is to prevent and detect fraud and abuse in DOL programs and operations. In order to accomplish this mission, the OIG conducts criminal investigations relating to programs, operations, and employees of the Department. In addition, the Department of Labor OIG has a unique program responsibility for investigating labor racketeering and organized crime influence or control in unions, employee benefit plans, and the workplace.
 - 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 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

OIG PROGRAM ACTIVITY

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>
2006	71,445	450
2007	73,112	432
2008	74,725	407
2009	82,466	415
2010	84,341	425

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

FY 2011

In FY 2011, 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 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 DOL, as required by the Chief Financial

OIG PROGRAM ACTIVITY

Officers Act, and auditing DOL'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. This amount includes \$470,000 for OIG training.

FY 2010

In FY 2010 the OIG is auditing the effectiveness of State Workforce Agency (SWA) evaluations of WIA Title I programs. Regarding programs for Veterans, the OIG is auditing the DOL's monitoring of the Homeless Veterans Reintegration Program and employment workshops provided to returning Veterans under the Transition Assistance Program. The OIG will be auditing training and services provided eligible youth by YouthBuild grantees. The OIG will continue auditing financial and performance reporting of Job Corps center operators and service providers.

In the areas of workers' and retiree's benefits, the OIG is auditing the Departments' efforts to detect undisclosed conflicts of interest of pension consultants who provide advice to pension plans and participants. The OIG will initiate an audit of SWA accuracy in reporting the results of SWA's efforts to detect and recover unemployment compensation overpayments. The OIG also plans to initiate an audit of whether charges and payments for durable medical equipment under Federal Employees' Compensation Act were reasonable.

The OIG is continuing to focus on the area of worker safety and workers' rights. For example, the OIG is conducting an audit of the Occupational Safety and Health Administration's (OSHA) use of civil monetary and criminal penalties to enforce OSHA safety and health standards. The OIG plans to initiate an audit of the effectiveness of OSHA's program for selecting and inspecting non-construction worksites with high rates of injuries. OIG is auditing the Mine Safety and Health Administration's programs for training inspectors, specialists and supervisors. Regarding workers' rights, OIG audited the Wage Hour Division's calculation and supervision of employer payment of back wages to employers who violated Federal minimum wage and overtime rules under the Fair Labor Standards Act and the collection of any civil monetary penalties imposed because of such violations.

Additionally, the OIG will continue to assist the Department in maintaining an effective management process. For example, the OIG is conducting an audit of the Department's implementation of Homeland Security Presidential Directive 12 which requires Federal agencies to establish a secure, reliable inter agency method of identifying Federal personnel and approved contractors access to Federal worksites. Also, the OIG will continue its annual audit of the Department's consolidated financial statements including general application and security controls review of selected DOL financial systems.

From an investigative perspective, in FY 2010, 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.

OIG PROGRAM ACTIVITY

FY 2009

	Target	Result
Number of investigations completed	400	424
Number of OIG audits completed	49	49
Number of ARRA audits	<u>5</u>	<u>5</u>
Total number of audits	54	54

In FY 2009, the OIG completed 424 program fraud and labor racketeering investigation, surpassing our goal of conducting 400 investigations. With respect to our audit work, the OIG issued 54 audits and other reports, meeting our goal. Listed below are the OIG's indicators, targets, results, and descriptions of its FY 2009 accomplishments, by goal area.

OIG Goal 1			
Optimize performance and accountability of DOL employment and training programs			
Indicators, Targets, and Results	FY 2008 Results	FY 2009 Target	FY 2009 Result
Number of investigations completed	95	98	91
Percentage of investigations that result in a conviction for those indicted	95%	85%	87%
Number of audits completed	17	20	18
Percentage of prior year resolved by DOL	100%	50%	99%

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 73 foreign labor certification investigations with over \$132 million in monetary accomplishments. Examples of foreign labor certifications investigations include:

- Several individuals were sentenced for their roles in filing fraudulent labor certification applications to obtain employment-based visas for over 3,800 individuals, which defrauded the government of over \$7.5 million in payroll taxes, along with other immigration-related violations. In addition to incarceration, the conspirators were ordered to pay \$7.5 million in restitution and forfeit \$66 million.
- Two brothers, who were the owners of a foreign contract labor firm, were found guilty of conspiring to obtain fraudulent H-2B visas for 87 Indian nationals for at least \$27,000 per visa. A co-conspirator had previously pled guilty to the scheme which had generated an estimated \$1.8 million in profits.

OIG PROGRAM ACTIVITY

Under goal 1, the OIG issued, 18 audits and other reports. Highlights of our audit work include:

- Conducting 5 audits related to ensuring the integrity of DOL expenditure of its funds received under the American Recovery and Reinvestment Act of 2009 (ARRA) Among our findings were that DOL implemented procedures for the accounting of ARRA financial activity, acted quickly to implement the premium-assistance provisions for workers who temporarily maintain their health insurance at group rates after losing their jobs, and effectively implemented the temporary program for additional unemployment compensation for eligible recipients.
- An audit of the H-1B visa specialty workers program, where the OIG found that improved electronic controls are needed over the iCert processing system to better identify incomplete and/or obviously inaccurate H-1B labor condition applications.

OIG Goal 2			
Safeguard and improve worker and retiree benefit programs			
Indicators, Targets, and Results	FY 2008 Results	FY 2009 Target	FY 2009 Result
Number of investigations completed	208	195	196
Percentage of investigations that result in a conviction for those indicted	93%	85%	96%
Number of audits completed	9	10	15
Percentage of prior year resolved by DOL	79%	50%	100%

From an investigative perspective, the OIG continued to focus on schemes that defrauded the DOL's worker benefits programs and completed 196 investigations in this area. For example:

- The owner of a convenience store was sentenced to over 4 years' incarceration for charges stemming from laundering thousands of fraudulent Unemployment Insurance (UI) benefit checks totaling approximately \$7 million. The individual was sentenced to pay nearly \$7 million in restitution and was ordered to serve 3 years' supervised release.
- A claims processor at the Illinois Department of Employment Security was sentenced for his role in a scheme to obtain UI benefits through the filing of false claims using fictitious identities and Social Security numbers. He was sentenced to 48 months' incarceration, 24 months supervised release, and was ordered to pay over \$625,000 in restitution.
- A manufacturing company and with its president were sentenced for various charges, including hiring undocumented workers, failing to pay them full overtime, and fraudulently misleading the government in an effort to maximize profits on military contracts. The company was ordered to pay over \$1.5 million and restitution of \$460,000 for overtime owed to the employees and the former president was sentenced to 12 months' imprisonment.

OIG PROGRAM ACTIVITY

In support of goal 2, the OIG issued 15 audits and other reports. Highlights of our work include:

- An audit of the Energy Employees Occupational Illness Compensation Program to determine whether claims decisions complied with applicable laws and regulations and whether DOL ensured that claims were adjudicated promptly and claimants were kept informed. The OIG found that DOL’s decisions to accept or deny claims reviewed in our sample complied with applicable law and regulations.
- An audit to determine whether DOL is ensuring that ensured that State Workforce Agencies (SWA) partners have established and maintained required IT contingency plans vital for UI services to continue reliability in the event of a disaster or system interruption. The OIG found that DOL had not ensured that SWA partners had established and maintained required IT contingency plans and the OIG recommended that ETA conduct annual verification of SWAs’ IT contingency plans.

OIG Goal 3			
Optimize the performance and accountability of worker protection and workplace safety programs			
Indicators, Targets, and Results	FY 2008 Results	FY 2009 Target	FY 2009 Result
Number of investigations completed	26	17	20
Percentage of investigations that result in a conviction for those indicted	91%	85%	100%
Number of audits completed	9	8	5
Percentage of prior year resolved by DOL	100%	50%	98%

In support of goal 3, the OIG completed 20 investigations and 5 audits. Highlights of our work include:

- An investigation that resulted in the sentencing of two former vice presidents of IMS Safety, Inc. One was sentenced to two years’ incarceration and the other one year and one day incarceration for conspiring to defraud the New York City Department of Environmental Protection by having IMS misrepresent itself as a firm specializing in the compliance with OSHA regulations. They were also ordered to jointly and severally pay over \$1 million in restitution and \$1 million in forfeiture to New York City. The firm’s false representation resulted in its being hired to provide safety oversight on construction sites.
- An audit which found that OSHA did not always properly identify and conduct cases according to Enhanced Enforcement Program (EEP) requirements and had not placed appropriate management emphasis and resources on EEP to ensure employers were properly designated for EEP and subject to enhanced enforcement actions.

OIG PROGRAM ACTIVITY

OIG Goal 4			
Assist DOL in maintaining an effective strategic management process			
Indicators, Targets, and Results	FY 2008 Results	FY 2009 Target	FY 2009 Result
Number of audits completed	17	16	16
Percentage of prior year resolved by DOL	100%	50%	99%

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.

The OIG issued 16 audits and other reports. For example:

- During FY 2009, the Department received an unqualified opinion on its FY 2008 annual consolidated financial statements, which represents its 12th consecutive year of unqualified opinions. The audit concluded that DOL's financial statements were presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles.
- The OIG conducted an audit of the DOL transit subsidy program and found that due to control deficiencies, the transit subsidy program is at risk for abuse. The OIG made nine recommendations to improve management controls over DOL's transit subsidy program.
- The OIG conducted mandatory annual audits of IT security controls. The OIG found that the Department had weaknesses in the design or operation of information security controls related to system access, oversight of third-party systems, certification and accreditation, contingency planning, planning, configuration management, and incident response.

OIG Goal 5			
Combat the influence of organized crime and labor racketeering in the workplace			
Indicators, Targets, and Results	FY 2008 Results	FY 2009 Target	FY 2009 Result
Number of investigations completed	93	90	117
Percentage of investigations that result in a conviction for those indicted	92%	80%	94%

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 2009, the

OIG PROGRAM ACTIVITY

OIG completed 117 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. Significant work in support of this goal includes:

- A joint investigation that led to six defendants pleading guilty for their roles in a health care fraud scheme involving the submission of approximately \$5 million in fraudulent medical claims to over 25 different Union Health & Welfare Funds and several insurance companies located in Illinois and Indiana.
- A joint investigation that resulted in the sentencing of the owner of Dougherty Electric, Inc. for making unlawful payments to a union official. The owner was sentenced to 24 months' incarceration, 5 years' supervised release, and was ordered to repay nearly \$675,000 to the International Brotherhood of Electrical Workers (IBEW) Local 98's Health and Welfare Fund and to pay approximately \$2.3 million in back taxes to the IRS.
- A joint investigation that led to a former New York State assemblyman, who was also the business manager of the J Division of IBEW Local Union 3 and president of the NYC Central Labor Council being sentenced for violation of the RICO Act. He received a sentence of 10 years' imprisonment, was ordered to pay nearly \$850,000 in restitution and forfeit over \$3 million.
- A joint investigation that resulted in a captain of the Gambino Organized Crime Family being sentenced to 13½ years' incarceration and 3 years' supervised release for the extortion of the owner of a union trucking company and a 1975 double murder. Sixty-one defendants associated with several Organized Crime Families have been convicted as a result of this multi-year investigations.

OIG PROGRAM ACTIVITY

Five-Year Statistics (\$ in millions)

	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
OIG Audit and Evaluation Reports Issued	59	63	52	52	49
Recovery Act Audits	N/A	N/A	N/A	N/A	5
Total Number of OIG Audits	59	63	52	52	54
Single Audit Act Reports Processed*	80	60	43	77	117
Funds recommended be put to better use	\$41.7	-	\$1.2	-	-
Questioned costs from OIG Audits	\$7.9	\$84.3	\$21.3	\$14.9	\$14.7
Questioned costs from Single Audit Act Reports*	\$8.7	\$12.7	\$23.4	\$123.4	\$45.7
Total Questioned Costs	\$16.6	\$97	\$44.7	\$138.3	\$60.4
Investigative cases opened	457	743	418	388	380
Investigative cases closed	433	512	522	422	424
Investigative cases referred for prosecution	269	296	301	290	282
Indictments	669	522	594	698	442
Convictions	417	493	451	301	459
Investigative monetary accomplishments	\$234.7	\$119.3	\$514.7	\$68.2	\$91.6

* 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.

OIG PROGRAM ACTIVITY

Recovery Act

In FY 2009, OIG issued four audit reports and one interim report (Alert Memo) related to DOL's plans for administration and oversight of more than \$44 billion provided under the Recovery Act. These reports covered DOL's plans for financial accounting of ARRA funds and reporting performance outcomes of Recovery Act-funded activities, States' plans for accounting and reporting under the temporary Federal Additional Compensation program (increasing unemployment benefits by \$25 a week and estimated to cost \$9.3 billion), and the Employee Benefits Security Administration's responsibilities to ensure compliance with the COBRA premium reduction provision in the Recovery Act.

After initiating an audit of the Department's process for awarding more than \$47 million in Recovery Act funds for the YouthBuild program, the OIG issued an alert memo in which the OIG recommended that the Department immediately notify YouthBuild grantees that received Recovery Act funds to inform them of expanded eligibility for training services—a provision in the Recovery Act.

The OIG also initiated audits to review State and local areas' plans for using additional Workforce Investment Act funds provided under ARRA, DOL's process for awarding \$250 million in Job Corps construction and rehabilitation contracts, and DOL's plans to ensure quality in recipient reporting. In addition, the OIG plans to conduct audits related to the following areas:

- DOL's process of awarding competitive grants to train workers for high growth jobs,
- DOL coordination with Federal infrastructure and Unemployment Insurance investments,
- services and outcomes under the year-round WIA Youth Program,
- reemployment services for UI claimants,
- incentive grants to states for UI modernization,
- National Emergency Grants for health coverage assistance,
- enforcement of Davis-Bacon prevailing wage determination under the Recovery Act,
- data quality in recipient reporting, and
- enforcement of Federal equal employment opportunity laws.

In FY 2011, the OIG will continue work related to its ARRA oversight plan, with a focus on what was accomplished with more than \$44 billion DOL received in Recovery Act funds. The OIG will also complete ARRA-related investigations, as warranted.

OIG PROGRAM ACTIVITY

WORKLOAD SUMMARY				
	FY 2009		FY 2010	FY 2011
	Target	Result	Target	Target
OIG Program Activity				
Audits				
OIG Audits	49	49 (r)	59	58
ARRA Audits	5	5 (r)	7	7
Total	54	54	66	65
Number of Investigations Completed	400	424 (r)	435	431

*The OIG Received a separate multi-year appropriation for ARRA work.

OIG PROGRAM ACTIVITY

BUDGET ACTIVITY by OBJECT CLASS						
(Dollars in Thousands)						
		FY 2009 Enacted	Recovery Act	FY 2010 Enacted	FY 2011 Request	FY 11 Req. / FY 10 Enacted
11.1	Full-time permanent	39,356	250	42,083	42,674	591
11.3	Other than full-time permanent	266	0	417	417	0
11.5	Other personnel compensation	3,630	0	4,602	4,609	7
11.9	Total personnel compensation	43,252	250	47,102	47,700	598
12.1	Civilian personnel benefits	14,573	70	16,503	16,733	230
21.0	Travel and transportation of persons	3,700	680	3,540	3,540	0
22.0	Transportation of things	5	0	0	0	0
23.1	Rent, Communications, and Utilities	4,789	0	4,630	4,680	50
23.2	Rental payments to others	120	0	120	120	0
23.3	Communications, utilities, and miscellaneous charges	350	0	305	305	0
24.0	Printing and reproduction	10	0	20	20	0
25.1	Advisory and Assistance Services	6,407	5,000	4,140	4,140	0
25.2	Other services	960	0	470	470	0
25.3	Other purchases of goods and services from Government accounts 1/	6,115	0	6,383	6,573	190
25.4	Operation and maintenance of facilities	5	0	0	0	0
25.7	Operation and maintenance of equipment	980	0	808	808	0
26.0	Supplies and materials	250	0	190	190	0
31.0	Equipment	950	0	130	130	0
	Total	82,466	6,000	84,341	85,409	1,068
1/Other Purchases of Goods and Services From Government Accounts						
	Working Capital Fund	5,288	0	5,757	5,757	0
	DHS Services	330	0	334	334	0
	Services by Other Government Departments	314	0	88	88	0
	CIGIE	183	0	204	394	190

OIG PROGRAM ACTIVITY

CHANGES IN FY 2011

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments	\$598
Employee health benefits	230
Rental payments to GSA	50
Other purchases of goods and services from Government accounts	190

Built-Ins Subtotal **1,068**

	Estimate	FTE
Base	85,409	425