



Office of Audit Workplan

Office of Inspector General for the U.S. Department of Labor


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Department
of Labor

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Fiscal Year 2016

Message from the Assistant Inspector General for Audit

I am pleased to provide the Office of Inspector General's (OIG) Audit Workplan for Fiscal Year (FY) 2016. We prepared this workplan to inform Department of Labor (DOL) agencies and Congress of our annual, ongoing, and new audits, and those we decided to bring forward to FY 2016. These audits are presented by DOL agency and then further broken down into mandatory and discretionary audits. This workplan does not include unanticipated work that will come from legislative mandates, Congressional requests, DOL requests, or emerging programmatic issues.

Mandatory audits are those required by law or regulation. For example, the *Chief Financial Officers Act* requires an annual audit of DOL's financial statements, which is our largest mandatory audit. Other mandatory audits relate to DOL's mission-critical information systems and the Job Corps Program.

After we commit resources to all mandatory audits, we use our remaining funds for discretionary audits. We decide which discretionary audits to conduct based on risk and potential impact on DOL's mission and goals. Additionally, we respond to allegations of fraud, waste, and abuse from various sources.



Elliot P. Lewis
Assistant Inspector General for Audit
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U.S. Department of Labor Office of Inspector General Office of Audit FY 2016 Workplan

Office of Audit

The Office of Audit conducts audits and reviews to determine if: 1) DOL efficiently utilizes its resources; 2) DOL programs achieve their intended results; and 3) DOL programs and operations comply with applicable laws and regulations.

DOL Agencies

DOL consists of 28 agencies involving many major programs. DOL administers and enforces more than 180 federal laws and thousands of federal regulations that cover workplace activities for about 10 million employers and 125 million workers.

FY 2016 Workplan

The FY 2016 Audit Workplan is presented by DOL agency and then further broken down into mandatory and discretionary audits in the sections that follow.

FY 2016 Audit Workplan

Bureau of Labor Statistics (BLS)

Discretionary Audits

BLS Current Employment and Current Population Surveys—In Progress.

We will continue our work to determine if the Current Employment and Current Population Surveys (2 of 38 national Principal Federal Economic Indicators) comply with Office of Management and Budget Standards and Guidelines for Statistical Surveys.

Employee Benefits Security Administration (EBSA)

Discretionary Audits

EBSA Oversight of the Thrift Savings Plan—New. We will determine if EBSA has been conducting adequate oversight of the Thrift Savings Plan.

EBSA's Responses to Employee Retirement Income Security Act (ERISA) Advisory Council Recommendations—Brought Forward. We will identify and analyze EBSA's responses to recommendations it received from the ERISA Advisory Council over the last several years.

Plan Administrator Fidelity Bonding—Brought Forward. We will determine if plan administrators have been appropriately bonded and if the minimum bond requirement has sufficiently protected plan assets.

Employment and Training Administration (ETA)

Mandatory Audits

Job Corps

Job Corps Small Business Set-Aside Contracts—New. We will determine if ETA awarded small business set-aside contracts for Job Corps centers in accordance with the Code of Federal Regulations, Federal Acquisition Rule, and Small Business Administration laws and regulations. We will also determine if there have been differences in performance trends between large and small-business center operators.

Job Corps Center Operator Concentration—New. We will determine if Job Corps and ETA have been effectively evaluating and managing risks associated with a high concentration of Job Corps centers operated by a small number of contracted-center operators. We will also determine if there have been differences in performance trends between long-time Job Corps center contracted-center operators and those that are relatively new.

Review of Job Corps Center Safety—In Progress. We will continue our work to review Job Corps' actions in response to potentially serious criminal misconduct, physical security at Job Corps centers, and Job Corps' efforts to prevent or mitigate violence and other serious crimes at its centers.

Bona Fide Needs Rule—In Progress. We will continue our work to determine if ETA's use of unexpended Job Corps funds made available for program years 2011, 2012, and 2013 complied with section 1502(a) of title 31, United States Code, commonly known as the bona fide needs rule.

Integrity of Student Testing and Reported Results—In Progress. We will continue our work to determine if Job Corps exercised effective oversight of the integrity of student testing performed at Job Corps centers and the reliability of reported results.

Job Corps Participant Placement in Jobs and Advanced Education—In Progress. We will continue our work to determine if Job Corps improved the employability of its participants by evaluating the status of participants prior to enrolling in Job Corps, the training they received, their initial job placements, and their job retention. We will also continue our work to determine if placement data reported by Job Corps and its contractors were accurate and reliable.

Discretionary Audits

ETA Grant Programs

Participant Outcomes: Comparison Regarding Training Services—New. We will determine if Adult and Dislocated Worker participants that received training services had better performance outcomes after exiting the program than participants that did not receive training services.

Reintegration of the Ex-Offenders (RExO) Program—New. We will determine if RExO Program grantees met performance goals, spent funds properly, and provided appropriate services to participants. We will also determine if different levels and duration of services had an impact on post-program employment and recidivism.

Local Workforce Investment Boards—In Progress. We will continue our work to determine if Local Workforce Investment Boards provided training and other services to Adult and Dislocated Worker participants and local employers that improved the quality of the local workforce.

H-1B Technical Skills Grants—In Progress. We will continue our work to determine if grantees provided training that led to participants receiving and retaining employment in new technology-related or highly-skilled occupations. We will also determine if grantees claimed costs that were allowable, allocable, and in accordance with their grant agreements.

YouthBuild Participant Placement in Jobs and Education—In Progress. We will continue our work to determine if YouthBuild improved the employability of its participants. We will also evaluate if placement data reported by YouthBuild and its grantees were accurate and reliable.

Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grant Program—In Progress. We will continue our work to determine if the TAACCCT program (\$2 billion awarded from FY 2011 through FY 2014) developed, expanded, and improved 2-year-or-less education and training programs so participants could obtain the skills, degrees, and credentials needed to prepare them for employment in high-wage and high-skill occupations.

Foreign Labor Certification Program

ETA's H-1B Application Review and Oversight Process—New. We will determine if ETA's H-1B application review process and oversight sufficiently protected American workers' jobs, wages, and working conditions.

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ETA Management of Permanent Labor Certification Program (PERM) Applications Review—In Progress. We will continue our work to determine if ETA effectively managed the PERM program.

Unemployment Insurance Program (UI)

Effectiveness of SIDES in Reducing UI Improper Payments—In Progress. We will continue our work to determine if implementation of the State Information Data Exchange System (SIDES) reduced UI improper payments.

State Unemployment Tax Act (SUTA) Avoidance—In Progress. We will continue our work to determine if states have been identifying employers that attempted to evade state unemployment taxes through SUTA dumping or misclassifying employees, and if penalties states levied against these employers have discouraged such practices.

UI Reemployment and Eligibility Assessments (REA)—In Progress. We will continue our work to determine if the REA program has assisted UI beneficiaries return to employment.

International Labor Affairs Bureau (ILAB)

Discretionary Audits

ILAB Child Labor, Forced Labor, and Human Trafficking Program—In Progress. We will continue our work to determine if grantees who received funds to curb child labor activities used the funds effectively.

Mine Safety and Health Administration (MSHA)

Discretionary Audits

Vacating Violations—New. We will determine if MSHA had adequate controls over vacating previously issued citations and orders.

MSHA Use of Spot Inspections—Brought Forward. We will determine if MSHA used spot inspections to potentially trigger expanded inspections or additional enforcement strategies.

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MSHA Response to Hazardous Condition Complaints—In Progress. We will continue our work to determine if MSHA has received, logged, assessed, and responded to hotline complaints of hazardous mine conditions in accordance with MSHA policies.

MSHA Emergency Response Plans—In Progress. We will continue our work to determine if MSHA provided appropriate review and oversight of emergency response plans that underground coal mine operators were required by law to submit.

MSHA Inspectors' Portable Application for Laptops (IPAL)—In Progress. We will continue our work to determine if MSHA has adequate IT security controls and oversight to ensure mine inspectors timely update IPAL prior to performing inspections.

MSHA Civil Monetary Penalties—In Progress. We will continue our work to determine if MSHA effectively used available data to ensure that the civil monetary penalties it assessed against mine operators served as a deterrent to unsafe mine working conditions.

Occupational Safety and Health Administration (OSHA)

Discretionary Audits

Cases Contested Before the Occupational Safety and Health Review Commission—New. We will determine if OSHA's review process provided for reasonable assurance that Compliance Safety and Health Officers obtained and used sufficient and appropriate evidence to support citations issued and penalty amounts assessed.

OSHA Rulemaking Process—New. We will review OSHA's rulemaking process, including interpretive guidance and policy memos it has issued.

DOL's Occupational Safety and Health Plan for Job Corps Centers—New. We will determine what role OSHA played in ensuring safety and health at Job Corps centers and reducing the number of Job Corps student Federal Employees' Compensation Act claims.

Adequacy and Timeliness of Abatement Verification— Brought Forward. We will continue our work to determine if OSHA properly conducted timely abatement verification of safety or health violations cited during inspections.

OSHA's Usage of Special Emphasis Programs (SEPs)—In Progress. We will continue our work to determine if OSHA appropriately developed and utilized SEPs to improve working conditions in high-hazard industries and occupations.

OSHA Voluntary Protection Program (VPP)—In Progress. We will continue our efforts to determine if OSHA implemented effective processes within the VPP to follow up in a timely manner on worker fatalities and catastrophes that VPP participants experienced.

Office of Administrative Law Judges (OALJ)

Discretionary Audits

OALJ Black Lung Case Management—In Progress. We will determine if OALJ's Black Lung Case Management systems and processes ensured resources were effectively used to reduce its case backlog.

Office of the Assistant Secretary for Administration and Management (OASAM)

Mandatory Audits

Federal Information Security Management Act Audits—Annual. We will determine if DOL's management ensured the security and privacy of DOL's information contained in agency computer systems and if required security controls were operating effectively.

Independent Verification and Validation of Agency Remediation—Annual. We will determine if DOL agencies: 1) took appropriate and timely action to remediate identified security weaknesses; and 2) used "Plans of Action and Milestones" to schedule and check the progress of remediation actions.

Discretionary Audits

Effectiveness of DOL's Management of Mobile Telecommunications Services and Devices—New. We will determine if DOL has effectively managed its acquisition and oversight of mobile telecommunications services and devices, including security.

Application Software Security—New. We will determine if DOL has taken adequate measures to secure its public web sites.

IT Modernization Project Control—New. We will determine if controls over ongoing and planned IT modernization projects are adequate to manage project deliverables and control related costs.

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DOL Acquisition Planning—Brought Forward. We will determine if DOL has developed and implemented an effective acquisition planning process.

DOL’s Cloud Implementation Process—In Progress. We will continue our work to determine if DOL’s cloud implementation process met federal guidance and requirements and if DOL has effectively managed its cloud solutions.

FY 2015 IT Exemptions—In Progress. We will continue our work to determine if DOL’s IT exemption process ensured system risks were identified, assessed, tracked, and monitored.

Office of the Chief Financial Officer (OCFO)

Mandatory Audits

The Digital Accountability and Transparency Act of 2014 (DATA Act)—New. We will assess DOL’s readiness to report spending data in accordance with the DATA Act.

DOL Consolidated Financial Statements Audit—Annual. We will determine if DOL’s consolidated financial statements presented fairly, in all material respects, the financial position of DOL as of September 30, 2015. We will consider DOL’s internal controls over financial reporting and test DOL’s compliance with applicable laws, regulations, contracts, and grant agreements that could have a direct and material effect on the consolidated financial statements.

Review of DOL’s Improper Payment Reporting in the Annual Financial Report—Annual. We will determine if DOL complied with the *Improper Payments Information Act, as amended*, which required DOL to: 1) conduct a program-specific risk assessment for each required program or activity; 2) publish and meet annual reduction targets for each program assessed to be at risk for improper payments; and 3) report information on its efforts to recapture improper payments.

Discretionary Audits

DOL Working Capital Fund Audit—New. We will determine if DOL effectively administered the Working Capital Fund, including its cost allocation methodologies.

Office of Workers' Compensation Programs (OWCP)

Mandatory Audits

FECA Special Benefit Fund—Annual. We will determine if: 1) the Schedule of Actuarial Liability, Net Intra-Governmental Accounts Receivable, and Benefit Expense was fairly presented for the year ending September 30, 2015; and 2) the internal controls over financial reporting related to the Schedule were in compliance with laws and regulations that could have a direct and material effect on the Schedule.

Longshore and Harbor Workers' Compensation Act (LHWCA) Special Fund—Annual. We will determine if DOL's LHWCA Special Fund financial statement presented fairly, in all material respects, the financial position of the LHWCA Special Funds on September 30, 2015.

District of Columbia's Workmen's Compensation Act (DCCA) Special Fund Financial Statement Audits—Annual. We will determine if DOL's DCCA Special Fund financial statement presented fairly, in all material respects, the financial position of the DCCA Special Funds on September 30, 2015.

Discretionary Audits

OWCP Oversight of Prescription Drug Fees and Distribution Guidelines—New. We will determine if OWCP's FECA monitoring and oversight activities effectively ensured prescription and drug refill approvals and payments were proper.

FECA Second Opinion and Referee Medical Exams—New. We will review OWCP's process for selecting medical examiners and its management and oversight of related contracts.

The Energy Employees Occupational Illness Compensation Program Act—Brought Forward. We will determine if OWCP's monitoring of the home health care provider billing process adequately ensured home health care providers charged reasonable amounts for needed services.

FECA Benefits Cross Match—Brought Forward. We will determine the viability of identifying overpayments by cross matching FECA benefits to various benefit and wage databases.

Veterans' Employment and Training Service (VETS)

Discretionary Audits

Homeless Veterans Reintegration Program (HVRP) Grantees—New. As a follow up to our 2010 audit, we will determine if VETS ensured participants received the services needed to obtain and retain employment.

Processing of Uniformed Services Employment and Reemployment Rights Act (USERRA) Complaints—In Progress. We will continue our work to determine if VETS effectively investigated USERRA complaints.

Jobs for Veterans State Grant Financial Reporting—In Progress. We will continue our work to determine if VETS properly managed states' use of program funding.

Wage and Hour Division (WHD)

Discretionary Audits

WHD Inspection Process for Complaints—In Progress. We will continue our work to determine if WHD processed and investigated complaints effectively and timely.

Davis-Bacon Prevailing Wages Survey Accuracy and Timeliness—Brought Forward. We will determine if WHD: 1) issued prevailing wage determinations that were current and accurate; and 2) adequately monitored the survey process to ensure performance goals were met.

Multi-Agency

Mandatory Audits

Single Audit Compliance, Quality Control Reviews of Single Audit Reports—Annual. We will determine if selected independent auditors complied with the requirements of the *Single Audit Act* and if there is a need for any follow-up work.

Single Audit Compliance, Desk Reviews of DOL Grantee Reports Referred by the Federal Audit Clearinghouse—Annual. We will perform desk reviews of single audit

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reports that are referred to us by the Federal Audit Clearinghouse. We will determine if: 1) the independent auditor's report, Schedule of Findings and Questioned Costs, Schedule of Expenditures of Federal Awards, and corrective action plans were acceptable; 2) issues identified in the reports require follow-up audit work; 3) a quality control review should be conducted; and 4) other issues identified in the report should be brought to the attention of the appropriate DOL funding agency or agencies.

Discretionary Audits

Grant and Contract Audits. We plan to conduct financial and performance audits of selected DOL grants and contracts to determine if they were awarded properly, costs were allowable, and they obtained desired results.

Complaint Response. The OIG receives complaints and referrals alleging fraud, waste, abuse, and misconduct from a variety of sources, including federal managers and employees, state and local grantee officials, DOL program participants, and private citizens. All complaints are reviewed and prioritized for further research based on the nature, magnitude, and specificity of the allegation or complaint. As a result of the research, we perform audits of some complaints to determine if the allegation or complaint has merit and if corrective actions are required.

Appendix A. Abbreviations and Acronyms Used in this Report

BLS	Bureau of Labor Statistics
DCCA	District of Columbia's Workmen's Compensation Act
DOL	U.S. Department of Labor
EBSA	Employee Benefits Security Administration
ERISA	Employee Retirement Income Security Act
ETA	Employment and Training Administration
FECA	Federal Employees' Compensation Act
FLC	Foreign Labor Certification Program
ILAB	International Labor Affairs Bureau
IT	Information Technology
LHWCA	Longshore and Harbor Workers' Compensation Act
LWIB	Local Workforce Investment Board
MSHA	Mine Safety and Health Administration
OA	Office of Audit
OALJ	Office of Administrative Law Judges
OASAM	Office of the Assistant Secretary for Administration and Management
OCFO	Office of the Chief Financial Officer
OIG	Office of Inspector General
OSHA	Occupational Safety and Health Administration
OWCP	Office of Workers' Compensation Programs
PERM	Permanent Labor Certification Program
TAACCCT	Trade Adjustment Assistance Community College and Career Training

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UI	Unemployment Insurance
USERRA	Uniformed Services Employment and Reemployment Rights Act
VETS	Veterans' Employment and Training Service
WHD	Wage and Hour Division