



# HIGHLIGHTS

October 1, 2007– March 31, 2008 Volume 59

## A Message from the Inspector General

This *Highlights* edition provides a summary of selected noteworthy activities and accomplishments of the Office of Inspector General (OIG) for the six-month period ending March 31, 2008. The Significant Concerns section of our *Semiannual Report to Congress* provides more detail on the issues discussed in the *Highlights*.

Our audits made significant recommendations addressing vulnerabilities in the Department's programs and operations. We issued 39 reports and questioned \$133.9 million in costs. In addition, our investigations continue to combat labor racketeering in the workplace and fraud against the Foreign Labor Certification and other Departmental programs. During this reporting period, our investigative work successfully led to 406 indictments, 253 convictions, and \$32 million in monetary accomplishments.

The OIG remains committed to promoting the economy, integrity, effectiveness, and efficiency of the Department of Labor. I would like to express my sincere gratitude to a professional and dedicated OIG staff for their important contributions during this reporting period.

Gordon S. Heddell, Inspector General

### Significant Concerns

As part of our effort to focus attention on DOL mission-critical management problems and their resolution, the OIG identified significant concerns with respect to the protection of worker safety and health; the Department's position on the OIG's investigative authority with respect to labor racketeering and organized crime; the securing of information technology systems; the continuing impact of labor racketeering; the integrity of Foreign Labor Certification Programs; improving procurement integrity; ensuring the effectiveness of the Job Corps Program; and the inaccuracies that remain unaddressed in DOL employees' Thrift Savings Plan (TSP) accounts.

### Selected Statistics

Investigative monetary accomplishments.....	\$32.0 million
Questioned costs.....	\$133.9 million
Other Monetary Impact.....	\$34.0 million
Audit and other reports issued.....	39
Indictments .....	406
Convictions .....	253
Investigative cases opened .....	222
Investigative cases closed.....	224
Investigative cases referred for prosecution.....	147
Investigative cases referred for administrative/civil action.....	94
Debarments .....	13

# Miner Safety and Health

The Department's Mine Safety and Health Administration (MSHA) is charged with administering programs to protect the safety and health of our nation's miners. The OIG's audits in the past six months disclosed a pattern of lax oversight, inadequate policies, and lack of accountability on the part of MSHA in executing its responsibilities to protect miners.

For example, our audit of MSHA's process for approving the roof control plan for Utah's Crandall Canyon Mine, where six miners and three rescue workers were killed, found that MSHA was negligent in its review and approval of the plan. Moreover, we found that MSHA could not demonstrate that its approval process was free from undue influence by the mine operator. As a regulatory agency, MSHA must be able to show that its decisions are not influenced by those it regulates and that they are sound and based on rigorous, established and documented criteria.

Another audit found that MSHA did not complete 147 statutorily-required safety inspections at 107 underground coal mines where approximately 7,500 miners worked. Finally, our audit of how MSHA determines whether a fatality is mining-related found that investigators and decision makers lacked independence, investigative procedures were inconsistent, and investigative documentation was sometimes incomplete.



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## High Growth Job Training Grants

The High Growth Job Training Initiative (HGJTI) is a Presidential Initiative with the goal of helping workers acquire the skills necessary for jobs in high growth industries such as information technology and advanced manufacturing. Our audit of grants awarded non-competitively under the HGJTI raised serious issues about the Department's practices in regard to its grant making activities. We found that the Department could not demonstrate it followed proper procedures when it awarded non-competitively 35, or 90 percent, of the 39 high-growth grants we reviewed, totaling \$57 million. Our findings demonstrate the need for stringent oversight and monitoring to ensure integrity in the Department's procurement practices. *Note: Shortly after the end of this reporting period, we issued an audit on the performance of ten HGJTI grants and found a number of performance issues.*

## Job Corps



The primary purpose of the Job Corps program is to assist at-risk young people who need intensive residential educational and training services. Our past work has noted weaknesses in the accuracy of reported financial and performance data, internal controls, and operational procedures at a number of Job Corps centers. During this reporting period, we conducted performance audits of two Job Corps centers. At the Tulsa Job Corp center, we substantiated a hotline allegation that center officials inappropriately inflated on-board strength which artificially distorted the center's performance. Our audit of a center in North Carolina that was operated by the Forest Service through an interagency agreement with DOL found that management did not always accurately report financial and performance data. We also found that internal controls and operational procedures did not always comply with Job Corps requirements. Our audits over several years have repeatedly disclosed similar deficiencies at other centers.

# Labor Racketeering



The OIG is recognized nationally as the Department's investigative agency for labor racketeering and organized crime matters. A recent case demonstrates the importance of OIG's labor racketeering and organized crime investigative program. In the largest indictment of organized crime members in nearly 30 years, 62 members and associates of the Gambino organized crime family were indicted on a number of serious charges including racketeering conspiracy, extortion, theft of union benefit funds, loan sharking, embezzlement of union funds, money laundering, and murder conspiracy. The

indictment reflected the Gambino family's control and influence over the construction industry in and around New York City. Our investigation revealed that many construction companies allegedly paid a "mob tax" in exchange for protection and permission to operate.

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# Foreign Labor Certification

OIG investigations continue to uncover fraud against the Department's Foreign Labor Certification programs which are designed to allow U.S. employers to hire foreign labor to meet worker shortages. Our investigations of fraud against foreign labor certification programs in the past six months yielded significant results. In one case, four individuals who operated a labor leasing company in Florida were liable for a \$1 million judgment. Their scheme involved submitting fraudulent H-2B labor certification applications. Another case resulted in a guilty plea by the owner of a construction company and his brothers for their role in a conspiracy to submit fraudulent labor certification applications in order to obtain green cards for foreign nationals. In addition to receiving a prison sentence of 21 months, the company owner was ordered to forfeit \$250,000.



# Information Technology Security

It is essential for the Department to ensure that its information systems are secure. It is a continuing concern that DOL maintain its ability to keep up with new threats and IT developments; to provide assurances that IT systems will function reliably; and to safeguard information assets. For several years, the OIG has reported weaknesses in the Department's security over who has access to the information in its systems that contain financial and other sensitive information. During the FY 2007 financial statement audit, we reported that the Department had not addressed 51 previous agency-specific recommendations to improve access controls to key financial and support systems. We also made over one hundred new recommendations related to access controls.

# Looking Forward

## **Energy Employees Occupational Illness Compensation Program Act**

In response to a request from Senator Charles Schumer, we are conducting an audit of DOL's process for paying claims under the Energy Employees Occupational Illness Compensation Program Act.

## **Employment and Training Services to Veterans**

We have an audit underway to determine whether DOL's Veterans' Employment and Training Service (VETS) programs are providing services that meet veterans' employment and training needs and performance outcomes reported by VETS are accurate.

## **Foreign Labor Certification Program Integrity System**

We are conducting an audit of the Department's Program Electronic Review Management System for the Foreign Labor Certification (FLC) program to determine if the system's audit process is working as intended to ensure the integrity of the Permanent FLC program. The system is designed to identify FLC applications that should be further reviewed to ensure that they are filed properly.

## **Job Corps**

We are conducting an audit to determine whether Job Corps' procurement process complies with applicable contracting laws, regulations, and DOL policy and results in the fair and competitive acquisition of goods and services.

## **OSHA Enhanced Enforcement Program Inspections**

The enhanced enforcement program is an inspection program that targets companies that the Occupational Safety and Health Administration (OSHA) has identified as high-risk employers based on past fatalities and OSHA citations. Between 2004 and 2007, OSHA identified nearly 3,000 employers under this program. We are conducting an audit to determine whether OSHA accurately identified all high-risk offenders.

## **Bureau of Labor Statistics**

The Bureau of Labor Statistics (BLS) collects, analyzes, and disseminates essential statistical data to the public, the Congress, and other Federal agencies. We are auditing selected BLS survey results to determine whether BLS data are accurate and released in a timely manner.

## **Identity Theft Fraud Against the UI Program**

The OIG is initiating efforts to further assist the Unemployment Insurance Program Office in combating the vulnerability of its systems to identity theft, related benefits theft, and other violations.