Semiannual Report of the Inspector General

U.S. Department of Labor
Office of Inspector General

April 1, 1983—September 30, 1983

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J. Brian Hyland
Inspector General

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PREFACE

This is the tenth semiannual report of the Department of Labor's Office of Inspector General—and my first as the Department's Inspector General. Since I served as the Deputy Inspector General from March 23, 1983, until my confirmation on August 4, 1983, many of the activities described in this report reflect my own sense of priorities and future direction for this Office. There are two priorities I want to highlight in this message:

- our increasing emphasis on *preventing* fraud and mismanagement in Labor's programs, and
- our efforts to ensure that the OIG is, itself, a model of efficiency and effectiveness.

Prevention

This Office has traditionally given primary attention to detecting serious cases of fraud and identifying and recovering improperly spent funds. We are, however, increasingly giving attention to analyzing systemic vulnerabilities and working with program management to reduce the likelihood of future integrity or efficiency problems. Several different prevention-related activities are discussed in detail in this report.

First, we have worked extensively with ESA and OWCP to help correct longstanding and complex problems in the FECA program which the OIG has identified through past audit and investigative work. I am pleased to report that progress has been made in the development of a long overdue legislative reform proposal for FECA, in the drafting of a number of critical regulations, in efforts to involve more directly FECA employing agencies in program administration and cost reduction, and in the improvement of control systems for assessing

and paying claims. While continued progress is necessary, I am encouraged by the climate fostered within ESA to take these issues seriously and to effect real change.

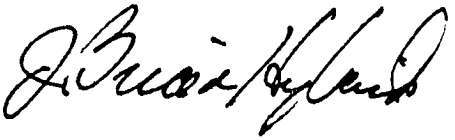
Second, we have continued our cooperative effort with ETA to ensure that the JTPA program is implemented from a sound financial and program oversight base. A major audit of all state systems was conducted during this reporting period. Not only will the results be of immediate value to ETA and the states, but should also help encourage program integrity and efficiency at all levels of the JTPA system.

Third, we will continue to give priority to the analysis and development of legislative recommendations. Not all of the problems identified by our audits and investigations can be corrected by administrative means. In this report, we discuss several legislative proposals that we believe are critical—either to directly improve the capacity of Labor programs to manage more effectively or to allow us to fully carry out our mandate. We urge Congressional action on the Department's FECA reform proposal, and continue to support a statutory requirement for all states to adopt wage reporting systems to enhance management of the UI program. With respect to our own operations, we believe that Congressional approval of law enforcement authority is essential. Also, we strongly advocate legislation to exclude OIGs from requirements of the Paperwork Reduction Act. This will help ensure that our ability to undertake audit and investigative work is not improperly constrained and that IG independence, so crucial to the IG concept and continued effectiveness, is preserved.

Internal OIG Operations

I firmly believe that the Office of Inspector General should constantly strive to improve its own efficiency and effectiveness. We have under way a variety of initiatives, such as the collocation of OIG field offices, improved management information systems, self-inspection, and training. Of particular note in this regard is our recent acquisition and use of portable microcomputers. This technology has already improved the efficiency of data collection and analysis in several audits and investigations.

These efforts to improve our work serve to build upon what I have found to be a solid framework of competent and dedicated employees and a strong record of accomplishment. I want to express my appreciation to Secretary Donovan and other departmental officials for their support and cooperation, without which the accomplishments described in this report would be far less meaningful.



J. BRIAN HYLAND
Inspector General

PART I

SIGNIFICANT PROBLEMS, ABUSES OR DEFICIENCIES, AND RECOMMENDATIONS FOR CORRECTIVE ACTION

Employment and Training Administration

The Employment and Training Administration administers programs to enhance the employment opportunities of Americans and provide temporary benefits to the unemployed. This mission is accomplished through three major programs: the Job Training Partnership Act (JTPA) program, which replaced the Comprehensive Employment and Training Act (CETA) program on October 1, 1983; the Employment Service (ES); and the Unemployment Insurance program.

The Federal funds involved in ETA programs are considerable and comprise the majority of the Department's expenditures. For Fiscal Year 1983, ETA's budget was $36.8 billion. Of that amount, $4.0 billion was for the CETA and JTPA programs and $31.8 billion was for the Unemployment Insurance Trust Fund. ETA programs are characterized by a large decentralized program delivery system except for those programs, like the Job Corps, that are administered nationally. The Employment Service and Unemployment Insurance programs are operated by employment security agencies in the 50 states, the District of Columbia, Puerto Rico and the Virgin Islands. During Fiscal Year 1983, the State Employment Security Agencies employed approximately 100,000 people. The CETA

program was operated by more than 470 different local governments, known as prime sponsors; under JTPA, the primary program agents are 57 states and entities. The states and entities have subgranted with approximately 550 local areas known as service delivery areas, who plan and operate programs.

During this reporting period, our activities regarding ETA programs were primarily preventive and oriented to evaluation of systems. Specifically, our efforts were aimed at helping ETA accomplish three major undertakings: (1) the launching of JTPA, (2) the phase-out of CETA programs, and (3) the development of a corrective action plan to rectify benefit payment control problems in the unemployment insurance system.

In addition, we undertook several other preventive efforts including the completion of extensive field work for a major audit of cash management and tax collection policies and procedures in the Unemployment Insurance program. A draft report was issued on the cash management portion of that audit. Finally, with the assistance of ETA, we conducted a Fiscal Integrity Awareness Seminar for state and local level JTPA staff. The purpose of the seminar was to bring together Federal, state and local officials involved with JTPA and to exchange ideas and techniques for helping to ensure the program's fiscal integrity.

Job Training Partnership Act

On October 1, 1983, programs under the Job Training Partnership Act (JTPA) became operational. Budget authority for Fiscal Year 1984 is requested at $3.6 billion. As noted in prior semiannual reports, we have devoted considerable effort, even before the passage of JTPA, to help prevent recurrence of management problems and program abuses that plagued the CETA program.

During the first half of Fiscal Year 1983, our efforts focused primarily on helping ETA draft regulations to help prevent waste, fraud and abuse in JTPA programs. During this semiannual reporting period, we completed a major audit to eval-

uate the status of internal accounting and administrative control systems developed by the 50 states and seven entities (Puerto Rico, the District of Columbia, the Virgin Islands, Guam, American Samoa, Northern Mariana Islands and the Trust Territories of the Pacific Islands) that receive and distribute JTPA funds.

To be of maximum value in preventing program deficiencies, we believed it was essential that the reports be issued prior to the effective date of program operations, which was October 1, 1983. On the other hand, it was desirable that the audits not be performed so early that the states would not have had time to undertake development of systems. These contrasting considerations left a short optimal time period for audit performance. Also, to assure that ETA could be provided with a national report showing comparable data on the status of systems development for all entities, at approximately the same point in time, the audits needed to be performed concurrently at all 57 entities. As a result, the audit was a major effort and required the concentration and coordination of substantial OIG resources.

We were aided in our efforts by the active involvement and participation of ETA. An ETA staff member participated on site at each of the locations as a full member of the audit team.

A description of the audit and its findings and recommendations follow.

JTPA Systems Audit

Both ETA and the OIG recognized that to help prevent waste, fraud and abuse from occurring in JTPA programs, JTPA must be launched from a solid base of sound financial and oversight systems. Therefore, at ETA's request, we conducted an audit to evaluate the adequacy of each state's and entity's development of critical systems, and to provide the ETA and states with information about the status of such systems. It was our intention that this information be used by states to focus their efforts, where needed, to improve systems prior to October 1, 1983.

Because our review was performed prior to the effective date of program operations, the review was limited to the status and adequacy of systems development, not systems implementation. The audit work covered two broad functional areas: internal operations of the state's or entity's administering agency and state oversight of service delivery areas. The audit did not include systems at the service delivery area level unless there was a single statewide service delivery area. Nor did it include state central service systems, such as automated data processing systems, over which the state agency administering JTPA had no direct control.

The JTPA and its implementing regulations emphasize the importance of internal control systems to ensure program accountability. Under JTPA, the extent of liability for misspent funds by a state or subrecipient, as well as the method of repayment required for such misexpenditures, is related directly to the adequacy of the administering entity's systems of internal control.

In considering whether and how to impose a repayment sanction on a recipient, JTPA requires the Secretary of Labor to determine whether a recipient has observed specified "standards of administration." The standards of administration contained in the JTPA regulations require adequate internal control systems in the following critical areas: cash management, procurement, management systems, reporting and record keeping, eligibility determinations, matching funds, property management, and oversight and monitoring. Internal operations covered by the audit included systems for:

- ensuring that JTPA funds are properly controlled and accounted for at the state level;
- ensuring that financial and statistical reports submitted to the Department of Labor are accurate and timely; and
- performing self-evaluations and taking prompt corrective action in both programmatic and financial areas.

Under JTPA, the proper expenditure of funds is the responsibility of both the states and their subrecipients. JTPA requires that recipients repay misspent funds, and the regula-

tions require that the Secretary may hold the states responsible for the misexpenditure of funds by one of its service delivery areas or subgrantees. However, the state or local recipient may avoid liability for the misexpenditure of a subgrantee if it has established adequate control systems over its subgrantee. In determining whether to impose a sanction against state or sub-state recipients for violations of a subgrantee, the Secretary must determine if the states have adequate subgrantee oversight and monitoring systems.

Oversight systems evaluated by our audit included systems for:

- preparing contracts or grants with the service delivery areas that are clear and enforceable;
- monitoring and auditing the financial and programmatic performance of service delivery areas;
- ensuring that corrective action is taken promptly on deficiencies noted in monitoring and audit reports; and
- timing the transfer of funds to service delivery areas to coincide with the immediate needs of the service delivery areas and to prevent excess cash balances.

Audit Findings and Recommendations—At the conclusion of our field work on August 25, 1983, only four of the 57 entities reviewed were considered by us as ready to effectively begin JTPA program operations. These states will receive nine percent ($264.1 million) of total requested Fiscal Year 1984 funding. Nine states or entities, in our view, had made inadequate progress in developing systems. They will receive three percent ($82.3 million) of total requested Federal funding.

Forty-four states had made varying degrees of progress in developing systems necessary for effective program implementation. These forty-four states will receive 88 percent ($2.4 billion) of Fiscal Year 1984 requested funding.

For each of the seven critical systems evaluated in these 44 states, the following table shows the degree of systems de-

velopment in terms of the percentage of functions within each system which are either completed and adequate or need improvement. It should be noted that the percentage for each system on the chart represents a composite "score" of a variety of separate internal control areas which were individually reviewed and rated in our audit. For example, under financial management, there were 21 subcategories, such as bank reconciliations, cash receipts, EDP physical protection, etc.

Degree of Systems Development

Systems	Completed and Adequate (Percent)	Needed Improvement (Percent)
State-Level Systems		
• Financial Management	54	46
• Financial and Statistical Reporting	68	32
• Self-evaluation and Auditing	41	59
Oversight of SDA's		
• Contract or Grants Preparation	50	50
• Monitoring and Auditing	41	59
• Corrective Action	34	66
• Cash Management	77	23

Although, as the table indicates, a substantial number of functions need improvement, the states had time between the end of our field work on August 25, 1983, and the October 1, 1983, start of JTPA to improve these functions. The audit results have been provided to each state for action consistent with their responsibilies as grant recipients of JTPA funds.

We recommended that ETA provide immediate technical assistance and guidance to the nine entities that have made slow progress in systems development. In addition, we recommended that ETA review all entities during the first few months of JTPA operations to determine if:

- draft procedures and controls were adequately completed;
- planned procedures and controls were adequately developed; and
- all necessary systems were implemented and working effectively.

State and ETA Response—Some states initially objected to our audit. They stated that it was being conducted before they had time to develop systems scheduled to be audited, that their staff time was severely limited and that the audit was not consistent with their perception of the Federal role under JTPA. However, as the audit progressed, most states' objections diminished and states found the audit to be of value in improving their operations. Recommendations and suggestions made at the exit conferences in each state were almost always positively accepted. In addition, many states found the audit guide, which was provided to them prior to the audit, to be a valuable resource document and plan to adopt or modify the the guide as a tool for monitoring their subgrantees. A number of states have accepted our offer to provide them with training in using the guide.

In response to the natonal report, ETA has made plans to provide immediate assistance to the nine states with problems and the few states identified as having marginally effective systems. ETA also plans to monitor implementation of systems in all other jursidictions during the first six months of this Fiscal Year. ETA will use the individual state's or entity's audit report as a benchmark against which to measure its progress.

ETA's plans include the formation of assistance teams that will be coordinated by ETA's National Office. ETA asked, and we have agreed, to provide assistance to these teams.

A secondary benefit of the audit and the audit guide was the establishment of a systems-oriented framework for use on future JTPA program audits or reviews. This framework may assist the Secretary in meeting his statutory responsibility to

determine the adequacy of recipient's systems when considering sanctions. The audit guide will be useful to reviewers at any level in the JTPA program delivery system.

Comprehensive Employment And Training Act

On September 30, 1983, the Comprehensive Employment and Training Act was replaced operationally by the Job Training Partnership Act. As required by JTPA, all programs under CETA must have concluded by September 30, 1983, and funding for administrative activities related to CETA closeout will continue only through March 31, 1984.

Because of the large dollar amounts allocated and the number of grantees that operated CETA programs during its ten-year history, the closedown of CETA has been an enormous undertaking. As noted in the last semiannual report, ETA has taken several actions to help ensure that the CETA closeout effort is successful. ETA developed and provided closeout guidance to prime sponsors. ETA closeout teams provided training to both ETA field personnel and prime sponsor representatives to assist in the orderly phase-out of the CETA program.

We assisted ETA in the CETA closeout training by providing technical assistance on audit matters and the safeguarding of assets. This effort began in March and continued through June 1983. We also coordinated with ETA to ensure that prime sponsors made appropriate audit arrangements during the final year of CETA operations. In addition, we planned and are currently conducting a special purpose review of 56 selected prime sponsors. We are considering reviews of additional prime sponsors. Field work for 26 prime sponsors began in August, one month after all prime sponsors had submitted required closeout plans to ETA. An additional 30 reviews began in September. All reviews are scheduled to be completed prior to the actual closeout of CETA on March 31, 1984. These reviews will identify and verify assets and liabilities held by the prime sponsors. Information developed from the review will be used to ensure that assets and liabilities are properly identified, transferred to JTPA where applicable,

or returned to the Federal Government at the termination of the program.

Although we have not completed the reviews, preliminary results from the 26 reviews begun in August indicate that many of the prime sponsors reviewed have serious problems in three areas: reconciling cash, preparing correct property inventories, and developing closeout period cost estimates.

At 17 of the 26 prime sponsor sites, we experienced difficulty in reconciling the amount of cash on the books with reports of remaining cash balances. We found that these prime sponsors had understated the amount of unspent funds.

In 10 of the 26 sites visited, property inventories submitted by the prime sponsors were in error. To date, property omitted by these primes from the inventories has not been totally quantified; however, at those sites where the property audit has been completed, $100,000 was identified as unreported.

Some prime sponsors in the 26 special reviews have overestimated their closeout costs. For example, one prime sponsor estimated $100,000 to microfiche all CETA records when records could be stored for $18,000. In addition, some prime sponsors are inflating wage costs by estimating the need to retain the entire CETA administrative staff during the legislated six month closedown period.

Unemployment Insurance Program

The Unemployment Insurance program is a unique Federal-state partnership that is based upon Federal law, but is implemented through individual state legislation. The program is administered at the state level by State Employment Security Agencies in the 50 states, and three other entities, the District of Columbia, Puerto Rico and the Virgin Islands. Throughout this report, the term "state agency" will refer to the 50 states and three entities.

In the last two years, because of high unemployment and resulting increases in program expenditures, increased empha-

sis was placed on the Unemployment Insurance program. In Fiscal Year 1983, nearly $30 billion was paid in state unemployment insurance benefits and Federal-state extended benefits. This is more than a 100 percent increase over the Fiscal Year 1980 figure of about $14 billion.

Our major activities related to the Unemployment Insurance program during this reporting period were preventive in nature. We actively participated on ETA's Benefit Payment Control Oversight Committee which was established, in part, as a result of our report on benefit payment controls which was discussed in the last semiannual report. Field work was completed on an audit of state agency tax collection and cash management practices and procedures. A draft report on the cash management portion of this work was issued to ETA at the end of this reporting period. This draft report indicated potential interest in excess of $25 million could be earned with improved cash management practices. Reports of findings in four other audited areas are being prepared.

Benefit Payment Control Oversight Committee

ETA's response to our report on preventing and detecting overpayments within the unemployment insurance system was extremely positive. As noted in the last semiannual report, ETA took immediate corrective action to address specific problems in the states audited. In addition, ETA initiated a Benefit Payment Control Oversight Committee to review unemployment insurance benefit payment control systems and to formulate a series of reforms. Since its establishment in April 1983, the Committee received high level priority by both ETA and the OIG.

The Committee was chaired by the Assistant Secretary for ETA and included a number of senior ETA officials. The OIG was represented on the Committee by the Inspector General and the Assistant Inspector General for Audit. Another entity represented on the Committee was the Interstate Conference of Employment Security Agencies. The General Accounting Office provided technical advice to the Committee.

Decisions reached by the Committee will result in the development of systems to help prevent losses of unemployment benefit funds and effect many of the changes we recommended in the benefit payment control report. These initiatives are described below.

Proposed Quality Control System—Unemployment insurance administrative funding has been based primarily on workload; quality of performance has generally not been considered in the grant allocation process. The Committee agreed that the Unemployment Insurance program needs a quality control system in order to assess state agency performance on an annual basis. Such a system will measure error rates and identify causes of errors and corrective actions needed to improve management. Many other Federally funded benefit programs have such systems.

For the present, the Committee decided to institute the quality control system as a system of management oversight. The Committee decided to defer for future consideration the necessity of attaching penalties, rewards or enforcement provisions to the system. Even without sanctions, the system should create incentives for State Employment Security Agencies to improve unemployment insurance operations, especially if, as the Committee agreed, results are publicized.

During the Committee's deliberations, the OIG supported the proposal, eventually adopted by the Committee, that the quality control system be built on the Random Audit program. The Random Audit program is a management tool designed to estimate the benefit payment error rate of a particular state, by type and cause of error. The program provides statistically reliable data on the quality of the state's benefit payment operation by measuring the rate of overpayment and underpayment error. Currently, this information is used by state managers to formulate plans to correct problems.

Since the Random Audit now focuses on the payment process, this process will be the initial focus of the quality control effort. Random Audit results may be used to develop a benchmark by which ETA will measure the quality of a state's benefit payment control operations. Eventually, other proc-

esses such as tax collection operations, which are measureable and appear to need improvement, could be evaluated and considered for inclusion in the quality control system. ETA is now researching how the Random Audit program can be revised and expanded into a quality control system.

Wage Reporting Requirement—Another major issue discussed by the Committee was how to get all states to keep quarterly or periodic employer payroll reports on file. Currently 10 of the 53 jurisdictions which administer unemployment insurance programs do not require periodic employer reports for determination of unemployment insurance benefits. As we noted in the last semiannual report, periodic wage reports, in combination with automated systems for matching the reports with benefit records, are an effective tool for detecting and preventing overpayments in the Unemployment Insurance program.

The value of the wage reports for the detection of overpayments in the Unemployment Insurance program was validated in the benefit payment control audit report. During that audit, we found that states without the reports could not detect overpayments due to unreported earnings as effectively as states which had the reports.

Since the benefit payment control report was released, the Unemployment Insurance Random Audit program has shown that, if a week of unemployment benefits is randomly chosen from a state that does not collect periodic wage reports, the likelihood that the claim was overpaid, due to an error in the wage information used to calculate the benefit amount, is 4.7 times higher than a week selected randomly from a state that does collect the wage reports. This demonstrates that, with quarterly wage information, states can more effectively prevent benefit overpayments.

One way to ensure that all states have wage reports is to enact Federal legislation requiring it. In August 1982, the Department of Labor proposed a legislative initiative to require that all states amend their laws to require periodic wage reports. We worked closely with ETA and departmental management to develop this legislative package. At that time, the Office of Management and Budget (OMB) did not support

the proposal. This summer, the Department again raised the issue with OMB. At the end of this reporting period, OMB had still not responded to the Department's request for reconsideration.

We continue to strongly urge enactment of a Federal requirement. H.R. 926, a proposal similar to the Department's, has been introduced in the 98th Congress. We strongly support this initiative. Periodic, timely wage information is a key element in the detection of overpayments in many income-based assistance programs, as well as in the Unemployment Insurance program. Since the ten states that do not currently collect such reports represent approximately one-fourth of the current unemployment insurance claim load, Federal legislation is even more important.

While continuing to seek Federal legislation, the Benefit Payment Control Oversight Committee agreed that ETA would encourage voluntary adoption of the wage reports by states. Since a major obstacle to adopting wage reports is the legislative, administrative and automated data processing systems costs that the change would incur, additional budget authority would be needed to help states meet these costs. We strongly agree that funding is needed for this purpose.

Model Automated Systems—Included in our audit report on benefit payment controls were recommendations related to three automated model systems designed to assist states in benefit payment control and recovery operations. Two of these, one for detecting overpayments by crossmatching wage files with benefit files and the other for managing overpayment recoveries, were developed and distributed by ETA to the State Employment Security Agencies more than five years ago. As part of the audit, we reviewed the use of these two systems in the audited states. The third, a system for detecting fictitious employers, was recently developed in California and has been adopted in modified form by a few State Employment Security Agencies. In the audit, we reviewed the California system and helped the states we audited experiment using the principles of the system in their efforts to detect fictitious employer schemes. We concluded that these model systems, as designed, are effective in de-

tecting unemployment insurance overpayments and recovering overpaid dollars. These systems also provide managers with valuable management information that can be useful in planning activities, thus permitting a more efficient use of resources.

Our audit and recent ETA reviews of state agency benefit payment control operations suggest that, in most cases, the state agencies have not implemented the model wage/benefit crossmatching and recovery systems as designed. Instead, the states have developed modifications to the systems which are not as comprehensive and productive as the original models. We recommended that all state agencies fully implement these automated systems.

The Benefit Payment Control Oversight Committee discussed the development and introduction of additional models for other unemployment insurance operations, such as eligibility determination. The Committee decided that the first priority would be the refinement and full utilization of the three existing models—wage/benefit crossmatching, recovery, and fictitious employer detection—and that the Department would focus on these systems before additional model systems are developed. In addition, the Committee decided that, as an incentive for states to implement the three systems, a state's decision to adopt or improve these systems would be considered a priority when automation grants decisions are made.

Additional Proposals—This Office and the Committee are committed to designing ways to prevent benefit overpayments by intercepting the process before the first benefit payment is made. The Committee is considering three proposals which are directly aimed at prevention of overpayments. These proposals are: a precheck system for checking eligibility before the first payment is made, a cross-linkage program to link unemployment insurance eligibility verification efforts with those of other Federal and state benefit programs such as food stamps, and the development of an error-prone profile of unemployment insurance claimants to

identify characteristics of claims that frequently result in overpayments.

Unemployment Insurance Cash Management

During this reporting period, we completed audit field work in 12 states—Alabama, Arizona, Florida, Illinois, Louisiana, Massachusetts, Michigan, New Jersey, Pennsylvania, Virginia, Washington and Wisconsin—on a major audit of unemployment insurance tax operations. A draft report was issued on the portion of that audit covering State Employment Security Agency cash management policies and practices.

State unemployment insurance benefits are financed by state employer taxes (and employee taxes in three states). Taxes are collected by the states and funneled through each state's "clearing" account into the Unemployment Trust Fund where it is credited to each individual state's account.

The Secretary of the Treasury invests those funds which are not required to meet current benefit payment demands. Interest earned on a state's trust fund account is credited to the state's account. The states withdraw funds from the Unemployment Trust Fund to pay benefits.

Cash Management Practices Result in Interest Losses—During Fiscal Year 1982, the states deposited approximately $13 billion in employer taxes into the Unemployment Trust Fund. Interest earnings on the Trust Fund for this period were approximately $1.2 billion. The primary purpose of our audit was to determine the effect of cash management practices on the earnings of the Unemployment Trust Fund. We estimate that for Fiscal Year 1982, at a minimum, $25 million in interest was not being earned annually by the Unemployment Trust Fund due to inefficient state agency cash management policies and practices. Cash management in the unemployment insurance system involves: (1) depositing unemployment insurance tax contributions to the state's clearing account maintained at a commercial bank; (2) transferring such funds from the clearing account to the Unemployment Trust Fund; and (3) withdrawing funds from

the Unemployment Trust Fund for deposit into the benefit payment account, maintained at a commercial bank, to meet benefit payment needs.

Deposits into the Clearing Account—States' deposits of employer contributions to the clearing account were not always timely. The average processing time from receipt of an employer tax contribution to deposit in the clearing account in the states reviewed was 2.31 days. Assuming that the processing time of 2.31 days is representative of all state agencies, the Unemployment Trust Fund, in Fiscal Year 1982, would have earned approximately $5 million in interest if all tax contributions had been deposited within one day of receipt by the agencies.

We found various reasons for the delay in depositing tax receipts to the clearing account including: (1) states' adherence to ETA's desired level of achievement for depositing tax contributions, which only specifies that 90 percent of tax dollars be deposited within three days of receipt; (2) infrequent mail collections; and (3) performing extensive audits of tax returns prior to the deposit of tax remittances.

Transfer of Clearing Account Funds to the Trust Fund—The Social Security Act requires that states deposit tax contributions into the Unemployment Trust Fund immediately upon receipt. Many states were maintaining excessive balances in the clearing account. We estimated that approximately $2.5 million in potential interest earnings was lost because states maintained more than one day's deposit on hand in the clearing account. Causes of excessive cash balances in the states audited included: (1) following ETA's minimum criteria which allows two days for deposit; (2) the inclusion of other state offices, such as the state treasurer, in the transfer process; and (3) maintaining collected funds to compensate the banks for services.

Funds Maintained in the Benefit Payment Account—States draw down funds from the Unemployment Trust Fund into the benefit payment account to pay for benefits. We estimate that between July 1, 1981, and June 30, 1982, as much as $17.9 million in potential interest earnings was lost on funds in these accounts. This estimate assumes funds have been

drawn down daily to meet only immediate bank needs to clear benefit checks.

The Social Security Act does not specify when funds should be withdrawn from the Unemployment Trust Fund to pay benefits. ETA has issued a policy stating that state agencies should attempt to maintain no more than an average of 1.5 days benefit needs on hand. However, 60 percent of the 50 states we analyzed maintained more than 1.5 days benefits on hand.

Three primary conditions caused excessive cash in the benefit payment account and resulted in lost potential earnings.

First, certain legal and administrative requirements of the states contributed to the loss of interest. These requirements determine whether the states use either a "negative ledger" or a "positive ledger" balance to determine the amount of cash drawdowns. States using negative ledger balances delay withdrawals to coincide with the number of benefit checks expected to be cleared each day. Positive ledger balance states maintain sufficient cash balances to cover all benefit checks when written. The four positive ledger states in our audit maintained from 3.8 to 11.8 times the average daily benefit payment needs in cash as the eight negative ledger balance states.

Second, some states did not have formalized procedures for drawing down funds which would ensure funds requested were not in excess of immediate needs.

Third, unemployment insurance benefit funds in the benefit payment accounts in excess of daily check clearing needs were not being invested in many cases. All 12 states were maintaining excess funds to compensate banks for banking costs. Since no direct costs are incurred, we found that banking services were not evaluated to determine if the charges were competitive for the services rendered nor were they competitively procured. Frequently, states accepted service charges and interest earning rates unilaterally set by the banks.

Ten of the 12 states did not invest cash in excess of compensating balances. Although two states invested some of the funds, the interest earned did not benefit the states' unemployment insurance program, but was added to general revenues. Neither the Social Security Act nor current ETA policy clearly defines the investment authority and responsibilities for employer tax dollars at the state level. Some interpret the Social Security Act as giving the Secretary of Treasury sole investment authority over states' unemployment funds, thus prohibiting the states from investing such funds. In states using positive ledger balances, such an interpretation of investment authority results in millions of dollars in unemployment insurance funds remaining "idle" in state commercial bank accounts.

Major Recommendations for Increasing Interest Earnings—We recommended that ETA sponsor Federal legislation to:

- provide for payment of bank costs from administrative funds;
- require segregation of unemployment insurance funds from other state funds while such funds are in state custody;
- require immediate transfer to the Unemployment Trust Fund of all bank collected tax contributions;
- require states to draw down from the Unemployment Trust Fund only those funds immediately needed;
- require overnight investment by the states of all cash in the clearing and benefit payment accounts, with the interest to be used exclusively to fund benefit payments; and
- require procurement of banking services by competitive bid.

We also recommended that ETA take administrative action to:

- revise its policies regarding desired levels of achievement to provide better efficiency in cash management;

- encourage states to improve agency processing procedures to meet revised desired levels of achievement; and
- encourage states to remove state legal and administrative requirements which promote inefficient cash management.

Since our draft report was issued late in the reporting period, ETA has not had sufficient time to formally respond to our findings or recommendations. However, the report was well received by the ETA and we plan to work with that Agency to effect needed changes in state agency cash management policies and practices.

State Employment Security Agencies

As discussed in the last semiannual report, we completed an audit of ETA's management of appropriations provided to State Employment Security Agencies for operating the Unemployment Insurance and Employment Security programs. During that audit, we became aware that state agencies were being used to purchase goods and services for ETA. This practice is known as "pass-through" funding.

On September 18, 1980, the General Accounting Office (GAO) issued a letter report criticizing the Department of Labor and ETA for this practice. In that report, GAO defined a "pass-through" as a procurement action which was initiated and principally carried out by ETA, but which was entered into by a state—on behalf of ETA—and a vendor using Federal funds granted to the state. GAO stated that pass-throughs effectively circumvent procurement standards and safeguards and did not ensure the protection of the Federal Government's interests. GAO recommended that the Department of Labor discontinue using pass-throughs.

Subsequent to GAO's report, the Department agreed to discontinue pass-throughs, except with unemployment insurance and employment service Grants-to-States. The Department stated that, under that Act, Federal funds that were used to benefit the employment security system nationwide could be passed through a state agency.

Because of pass-through examples that came to our attention during the audit of ETA's managment of appropriations, we initiated a review to determine the extent to which ETA continued to use pass-throughs and the nature of those agreements. We reviewed pass-throughs provided to us by the state agencies in response to our request for information on these agreements. We found that ETA continued to use pass-throughs extensively and, in our opinion, improperly.

Each of ETA's ten Regions used pass-throughs in at least one state. Sixty-one pass-throughs were reported by 30 of the 53 state agencies. These pass-throughs purchased goods and services totaling $13,035,118 in Fiscal Years 1981 and 1982. The pass-throughs we examined effectively circumvented departmental procurement procedures and were frequently inefficient and costly. In addition, although ETA stated that pass-throughs were justified only when the goods and services benefited the entire employment security system, we found instances where pass-throughs were used to benefit only a portion of that system or a single Regional Office.

For example, an ETA Regional Office approved a state agency's supplemental budget request for the sole-source purchase of a $20,000 computer terminal. However, the terminal was not for the state agency. Both the invoice and contract documentation stated that the terminal was to be delivered, installed, and maintained at the ETA Regional Office, which had specified the particular make and model to be purchased. By using this indirect method of procurement, the Regional Office by-passed procurement rules and the Department's requirement that automated data processing equipment be purchased or authorized to be purchased by the Department's Office of the Assistant Secretary for Administration and Management.

Employment Standards Administration

The Employment Standards Administration (ESA) is composed of three components. The Office of Workers' Compensation Programs (OWCP) administers three laws providing compensation and medical benefits, primarily for on-the-job injuries and occupational diseases to civilian employees of the Federal Government, coal miners, and longshore and harbor workers. The Wage and Hour Division enforces minimum wage and overtime standards, establishes wage and other standards for Federal contracts, and enforces aspects of other employment standards laws. The Office of Federal Contract Compliance Programs administers an Executive Order and portions of two statutes which prohibit Federal contractors from engaging in employment discrimination on the basis of race, color, religion, sex, national origin, handicap, or veteran's status, and which require affirmative action to ensure equal employment opportunity.

During the past several years, the ESA program which has received the greatest OIG audit and investigative attention has been OWCP, especially OWCP's management of the Federal Employees' Compensation Act (FECA). FECA is again highlighted in this report, although this report includes some discussion of other ESA programs elsewhere in the report.

FECA is generally the sole form of workers' compensation available for Federal employees who suffer on-the-job injury or occupational disease. The Department of Labor is responsible for administering the Act, but actions by all Federal employing agencies, the Office of Personnel Management and the Office of Management and Budget influence implementation.

ESA has requested, for Fiscal Year 1984, a nationwide staffing level for FECA of 928 and a budget of $45.5 million for program management. The request for the Employees' Compensation Fund totals $1 billion, of which $824 million represents

reimbursement from other Federal agencies' appropriations or revenues. Currently, approximately 45,500 claimants (down from 47,500 last year) are receiving long-term benefits under FECA, and it is estimated that 1.4 million compensation and medical payments will be made in Fiscal Year 1984. The following chart shows the rise in FECA compensation costs from Fiscal Years 1970 to 1982.

The last report discussed numerous problems identified in audits and investigations concerning OWCP's management of the FECA program. Also discussed were needed changes, including strengthening the role of employing agencies in FECA management, legislative reform, regulatory reform and improvements in management systems. OWCP is making progress in all four areas. We strongly urge continued efforts to complete implementation of all outstanding recommendations, and to address remaining areas of serious concern.

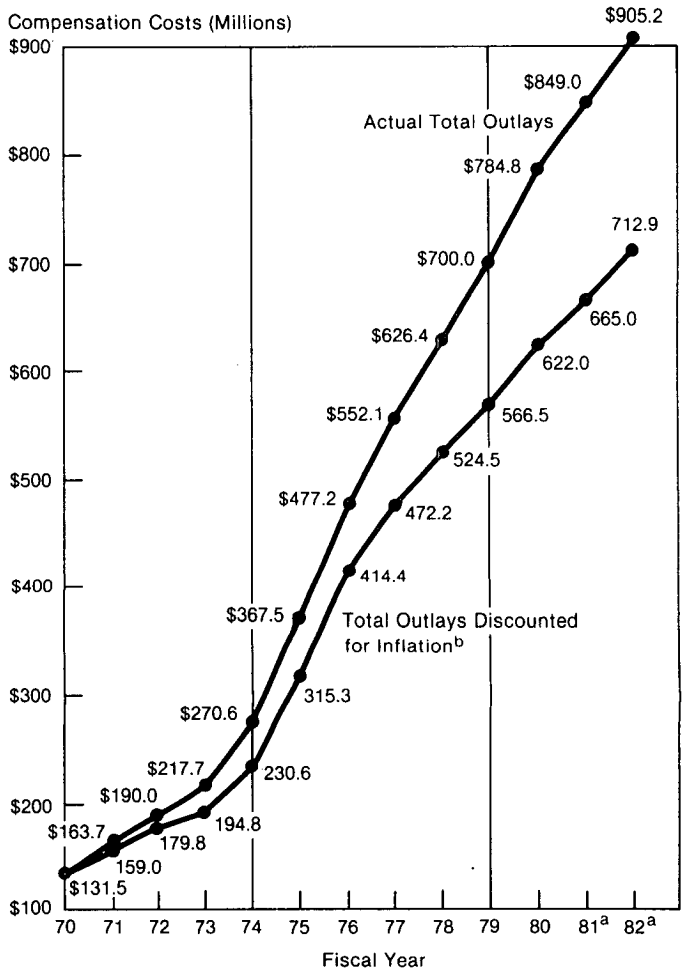
Progress in Areas Discussed in the Last Report

Legislative Reform

We were hopeful of progress in bringing about legislative reform to FECA when the Department of Labor sent a comprehensive legislative proposal to the Congress. This proposal involved considerable work and extensive consultation by ESA with the employing agencies, Federal employee unions, OIG and other interested parties. The proposal contains a number of recommendations we had made, would apply benefits under the Act more equitably, and would significantly enhance management of the FECA program. Yet, the proposal has floundered for lack of a Congressional sponsor, and its introduction in this session of Congress is in doubt. Considering the improvements the proposal could bring about if enacted, we are distressed over the evident lack of interest with which Congress has received the Department's proposal.

Among the changes the proposal would make are: requiring a waiting period prior to payment of any benefits to reduce the impact on the system of very minor injuries; reducing continuation of pay to 80 percent of regular pay (rather than the cur-

FECA Annual Compensation Costs, FY 1970-82
Annual Compensation Cost in Millions $



[a] Data for FY 1981 and 1982 reflect compensation cost based on revised accounting procedures now in effect. Using accounting procedures in effect prior to FY 1981, compensation costs would have totalled about $890 and $878 million in FY 1981 and 1982.

[b] FY 1970-82 costs based on 1970 dollars—discounted by fiscal year average CPI, Series W.

rent 100 percent) during the first 45 days after the waiting period ends; adjusting the rate of compensation paid thereafter to 66 2/3 percent of gross salary for all claimants (to eliminate existing disparities in benefits); adjusting the compensation rate for death cases to conform to the disability rate; adjusting schedule awards to more equitably compensate recipients for permanent injuries; requiring early referral of disabled workers to visiting nurses or similarly qualified rehabilitation specialists; requiring the Department to establish medical fee schedules; authorizing the Department to exclude from participation in FECA those physicians who abuse the program or engage in certain types of professional misconduct; increasing criminal penalties for claimant misrepresentation and concealment of related claim information; increasing the Government's authority to pursue claims against third parties who may be liable for injuries leading to FECA claims; requiring employing agencies to establish procedures to facilitate disabled employees in returning to work; authorizing conditional extension of the existing one-year reemployment rights; and defining total disability.

In several past semiannual reports, we have urged OWCP to improve management of the FECA program, where possible, through administrative and managerial channels. Furthermore, we have provided ESA managers with specific recommendations, in semiannual reports and elsewhere, for doing so. However, important reforms contained in the proposal the Department sent to Congress require legislative changes to be implemented. Among these are the application of income reporting requirements to totally disabled recipients; the application of felony penalties to recipients who misrepresent reported income or who fail to report income as required; adjustments to pay following an injury to encourage the claimant's return to active employment; equitable adjustments to compensation rates; and changes to claimants' reemployment rights. Congress' failure to consider the Department's proposal will prevent the implementation of important reforms by OWCP and the employing agencies.

Regulatory Reform

OWCP has made recent progress in FECA regulatory reform, resulting in three separate regulatory proposals under current development or consideration. The first proposal would establish procedures for suspending or debarring fraudulent or abusive providers of medical services or supplies from participation in the FECA program. The second would establish a system of medical fee schedules to contain medical treatment costs. The third would tigthen certain procedures in administering the FECA program. Each of these is considered separately.

Suspension and Debarment—We have strongly advocated that OWCP establish procedures to exclude from participation in the FECA program those providers of medical services or supplies who defraud the Government or who engage in certain abusive billing, treatment or reporting practices. While the proposed legislation would permit exclusion of such providers from participation in the FECA program, we have asserted that OWCP need not rely upon legislation to exercise such sanctions administratively. OWCP is now moving ahead to do so.

OWCP is already instituting part of the procedures necessary to make such a system work by distributing to district offices lists of medical providers who lose their licenses or who are suspended from participation in Medicare/Medicaid. Listed providers are matched against current FECA program providers, and their names are flagged in the computer system for special attention when they submit bills.

On October 18, 1983, the Department published in the *Federal Register* for 45 days' public comment proposed regulations on suspension and debarment of fraudulent and abusive medical providers. The debarment regulations would establish procedures to enable OWCP to exclude from the FECA program providers of medical services or supplies who: (1) were convicted under any criminal statute for fraudulent activities in connection with Federal or state programs for which medi-

cal payments are made (in which case exclusion would be automatic); (2) were excluded or suspended from any such Federal or state program; (3) misrepresented a material fact in connection with medical payments or reimbursements; or (4) engaged in specified abusive billing or reporting practices.

Excluded providers would be barred from seeking payment for services provided under FECA after the effective date of exclusion. The regulations would provide both an informal and formal decision process, with the formal decision arising from a hearing requested by the provider. An excluded provider could apply for reinstatement, generally one year after the issuance of the exclusion order.

We believe that the codification of suspension and debarment regulations will be a significant step forward in improving the management of the FECA program, and urge OWCP to quickly promulgate final regulations after due consideration of public comments.

Medical Fee Schedules—FECA medical costs have risen over the last few years, from $69.5 million in Fiscal Year 1977, to $116 million in Fiscal Year 1981, to $149 million in Fiscal Year 1983. The containment of medical costs through geographically differentiated schedules of maximum permissible fees for specific services has been a matter of prime interest for us for the past several years, and we have recommended on several occasions that OWCP adopt schedules of fees for medical services performed under FECA. Medical fee schedules could result in substantial savings and more consistent payments to different medical providers within single geographic regions. Systems of medical fee schedules are already in use in other programs, such as Medicaid/Medicare.

OWCP is now completing development of a regulatory proposal providing for a system of medical fee schedules. The regulation would prohibit payments above established limits for specific services and would prohibit the provider from attempting to obtain from the claimant the difference between the amount billed and the amount paid by OWCP. The underlying medical fee schedule, to be incorporated into OWCP's existing automated bill payment system, would take effect simultaneously with the regulations.

As of the end of this reporting period, the medical fee regulation was under review by the Labor Department's Office of the Solicitor. ESA anticipates clearing the Solicitor and sending the proposal to the Secretary's Policy Review Coordinating Committee in early December 1983. Thereafter, the proposal will go to OMB for review, after which it will return to the Secretary for signature and publication in the *Federal Register* for public comment.

We recognize that the development of fee schedules has been a lengthy and complex process, and that their implementation will also be a difficult matter. We therefore urge OWCP to move as quickly as possible in its consideration of comments to the proposed regulations, the drafting and publication of final rules, and the institution of the administrative and managerial measures necessary to implement the system of fee schedules. We will closely track progress in this area, and will report on this subject again in the next semiannual report.

Procedural Regulations—OWCP has drafted significant changes to the FECA regulations. The draft has been reviewed by the Office of the Solicitor, and OWCP is arriving at agreeable changes. ESA anticipates publishing the proposed regulations in the *Federal Register* for public comment in early 1984.

While a wide range of changes would be brought about by the revisions, those of greatest interest to OIG would: (1) more clearly delineate the responsibilities of the employing agencies; (2) clarify the claims filing process; (3) clarify responsibilities for returning injured employees to work; (4) and clarify reporting requirements. We will report further on the revisions in the next semiannual report.

The Role of the Employing Agencies

While the Department of Labor's FECA program is responsible for paying compensation and medical expenses for Federal workers injured on the job, the role of those agencies employing Federal workers is central to the successful management of the Federal employees' compensation system. The OIG has been active in evaluating the roles that employing

agencies could play, and in making recommendations for improving the working relationship between OWCP and the employing agencies. Our interest has focused on two aspects of the relationship between OWCP and the employing agencies: (1) the employing agencies' role in program management; and (2) the chargeback system. The last semiannual report discussed both of these areas at length.

Establishing a Role for the Employing Agencies—Historically, most Federal agencies for whom the Department of Labor administers the FECA workers' compensation program have had little interest in the program's administration. Only in the past few years have some of these employing agencies taken an active interest in reducing the rise of FECA costs. Concerns over the rising costs of the FECA program and the role that the employing agencies could play in reducing costs led to the 1981 formation of an interagency working group, under the auspices of the President's Council on Integrity and Efficiency, to study the role of the employing agencies and to recommend ways in which they could participate more actively in management of the FECA program. The report of the study, released in 1982, contained numerous managerial and some legislative recommendations.

As a result of that report, the Secretary of Labor established the Employing Agencies Task Force, comprised of representatives from the various employing agencies and the pertinent components of the Department of Labor (OIG, ESA, and OWCP). The Task Force was asked to consider the recommendations of the report, and to make recommendations for FECA reform, including changes to legislation, regulations, the role of the employing agencies in the FECA program, and administrative and managerial changes.

During the last six months, the Employing Agencies Task Force has made progress in several key areas and on recommendations which were made in the report. The Task Force participated in the preparation of the legislative proposal for FECA reform. In addition, the Task Force addressed recommendations leading to the pending regulatory changes discussed earlier. Finally, the Task Force approved a comprehensive training plan for enhancing skills of compensation

specialists, managers and other employees associated with the management of the FECA program in both OWCP and the employing agencies.

Other recommendations from the employing agencies report remain to be addressed, and we hope that the interest that the employing agencies have shown to date will not diminish now that the Employing Agencies Task Force has finished addressing legislative and regulatory reforms. The most important of these remaining recommendations are those pertaining to the implementation of Injury Compensation Programs within the employing agencies. The report specified a number of elements that Injury Compensation Programs should contain, including: procedures to encourage injured workers to return to work and to make them aware of their rights and responsibilities under FECA; procedures to identify light duty positions for workers with minor disabling injuries who can work while recovering; and systems to obtain medical information as close to the time of injury as possible so that the claimant's disability can be determined and monitored.

Although the recommendations pertaining to Injury Compensation Programs are dependent upon the employing agencies themselves for implementation, we believe that OWCP and the Employing Agencies Task Force must serve as catalysts to ensure timely and effective implementation. This process can begin by assigning the working group within the Employing Agencies Task Force the project of designing a Model Injury Compensation Program. The Model Injury Compensation Program would address all organizational aspects necessary for the successful operation of the FECA program within the employing agencies, including:

- organization of the Program;
- instructions on all phases of Program operations (including model regulations, directives, and bulletins for adaptation and issuance within the agencies;
- systems to ensure rehabilitation and the return of injured employees to work;

- systems for monitoring and reporting injuries, compensation, rehabilitation efforts, results of efforts to return employees to work, and FECA-associated costs (including costs incurred in the chargeback system); and
- a system for coordinating with OWCP.

In addition, the working group would develop guidelines pertaining to the application of the Model to individual agency needs. Agencies with very small chargeback costs, for example, could be exempted from full implementation of programs based upon the Model Injury Compensation Program.

After development of the Model Injury Compensation Program, we believe that OWCP should be responsible for negotiating implementation agreements with each employing agency. In each agreement, the employing agency would assume responsibility for implementing specific aspects of the Model Injury Compensation Program (to account for operating differences among the employing agencies). Once an agreement was entered into, OWCP's responsibility would be to coordinate activities with the employing agency, provide technical assistance, and monitor implementation.

Ensuring the Integrity of the Chargeback System—OWCP administers the FECA program, but the Department of Labor does not generally pay for FECA claims (other than its own) from its budget. Payments made to or on behalf of FECA claimants come from the Employees' Compensation Fund. The Department of Labor annually bills the Federal employing agencies for the FECA benefits expended on their behalf during the year. The agencies, for the most part, request the Congress to include FECA costs in their annual appropriation. The system is thus known as the "chargeback" system, since DOL "charges back" benefit payments to the appropriate employing agency.

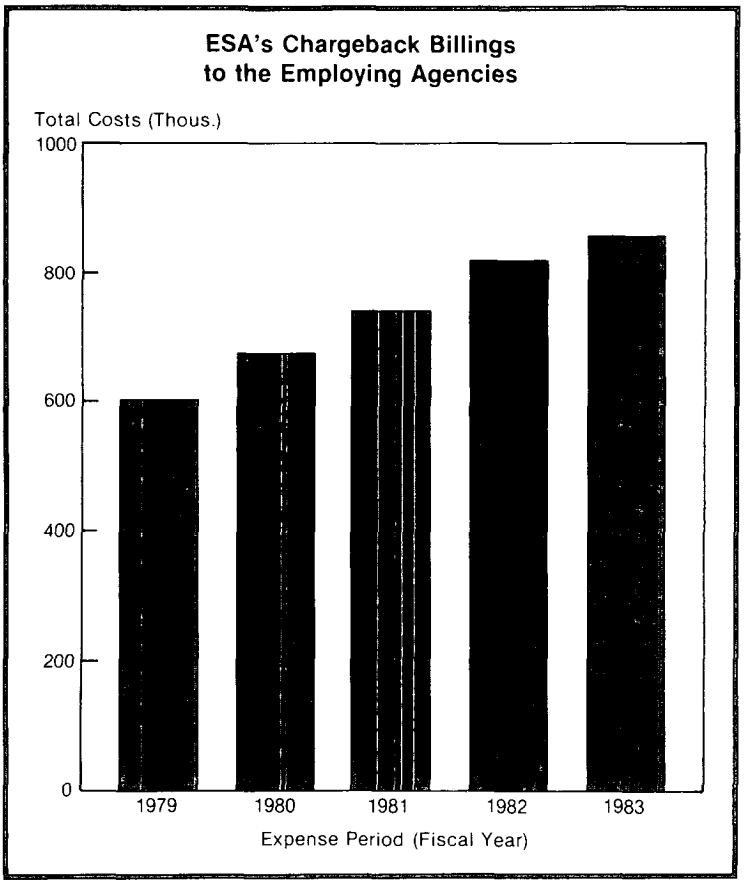
Agencies that receive funding through appropriations reimburse the chargeback system differently from agencies which receive funding through operating revenues. While it is true that FECA costs are "charged back" to employing agencies, costs incurred by appropriated fund agencies are met from a special allocation contained within the benefits portion of the

agency's salary and expense appropriation, not from operating expenses or base salaries. Because, in effect, appropriated fund agencies do not have to divert operating funds to pay their chargeback bill, they have little monetary incentive to reduce FECA costs.

Not all of the appropriated fund agencies pay the entire chargeback costs that their claimants incur. For the past several years, the Department of Defense has had a ceiling placed, through its appropriations legislation, upon the amount of money it is required to pay back to the Department of Labor through the chargeback fund. The ceiling results only in savings to the Defense budget, not the Federal budget, since the Department of Labor must pick up any compensation costs which exceed Defense's ceiling amount. In contrast, agencies which receive income from operating revenues (non-appropriated fund agencies), such as the U.S. Postal Service (USPS) and Tennessee Valley Authority (TVA), actually have to pay FECA benefits out of funds otherwise available for operations. These agencies also have to pay a portion of program administrative costs; appropriated fund agencies do not pay any portion of administrative costs. Higher FECA costs divert funds from other uses. The next graph shows the changes in FECA chargeback costs over the past few years.

Rising FECA program costs have been of great concern to both the employing agencies and the OIG. One way of curbing escalating costs is through the establishment of Injury Compensation Programs, which we discussed earlier. Another way is to ensure that the chargeback system is accurate in its billings. We believe that the employing agencies should expect, at a minimum, a chargeback bill certified as accurate by a firm of Certified Public Accountants (CPAs) to ensure that they pay only their share of FECA costs. When the FECA chargeback bill is submitted with the certification of its accuracy, there should be no justification for Congressional ceilings on chargeback obligations.

As a step toward improving the accuracy of the chargeback system, both the USPS and we have contracted with CPA firms to perform audits of the FECA chargeback system. At the outset, OWCP recognized that certain problems existed which



caused the chargeback system to be out of balance, and advised us that they would be receptive to suggestions for improving the accuracy of the billings as they moved into the first full year of their automated system. In connection with the audits, USPS, OIG and OWCP have entered into a memorandum of understanding to ensure cooperation and coordination, and to minimize duplication of efforts by the CPA firms.

The review by the CPA firm under contract with USPS is limited to USPS cases. The objectives of the USPS audit are to determine:

- the validity of the claims data provided to USPS through the chargeback system;
- the effect of data errors on USPS's ability to accurately predict its long-term FECA liability; and
- reasons for the significant decline in active compensation cases, which occurred in 1982.

The objectives of the review being performed for the OIG are:

- to determine the accuracy of the annual FECA chargeback bills to the employing agencies and to reconcile the billings to disbursements made through the U.S. Treasury;
- to determine if deficiencies exist in the chargeback system and problems in accounting for disbursements and receipts; and
- and to determine whether weaknesses exist in internal controls of the chargeback system which might provide undue opportunities for fraud, waste, and abuse.

The review will contain recommendations for corrective actions as appropriate in any of the three above areas.

The auditors under contract to OIG are performing the survey portion of their review. Results of their survey of the Fiscal Year 1982 chargeback billings of $820 million indicate that employing agencies were collectively underbilled by more than $30 million. (Fiscal Year 1982 was the year during which the chargeback system was fully automated. Errors, while they might be expected during such a transition, should have been corrected prior to the preparation of the chargeback billing report for the Fiscal Year.)

One reason for the discrepancies, it appears, is the failure of payment histories (records of medical and compensation payments made) to reflect all payments made and recoveries received. For example, undercharges resulted when one FECA district office, working through the manual compensation

payment system, failed to update payment histories to reflect premiums for health and life insurance benefits. Furthermore, it appears that withholdings for insurance benefits were not transmitted as required to the Office of Personnel Management, which manages the Federal life and health insurance programs. Overcharges resulted when OWCP failed to post all cash receipts to payment histories. In addition to problems evident with payment histories, the OIG's CPA survey also indicates that some billings were erroneous because of what appears to be failure by OWCP to bill employing agencies for all of the chargeback accounts for which they were responsible.

A number of problems were identified in reconciling the chargeback billings for Fiscal Year 1982. During the review, we presented these problems to both district and national office OWCP officials, who advised us that they would take corrective action to minimize recurrence during the remainder of Fiscal Year 1983 and to prevent recurrence thereafter. In addition, after a briefing to OWCP National Office officials, OWCP notified all of its district offices of problems which had been identified, emphasizing systemic problems which were likely to be present in offices not visited by the auditors, and stating the need for district offices to follow established procedures and maintain tight control over chargeback expenses. The auditors are now reviewing the Fiscal Year 1983 chargeback billings to determine whether the problems have been corrected and whether additional problems exist. We anticipate reporting the results of this audit in the next semiannual report.

Results from the survey have also revealed weaknesses in internal control systems in FECA district offices, among them:

- functions concerned with the processing of cash receipts were not properly segregated;
- payments made on a claimant's behalf were not always accurately reflected on the summary forms retained in the case file;
- authorizations required for payments above certain limits were not always obtained before payments were made; and
- supporting documentation for transactions could not always be located.

In addition to the audits being conducted at USPS and Labor, the Department of Defense is conducting a DOD-wide audit of FECA administration, including an analysis of chargeback listings for selected installations. Defense is analyzing these listings to attempt to verify claimants as present or former Defense employees. The objectives of Defense's audit are to determine whether: (1) internal controls have been established to prevent fraud and abuse in Defense's FECA program responsibilities; (2) management controls are needed to lower the cost of Defense's FECA program; and (3) opportunities exist at Defense to bring more long-term disability compensation claimants back to work to reduce program costs.

Another employing agency auditing the chargeback system is the Department of Agriculture, which is checking its chargeback billings for Fiscal Years 1981 and 1982 to ensure that all injured employees listed in the billings as present or former Agriculture employees are or were, in fact, Agriculture employees. This audit stems not just from concerns over rising chargeback billings, but also from inadequacies in the agency's cost distribution system. These inadequacies prevent Agriculture from determining where, within the agency, injuries are prevelant, so that individual managers can be apprised of FECA costs within their span of control, and so that reemployment and rehabilitation can be more actively promoted. The audit has several objectives:

- to develop a FECA program data base and reconciliation system;
- to establish a FECA program cost distribution system;
- to provide managers with information through an automated system; and
- to promote, through these efforts, rehabilitation and reemployment.

We view the efficient operation of the FECA program as strongly dependent upon a reliable, accurate chargeback system. Efficient operation further depends upon sufficient data for the employing agencies to allocate FECA costs to responsible managers within their agencies, and upon resources being made available to those managers to reduce employee injuries

and occupational diseases. Ensuring such integrity and effectiveness is a joint effort between OWCP and the employing agencies. Several employing agencies, as well as OWCP, are participating in audits involving the chargeback system, and attempting to refine the data base upon which the system depends. We will follow these developments closely, taking particular interest in the accuracy of OWCP's billings to the individual agencies.

Management Systems

The last semiannual report discussed problems in three management systems: (1) ADP systems; (2) medical review systems; and (3) case management systems. We shall address each of these areas, as well as two other management issues— employee malfeasance and claimant fraud.

ADP Systems—The last semiannual report stated that, in our view, the automated systems FECA has attempted to establish have been inadequate. ESA is now acquiring a major new ADP system for OWCP, termed FECA Level II, to enhance program management. Currently, ESA is reviewing proposals received in connection with the acquisition of the FECA Level II ADP system, and expects to award a contract in December of this year. Full implementation of the contract will take almost two years.

Our preliminary assessment of the request for proposals for the FECA Level II ADP System indicates that successful development and implementation of Level II will improve both FECA case management and control over disbursements to claimants and medical providers. We recognize that such an undertaking is a large and complex project. Our interest is that the proposed system be fully and successfully developed and implemented in a timely manner. The risks of delays and problems will be reduced through the application of and adherence to effective project management principles and techniques.

During Fiscal Year 1984 and throughout the development cycle for FECA Level II, we will commit audit and technical resources to continuously review and monitor the progress of

the project. We expect to be working in close coordination with the project manager, OWCP staff assigned to the project, and the project development contractor.

Needed improvements to ADP aspects of case management should not await full implementation of FECA Level II. In that regard, OWCP is making improvements to the existing Level I system, including separating bill payment duties involving the ADP system, adding ADP edits to detect duplicate bills, and making changes in case management.

Medical Review Systems—As noted in the last semiannual report, an essential element of the FECA program is a system of medical review to determine whether claimants are entitled to benefits. Good management of the medical review system requires that medical advice be readily available and acquired in a manner that is both cost-efficient and objective.

In district offices which do not have medical officers on their staffs, OWCP is dependent upon paid outside medical advice. However, a draft audit report issued last year noted that OWCP has not complied with applicable Federal and Department of Labor procurement regulations in its acquisition of medical advice and rehabilitation services. Labor's Office of the Solicitor sustained our position that OWCP, in contracting for medical and rehabilitation services, must comply with Federal and departmental procurement regulations.

As a result, ESA requested policy guidance from the Comptroller of the Department on the procurement of medical services, and on September 29, 1983, obtained a delegation of authority and responsibility for procuring medical services necessary for the adjudication of FECA claims. ESA is now preparing implementing procedures.

Case Management Systems—The last report discussed at length problems encountered in OWCP's management of cases, particularly management of long-term compensation cases (known as "periodic roll" cases because of the regular issuance of compensation payments to long-term FECA recipients).

OWCP has drafted, and by December 31, 1983, will have implemented, improved procedures for the comprehensive

management of disability cases. These procedures relate primarily to medical management of FECA claims. National Office staff will conduct training in all district offices in November and December. The procedures clarify a number of problematic matters relating to FECA claims, including requirements for obtaining independent (second opinion) medical examinations and weighing medical evidence. The procedures also provide guidance for the consideration of emotional conditions attendant to some long-term disability claims. Most significant is the categorization of disability cases into three categories according to the severity of the condition and the nature of the findings relating to the condition. Specific case management procedures are incorporated for each category. We believe that these procedures, when adopted and fully implemented, will assist in improving OWCP's management of FECA disability cases.

Revisions remain to be made to certain forms, particularly form CA-1032, the primary regular report of earnings which a FECA recipient files. Filed annually, the CA-1032 is the long-term recipient's affidavit of earnings and the status of dependents. The information requested on the CA-1032 is important in determining whether the claimant's eligibility for compensation has changed because of the claimant's capacity to work. Failure to periodically verify earnings and dependent status can result in overpayments. From an investigative viewpoint, the CA-1032 is a key evidential document for prosecutions in FECA claimant fraud cases.

The form now has problems in wording, which we believe can result in significant overpayments. One of the cooperative efforts between OWCP and OIG is work to revise form CA-1032 and other forms connected with compensation to strengthen language certifying the truthfulness and completeness of information the claimant provides on the form. These changes would facilitate case management and prosecution in future fraud cases.

One weakness with reporting arises not from the language of the forms, but from the FECA law itself. An opinion in the Ninth Circuit of the U.S. Circuit Court of Appeals, holding that the earnings reporting requirement of FECA does not ap-

ply to totally disabled claimants, has caused us some additional evidentiary problems in that Circuit in attempting to prosecute totally disabled claimants who receive earnings as well as FECA compensation. The difficulty cited in the law in this case would be solved by the legislative proposal the Department sent to the Congress.

Another measure which would enhance prosecution of fraud cases is increasing the severity of prosecution for making false statements from a misdemeanor to a felony. We have strongly advocated this legislative change in the past—having discussed it in semiannual reports since 1981. A part of this recommendation is that the willful concealment of earnings from employment or self-employment for the purpose of obtaining FECA benefits be declared a criminal offense. Currently, beneficiaries who falsify data on form CA-1032 are subject, under FECA, only to misdemeanor prosecution and collection of overpayments. (It should be noted, however, that felony prosecution against fraudulent claimants may sometimes be pursued under statutes other than FECA.) In addition, the present law speaks of making false statements only in affidavits and reports. The amendments recommended are also contained within the Department's legislative proposal.

We have made a number of recommendations for changes to OWCP's forms, some on which OWCP has already acted. The most germain recommendations addressing problems with forms such as the CA-1032 were made in a memorandum sent to OWCP on January 24, 1983. In that memorandum, we recommended that a certification of completeness and correctness and a "warning" be included on all forms that request information needed for determination of claims and for justification for additional compensation. The "warning" would apprise the person providing information on the form of the possible consequences of providing false information, answering evasively, or omitting information. Since sending that memorandum, we have met with ESA and the Office of the Solicitor on several occasions, and are continuing work to complete needed changes to various forms.

Employee Malfeasance—It is very difficult to detect and prevent employee fraud in the FECA compensation and bill pay-

ment systems. The systems are large, generating 1,354,122 compensation and medical payments in Fiscal Year 1982, and an estimated 1,395,000 payments in Fiscal Year 1984. Employee malfeasance detected in several FECA program district offices, OIG audits and assessments, and Congressional interest have made ESA aware of the need for mechanisms to detect and prevent employee malfeasance.

Past semiannual reports have discussed employee malfeasance uncovered in several FECA program district offices (Philadelphia, New York, Jacksonville, and Washington, D.C.). These instances have resulted in expanding the review of the FECA automated bill payment system to cover district offices in Dallas, Denver, Chicago and Cleveland. The purpose of this review of the automated bill payment system is to determine if internal controls are adequate to prevent the payment of fraudulent medical claims and to determine if fraudulent claims, once made, can be detected. We are giving special emphasis to determining whether control weaknesses in the bill payment system reported in the loss vulnerability assessment—a report issued several years ago—have been corrected. An important feature of the current audit is the mailing of letters to selected FECA claimants to confirm whether they have received reimbursements from FECA for services for which they had already paid their medical providers.

ESA is undertaking efforts to prevent employee malfeasance. In addition to the enhancements to the ADP systems, mentioned earlier, ESA's Internal Control Unit is conducting studies of operations in all FECA district offices except Hawaii. These reviews are concentrated on OWCP's compliance with recommendations made in two major reviews of FECA program operations issued in 1980 and 1981. The reviews were still being conducted at the end of the reporting period, and we have received no results as yet.

Finally, OWCP is planning to hold a two-day fraud awareness training course for assistant regional administrators in January 1984. The course results from OIG recommendations for increasing the sensitivity of program managers to fraud detection and prevention. OIG is assisting in the development and presentation of this training course.

Claimant Fraud—A final concern in the area of program management is with claimant fraud—a continuing problem for the FECA program. Our main effort to help prevent claimant fraud during this reporting period was to send a "warning letter" to selected FECA claimants identified in an OWCP computer crossmatch. OWCP, on our recommendation, is performing a pilot crossmatch in selected states. The match is of unemployment insurance rolls and wage data with those portions of the FECA rolls containing information on claimants who are temporarily totally disabled. The states involved are Pennsylvania, Missouri, New York, and Ohio. The purpose of the crossmatch is to determine if the claimants are reporting all wages to OWCP as required (important in the FECA program, since the receipt of earned income can alter a claimant's status within the FECA program). If the pilot is successful, OWCP will consider additional periodic crossmatches.

Results from the Pennsylvania crossmatch were the first to be reviewed. Of the 1,296 FECA recipients in Pennsylvania who were included in the crossmatch, 77 "raw hits" were identified as receiving both FECA benefits and earned income. OWCP is currently reviewing each of the claimants' files to determine whether the file contains current wage data, and will take appropriate actions. Instances of failure to report earned income will be referred to the Office of Investigations.

In conjunction with OWCP's crossmatch, OIG is sending a "warning letter" to selected FECA claimants residing in Pennsylvania. The "warning letter" reminds claimants of their obligations to report wages and informs them of the crossmatch. The letter also instructs them to contact OWCP if, for any reason, they failed to report any earnings or benefits which could affect their FECA compensation. If the "warning letter" results in a significant number of claimants reporting wages, we will expand the project to other states in which we conduct crossmatches.

New Activities

Survey of FECA Third Party Liability Case Processing

FECA claims arising from accidents frequently involve third parties who could be responsible for paying damages to the injured Federal employee, yet recoveries are not always obtained from liable third parties. A 1979 study by the General Accounting Office (GAO) reported that substantial recoveries could be made if the Department of Labor were to take more aggressive action against third parties. We performed a survey to determine if OWCP had improved their third party recovery process and if additional improvements might be needed.

Recoveries through third party action can be substantial. The 1,003 third party cases settled in Fiscal Year 1982 yielded recoveries of approximately $7.2 million, up from $2.25 million in Fiscal Year 1977. Our survey indicates that OWCP can make additional improvements in the identification and tracking of third party liability claims, resulting in further increases in third party recoveries. We concluded that collections might be increased if the tracking system included sufficient detail in case status codes to identify and report automatically those cases requiring action in a given month.

Our survey also demonstrated that a 1980 agreement between OWCP and USPS, providing for the tracking and pursuit of third party claims, has yielded significant results. Since the agreement, the number of third party liability cases resolved at USPS has risen 547 percent, and the amount of recoveries has risen 220 percent. While not all of these increases can be attributed directly to the agreement, we believe that the approach taken in the USPS-OWCP agreement merits consideration of similar approaches by other employing agencies.

Our survey also discovered problems in OWCP's information collection system for third party liability cases, as well as problems with the use of resources for case tracking and follow up. We recommended, and OWCP agreed to: (1) expedite en-

hancements of the existing ADP system to improve management of third party liability cases; (2) provide monthly summaries of third party case activities; (3) upgrade standards for providing the Office of the Solicitor with information on disbursements; (4) establish third party liability follow up as a primary performance standard for claims examiners; and (5) revise the form letter sent to claimants to emphasize the advantages to the claimant of pursuing a claim against a third party.

We also found that disputes over the Government's recovery rights and the amounts recoverable have resulted in substantial delays in collecting funds and closing third party cases. Such problems can only be solved by changes to the FECA statute itself. The legislative package the Department forwarded to the Congress includes a number of changes which would facilitate the pursuit and resolution of third party liability claims.

FECA/OPM Crossmatch

The previous semiannual report mentioned that we had started, in conjunction with the Office of Personnel Management (OPM) and OWCP, to verify the OIG crossmatch of FECA and OPM recipient records to isolate instances where individuals are concurrently receiving FECA disability or death benefits and OPM retirement or survivor annuities. FECA prohibits the receipt of dual benefits when the benefits involved are for wage loss, and also prohibits the concurrent receipt of FECA benefits with a civil service annuity or civil service death benefits.

We recorded a crossmatch "hit" when we found, based on OPM's data for April 1982, that an individual received OPM benefits when there was also a history of payments to that individual under the FECA Automated Compensation Payment System during the prior six months (November 1981–April 1982). Both OWCP and OPM officials worked with us to resolve each case.

This initial listing was then purified, and a total of 1,124 raw "hits" was identified for detailed review. Further examination

by OWCP and OPM officials found overpayments in 722 instances. The remaining cases were resolved due to miscoding errors, resulting in no matches or overpayments.

To date, either OWCP or OPM has determined overpayments for 402 cases totaling about $6.79 million. OWCP and OPM officials noted, and we agreed, that corrective action, in terms of stopping overpayments, had been initiated as a matter of routine management oversight prior to the date we provided them with a final list of match results. Corrective actions were initiated in about 12 percent of these cases between the time we notified OWCP and OPM officials of the existence of a problem and the time we provided them with a final printout. Recovery actions by either OWCP or OPM are still pending on some of these cases. Results for the remaining 320 cases are still pending. OWCP and OPM officials are continuing their work to determine whether any overpayments occurred.

In order to ensure resolution and collection of noted overpayments, OWCP has issued instructions to its district offices to require monthly reports until action on all cases is complete. Following resolution of the remaining 320 cases, OWCP and OPM will conduct a joint review, with OIG assistance, to determine why the duplicate payments occurred and what internal controls need to be implemented to preclude the situation from recurring. Also, we plan to conduct periodic reviews of the noted corrective actions to ensure complete resolution.

In conclusion, bringing about reform to a program which has historically been beset by severe problems is a massive undertaking requiring simultaneous action on several fronts. Many of the activities discussed in this report mark progress. However, we remain concerned in certain areas, and intend to monitor OWCP's efforts at improvement. Finally, we urge the Congress to give the Department's proposed amendments to FECA close attention, and to enact the proposal.

Departmental Management

This section covers OIG work related to Department-wide administrative management areas including activities within the Office of the Assistant Secretary for Administration and Management as well as within the program Agencies. Increasing its emphasis on those functions and activities which transcend all Agencies of the Department, the OIG has directed substantial audit efforts to areas which will improve management controls. During this reporting period, five reports were issued covering ADP management, cash management through letters of credit, consultant service awards, payroll activities, and year-end spending. In addition, the OIG has continued its work in implementing OMB Circular A-123, Internal Control Systems, and has several audits underway on Reform '88 initiatives including audits of debt collection activities, collection and deposit of funds, and lease versus purchase of property.

ADP Management

OMB Circular A-71 assigns to the heads of Federal agencies the authority and responsibility for the effective and efficient management of ADP activities. Because the Department's use of ADP is an extensive and integral part of its operations, we conducted a survey of how the Department manages and oversees its ADP activities. The findings indicated serious deficiencies in the Department's management and oversight of ADP. The problems included such serious omissions in basic management functions so as to adversely impact on the Secretary's ability to certify the adequacy of the Department's internal control systems, as required by the Federal Managers' Financial Integrity Act of 1982.

The survey indicated that the Department's ADP management philosophy impaired its ability to ensure effective and efficient use of ADP resources. Although the Directorate of Information Technology is charged with providing coordination and leadership in the ADP area, it has narrowly defined its opera-

tional role, thereby leaving authority and responsibility for ADP management in the hands of individual Agency program managers. This has allowed the program managers to operate with virtual autonomy. Therefore, in practice, ADP management responsibilities are widely dispersed, with few tools available for Department-wide ADP management. This approach prevents the Department from exercising quality control over ADP management across Agency lines.

We found that the Department was lax in four major areas. First, existing ADP policies, procedures and standards did not adequately reflect current organizational responsibilities and recent Federal requirements. The need for a more comprehensive and formalized approach to standards was accentuated by the fact that only one Agency, the Bureau of Labor Statistics, maintained a systems standards manual.

Second, the Department was not providing oversight or direction in the management of ADP hardware and software. It lacked an inventory of its ADP resources and, therefore, the Department could not ensure that those resources were adequately planned, coordinated, controlled, and utilized.

Third, there was no structured framework for long-range ADP planning. This void resulted in increased ADP resource acquisition costs and, because ADP systems are such an integral part of program operations, the lack of planning had a negative overall impact on the costs and effectiveness of those operations.

Finally, the Department had not provided adequate protection of ADP facilities and data through appropriate security measures. Although the responsibility for developing and implementing computer security programs had been delegated by the Assistant Secretary for Administration and Management (OASAM) to the Directorate of Information Technology, we were unable to identify formal departmental policies and procedures implementing such a program.

The conclusions drawn from the survey were reinforced by a recommendation contained in a report by the President's Private Sector Survey on Cost Control. This report recommended "...that the Secretary of Labor direct the Assistant

Secretary for Administration and Management to exercise central control over the acquisition and management of all ADP equipment, services, and personnel." It further cited the need to develop an ADP plan, define the desired ADP environment and coordinate ADP procurements.

In our report, we recommended that the Assistant Secretary for Administration and Management hold the Directorate of Information Technology accountable for providing strong leadership in the management of ADP by requiring it to:

- issue current policies and procedures which accurately reflect organizational responsibilities governing the management of ADP resources;
- develop an organizational structure to ensure that those policies and procedures are implemented; and
- develop an inventory of the Department's ADP resources.

In concurring with these recommendations, the Department issued draft administrative policies which more clearly reflect and define organizational responsibilities as they apply to ADP management. OASAM also made a commitment to try to increase resources for ADP oversight. Additionally, the Directorate of Information Technology has indicated that a directory of software resources has been issued and that the directories of hardware resources and automated systems are scheduled to be completed in March 1984.

Cash Management Through Letters of Credit

As part of a project sponsored by the President's Council on Integrity and Efficiency, we reviewed cash advance funding by letter of credit (LOC) in the Department of Labor for Fiscal Year 1982. The project, coordinated by the Inspector General of the Department of the Treasury, was designed to evaluate cash management controls and the administration and monitoring of the various letter of credit funding techniques.

The review was performed in the National Office and several Regional Offices of the Employment and Training Administration (ETA), the Mine Safety and Health Administration

(MSHA), and the Occupational Safety and Health Administration (OSHA).

Funds advanced to finance Federal grants and other programs are a significant part of the Federal budget and advances of cash from the U.S. Treasury can have a substantial impact on the amount of Treasury earnings and costs. For instance, in Fiscal Year 1982, letters of credit in ETA, MSHA, and OSHA totaled about $6.4 billion. Any portion of this funding that was advanced in excess of immediate needs resulted in substantial interest costs to the Federal Government as a result of additional borrowing. Federal policy requires that funds be advanced to recipients only as the funds are actually needed and the letter of credit system is one of the methods used to ensure that this is accomplished.

Although ETA, MSHA, and OSHA had internal control and monitoring systems for management and administration of letters of credit, the systems were not functioning as intended because onsite monitoring of advance funding by MSHA and OSHA was not adequate, recipient information was not adequately monitored by OSHA, and the Treasury letter of credit payment methods were ineffective in controlling cash balances.

Desk reviews and monitoring of financial reports by MSHA and OSHA were insufficient to ensure the accuracy of financial information provided by LOC recipients. Most visits to LOC recipients stressed program performance reviews, not financial and cash management reviews. Therefore, recipients seldom had their letter of credit practices evaluated and the Agencies were not able to adequately ascertain if excess cash was kept on hand by the recipients.

The Treasury Department's disbursing system requires cash status information with each request for payment. This provides an additional degree of evaluation before funds are released. However, the requirement to review recipient supplied cash information prior to disbursing funds did not prevent the accumulation of excessive cash balances.

The major weakness in this system was the excessive reliance placed upon recipient supplied information. Requests for

drawdowns did not provide enough information for the Treasury or the approving Agencies to make financial decisions on drawdowns.

An additional disadvantage of these requests was the lack of prepayment approval by the granting Agency, resulting in an "after-the-fact" determination of payment approval by the Agency. If excessive advances were made, the Agency had to take action to change the method of payment or recover the excess funds, resulting in additional costs to the Agency.

Significant efforts have been made by ETA to control payments on letters of credit. ETA installed an automated cash management system in 1982 which extracted key elements from the drawdown requests to determine the total cash-on-hand, including advances and any excess cash. Any excess cash was then to be verified. ETA reports that this new system is a success and will continue. ETA reports that a total of $121.6 million was identified as a result of this effort by June 30, 1983.

Based on the review, we recommended that MSHA and OSHA ensure that onsite monitoring of letter of credit recipients' cash management systems be increased to prevent excessive cash advances and balances from occurring. We also recommended that procedures for administering and monitoring letters of credit be finalized and implemented, where appropriate. The Agencies concurred with the report and began implementing the recommendations. The Department informed the OIG that, in its effort to implement Reform '88 Cash Management improvements, Treasury Department procedures have been adopted for Fiscal Year 1984, for wire transfer of funds under letter of credit. This procedure allows the Department to speed up fund transfers to meet the immediate cash needs of grantees in various Agency programs. A follow-up review will be conducted to determine the effectiveness of this new system.

Consultant Service Awards

We evaluated the Department's progress in establishing effective management controls and improving the accuracy and

completeness of the information provided to the Federal Procurement Data System (FPDS) on contracts for consulting services for Fiscal Year 1982. We had reviewed management controls in previous fiscal years and, in November 1981, we issued an audit report disclosing that the dollar value of consultant awards reported to FPDS differed significantly from departmental accounting totals and recommended that procedures be developed to prevent future errors. Management implemented changes which they thought would prevent future errors.

The latest review for Fiscal Year 1982 indicated that management has made a good effort to comply with OMB requirements to control consultant award actions. For instance, the Department's published guidelines exceeded OMB requirements in that they applied management controls and reviews not only to consultant awards, but also to management and professional services and special studies.

Unfortunately, the extension of controls over these related services awards resulted in misunderstanding and confusion throughout the Department as to what constituted the definition of "consultant." As a result of this confusion, a number of consultant awards did not receive the required review by the Department's Procurement Review Board. In addition, there were material inaccuracies in consultant data reported to the Federal Procurement Data System and recorded on departmental accounting records.

We recommended that the Department strengthen certain management and reporting controls, clarify the guidance contained in the Department of Labor Manual Series, and provide training to both the procurement and accounting staffs regarding the processing of consultant awards. In addition, we recommended that OMB's Office of Procurement Policy clarify the definition of "consultant."

We discussed the findings with the DOL Procurement Executive and other management officials and found them in general agreement with our findings and recommendations. In fact, several of the recommendations incorporated in the report were suggested by management during our discussions.

We have recently begun the audit of Fiscal Year 1983 Consultant Service Awards, which will also include an evaluation of how effectively the Department has implemented the corrective actions stemming from the 1982 audit.

Payroll Activities

During this reporting period, we initiated survey work in payroll activities. As a result of the survey, we noted two areas which warranted immediate action, severance pay and multiple payroll payments.

Severance Pay—In Fiscal Year 1982, the Department had a massive reduction-in-force which necessitated severance payments to hundreds of employees. Because of the many payments made to the laid off employees, we conducted a survey to determine whether variances existed between the severance pay computed by departmental personnel offices and the actual amount paid to affected employees.

We examined over $1.1 million of severance pay entitlements for 263 persons. The review disclosed 20 overpayments totaling $12,716 and 14 underpayments totaling $21,034. The underlying cause of overpayments was the remittance of manual payments by the payroll office to ensure that recipients would receive their initial severance pay checks in a timely manner. However, when the computed severance pay was incorporated in the computerized payroll system, it appeared that adjustments were not made to reflect the manual payments. With regard to underpayments, in most instances, documentation could not be located in the payroll office to substantiate the reason for termination of a recipient's severance pay prior to remittance of their full entitlement.

We recommended that each Agency's personnel office recompute the severance pay of those recipients with variances; recompute the severance pay of a sample of recipients without variances; determine the status of the recipients with variances; and, in coordination with the payroll office, seek recovery of overpayments and make restitution of underpayments. Following these recommendations, the Agencies

notified us that severance pay for those employees affected had been recomputed. Those recipients who were underpaid have received the proper amounts that were due to them. Those persons who were overpaid have been notified and collection action has been instituted, where appropriate.

Multiple Payroll Payments—In this survey, we found that there were approximately 350 persons, in 1980, 1981 and 1982, who appeared to receive multiple payments during the same pay periods.

We randomly selected and reviewed documentation supporting twenty-six of these payments and found eight duplicate payments or overpayments totaling $11,178. In addition, we found five duplicate payments totaling $7,048 which had been identified and recovered by the payroll office.

We determined that these duplicate payments occurred for similar reasons to those found in the Severance Pay Survey. Namely, controls were inconsistently implemented to ensure that manual payments were incorporated in the computerized payroll system.

As a result of the review, we recommended that the Office of Accounting:

- take collection action for the identified overpayments;
- review the other cases that we identified, take collection actions where appropriate, and notify us of the results; and
- implement internal control procedures such as periodically reviewing a computer print-out of multiple payments in a single pay period to see if duplicate payments continue to occur.

Agency officials agreed with the findings and have begun to implement the recommendations. The Office of Accounting has reviewed the records of the eight overpayments/duplicate payments and made the necessary adjustments or instituted collection action. Staff has been assigned to determine the validity of the other potential overpayment cases and payroll training material has been updated to emphasize the importance of reviewing the earnings history of an employee before making a manual payment. Finally, the Directorate of Informa-

tion Technology has been requested to provide the payroll office with a quarterly computerized listing of multiple payments made to an employee within the same pay period.

The OIG will follow up with the Office of Accounting to ensure that all recommendations are fully implemented and that overpayments are collected.

Year-End Spending

We evaluated the adequacy of controls implemented by the Department in Fiscal Year 1982 to eliminate unnecessary year-end spending and to determine if obligated funds pertained to services required only during that Fiscal Year. Specifically, we determined if spending was in accordance with the Annual Advance Procurement Plans (AAPP) which are developed by the various Agencies at the beginning of each fiscal year. The review also determined if proper approvals were obtained and if the obligations were adequately supported. With limited exceptions, the review showed that the Department made significant efforts in managing year-end spending.

The review disclosed that three contracts awarded by the Women's Bureau, totaling $300,000, and two purchase orders for $58,783, awarded by the Employment and Training Administration (ETA), were not included on the AAPP as required. In addition, ETA and the Bureau of Labor Statistics in the Boston region purchased ADP equipment valued at $106,666 and $13,217, which did not receive proper approval.

Although the procurement requests for the Women's Bureau contracts did go through the Procurement Review Board and received the proper approvals, modifications of the AAPP were not completed to incorporate these procurements despite departmental policy. The Agency indicated that the omission of the procurements from the AAPP was an oversight. We have received written assurance that, in the future, when a noncompetitive procurement not contained in an Agency's AAPP is submitted for approval to the Procurement Review Board, the procurement approval will also cover the change to the AAPP.

The review of purchase orders in ETA processed through OASAM showed that ETA bought carpeting totaling $58,783 which was not on their AAPP in Fiscal Year 1982. Although ETA had included this type of purchase request on their Annual Work Plan in previous years, they never had enough money to make the purchase. Because they expected limited resources in Fiscal Year 1982, they did not include any provision for the purchase of carpeting on their AAPP for that year. When the late receipt of ETA's Fiscal Year 1982 supplemental appropriation provided the additional resources, the purchases were made and the modification of the AAPP was not completed. Closer attention to the requirements of departmental procedures and their AAPP will prevent similar omissions in the future.

Finally, improper interpretation of an OASAM memorandum contributed to the purchase of ADP equipment in the Boston Regional Offices without proper approval. A clarifying memorandum which has been sent to all Regional Offices should prevent a recurrence of this situation.

Reform '88

OIG has continued to take an active role in the planning and implementation of immediate and long term reviews covering Reform '88 initiatives.

Included in this work is a review of debt collection procedures and activities of MSHA, OSHA, and ESA's Black Lung program. Also, we are participating in a Government-wide study of the collection and deposit of funds, which is sponsored by the President's Council on Integrity and Efficiency. Another area in which resources have been committed is a physical inventory of the Department's telephone equipment to determine if company billings are correct and if there are unjustified telephone instruments. In addition, survey work recently started for potential audits under Reform '88 covering the areas of lease versus purchase of equipment, and billings by external agencies for airline ticketing, other vendors and GSA provided services.

Finally, during this reporting period, we met with departmental officials responsible for the various Reform '88 initiatives to develop ideas and suggestions for joint and individual projects. A joint economy and efficiency review covering Agencies' management of assets such as space, travel, and property has resulted from our meetings. The review guide is being assembled by OIG and Agency personnel. Work on this project is scheduled to begin during the first quarter of Fiscal Year 1984.

Internal Control

As mentioned in the last semiannual report, we have been heavily involved in the implementation of the Department's internal control program, mandated by OMB Circular A-123, Internal Control Systems, and the Federal Managers' Financial Integrity Act of 1982. Our role in the process is multidimensional and involves three types of activities:

- The Inspector General, as a member of the Department's Internal Control Policy Board contributes to the overall policy and direction for the program's implementation.
- OIG staff will assist the Board by providing technical support, training, guidance and monitoring.
- The OIG will independently, through its audit program, ensure quality and consistency in the internal control review and reporting process and ensure that all identified weaknesses are addressed.

During this reporting period, we provided training and an internal control review guide to all departmental internal control officers and reviewers. Also, as part of the overall audit resolution and follow-up system, we are tracking DOL data related to internal control weaknesses and reviews. Later this year, we will be developing an assessment of the Department's internal control program for the Secretary prior to his certification as required by the Federal Managers' Financial Integrity Act of 1982.

PART II

SUMMARY OF OIG ACTIVITIES

Office of Resource Management and Legislative Assessment

The Office of Resource Management and Legislative Assessment (ORMLA) supports the OIG by fulfilling several of the statutory requirements of the Inspector General Act; coordinating OIG-wide initiatives; and providing leadership in the areas of policy development, internal evaluation, external relations, administrative management and information resources.

Two aspects of ORMLA work during this reporting period are highlighted in this report: our analysis of existing and proposed legislation and our acquisition and utilization of microcomputers.

Legislative Assessment

Section 4(a) of the Inspector General Act of 1978 requires that the Inspector General review existing and proposed legislation and regulations, and make recommendations in the semiannual report concerning their impact on the economy and efficiency, and on the prevention and detection of fraud and abuse in departmental programs.

Mindful of this responsibility and its importance, particularly from the perspective of preventing fraud, waste and abuse in Agency programs and operations, we have reviewed a considerable number of proposed bills and regulations during this six-month period. Several of the more significant issues of concern to the Office of Inspector General are described below.

- **Inspector General Act Amendments of 1983 (H.R. 3625)**

  During this reporting period, the Inspector General Act Amendments of 1983 were reviewed and supported. However, we strongly recommended to OMB that Section 6 of the Inspector General Act of 1978 be amended to exclude the Office of Inspector General from the provisions of the Paperwork Reduction Act. Specifically, we proposed that after section 6(c) be added the following:

  > (d) Activities and operations of the Office of Inspector General shall not be subject to the Paperwork Reduction Act.

  This amendment would provide an exclusion similar to that already provided for the activities and operations of the General Accounting Office and would resolve an issue raised during this reporting period that is of grave impact to this OIG and, we believe, to the entire Inspector General concept, as formulated in the enabling legislation. This critical issue is the need for clarification of the Paperwork Reduction Act vis-a-vis the Inspector General Act of 1978. The specific issue is whether OIG audit guides are covered under the Paperwork Reduction Act. Audit guides are the documents that provide background information, audit objectives and steps to achieve those audit objectives. These audit guides serve as a checklist of items the auditor needs to review during the course of the audit.

  The question of whether audit guides are covered under the Paperwork Reduction Act received considerable attention in the OIG community, even as OMB was drafting the implementing regulations for that Act. At that time, OMB sought to include audit guides under the "collection of information" provisions of that Act. As a result of the strong concerns raised by the IG community, OMB agreed to omit the reference to audit guides in the final regulation.

  Nevertheless, as a result of a recent disagreement between the OIG and OMB over the audit survey guide related to the Job Training Partnership Act program, which is discussed in the ETA section, OMB took the position that this

guide was covered under the provisions of the Paperwork Reduction Act and subject to OMB clearance.

The impact of OMB's interpretation on IG operations, the Inspector General Act and the concept of an independent audit function is immense. The power to clear an audit guide carries with it the power to determine the content of an audit as well as the thrust of an audit and—ultimately—whether the audit can be conducted at all.

In our view, such OMB review and approval of OIG audit guides is inconsistent with Congressional intent in establishing independent OIGs with the responsibility to plan and conduct audits and investigations without outside pressures or improper constraints. Also, we believe it is inconsistent with GAO standards on organizational independence.

This apparent conflict between the IG Act and OMB's interpretation of the Paperwork Reduction Act must be resolved. IGs cannot, in good conscience, submit audit guides to OMB for clearance and continue to remain independent and in accord with the concept of the IG Act or the GAO audit standards.

Of course, we would support other vehicles for accomplishing our recommendation to exclude OIGs from the requirements of the Paperwork Reduction Act.

- **Uniform Single Financial Audit Act of 1983 (S.1510)**

We are not in support of this bill, which would establish uniform single financial audit requirements for state and local governments, non-profit organizations and other recipients of Federal assistance. This bill is aimed at providing for more efficient use of audit resources by recipients of Federal assistance. However, Attachment P of OMB Circular A-102 serves a similar purpose by providing for organization-wide audits for state and local governments and Indian tribal governments that receive Federal assistance. Since OMB Circular A-102, Attachment P, is still being implemented, any legislation should be held in abey-

ance until the results of Attachment P provisions can be evaluated.

We also feel that the bill was weakened by: (1) not incorporating the GAO *Standards for Audit of Governmental Organizations, Programs, Activities and Functions*; (2) not providing criteria to evaluate the appropriateness of grantee expenditures in relation to grant purposes and restrictions; and (3) not including effective or specific reporting requirements to the cognizant Federal agency.

- **Authorization of Appropriations for the Office of Government Ethics (S.461)**

We strongly opposed this bill, which would extend the authorization of appropriations for the Office of Government Ethics for another five years, because one of its provisions would grant authority to the Director of the Office of Government Ethics to use the OIGs to investigate possible conflicts of interest and to conduct audits requested by the Director.

This would result in the diversion of OIG resources from the statutory responsibilities contained in the Inspector General Act of 1978 and the dilution of the authority of the IG to determine how OIG resources are to be used.

We recommended that Section 6 of the bill be deleted or reworded as follows:

> The authority of the Director under this section includes recommending to Inspectors General that certain investigations and audits concerning possible conflicts of interest be conducted.

- **The Program Fraud and Civil Penalties Act of 1983 (S.1566)**

This bill would stengthen mechanisms for the recovery of civil penalties and assessments for false claims involving Federal grants, contracts and programs.

While we supported the intent of this bill, we suggested some changes. Although we agree that cases involving very large amounts of money should be pursued through the judicial process, we are concerned that the $100,000 limit

specified in Section 806(F) could result in some cases not being pursued through either administrative or judicial methods, if limited Justice Department resources meant that a case had to be declined. We suggested that the proposed statutory ceiling be eliminated and replaced with more flexible criteria or limits set by Justice Department regulations.

We also suggested that the "reckless disregard" standard be added to Section 804(b). This would strengthen the section by covering constructive knowledge, as well as actual knowledge, and would be consistent with both criminal and tort law, as well as the False Claims Act.

We also believe that consideration should be given to the option of returning recovered funds to the related program's appropriation, rather than to the U.S. Treasury, since this might increase agencies' incentives to aggressively press for collection of penalties.

- **Consulting Reform and Disclosure Act of 1983 (H.R. 1882)**

We opposed this Act, which would impact on provisions of the Inspector General Act of 1978. Section 101(d) gives OPM the authority to suspend the authority of agencies to appoint experts and consultants, a provision in conflict with the Inspector General Act.

Similarly, Section 101(g)(1) would also limit the autonomy of the Inspectors General by allowing the head of each agency to establish procedures for review and approval of appointed experts or consultants used by the Inspector General.

We also opposed Section 102, which would eliminate the authority of the Inspectors General to appoint any individual as an expert or consultant.

Finally, we opposed section 202(b), that would require an agency to notify the appropriate OIG whenever a contract modification increased the amount of a contract by $25,000. Our oppositions is based on the fact that the section does not specify what the OIG is to do with the information, nor does it give the OIG authority to approve or disapprove the

modification. Additionally, since contract modifications are one stage of the procurement and contract administration process, the proposal is unclear as to why the OIG should be specifically involved in this particular stage of the process.

- **Law Enforcement Authority**

An issue that continues to be of importance to the OIG is the need for law enforcement authority for Special Agents in the Office of Organized Crime and Racketeering (OOCR). Law enforcement authority includes the power to make arrests, administer oaths to witnesses, carry firearms and execute search warrants. A legislative remedy is required to grant this authority, and previous semiannual reports document that it is essential that our Special Agents be afforded this full law enforcement authority.

Earlier hearings held by both the Senate Committee on Labor and Human Resources and the Senate Permanent Subcommittee on Investigations examined whether the OOCR has sufficient powers to effectively carry out its broad mandate to rid unions and union-administered pension plans of the domination and influence of organized crime and labor racketeers and whether the lack of law enforcement powers limits our effectiveness and endangers Special Agents.

Although most of those who testified were in support of full law enforcement authority for our Special Agents, the Administration's position—as voiced by the Department of Justice—was not in support of this bill.

The absence of full law enforcement authority has required Special Agents to request assistance from other Federal agencies to carry out many of their most basic duties. Such solicitation of assistance from other Federal agencies has been time-consuming, and requires that these other agencies readjust their priorities and staff assignments to be available to provide law enforcement services as needed.

- **Labor Management Racketeering Act of 1983 (S.336)**

We continue to strongly support the passage of this bill which would contribute greatly to our program of com-

bating organized crime. This bill would (1) add to and clarify the list of crimes which disqualify convicted persons from holding positions of trust with employee benefit plans, labor organizations or corporate labor-management relations; (2) increase the period of debarment from five to a maximum of ten years; (3) provide for debarment of guilty persons from their positions of trust at the time of their conviction rather than at the end of the appeals process; (4) increase the penalties for violations of the Taft-Hartley Act; and (5) clarify certain investigative responsibilities of the Department of Labor.

The intent of this bill has the support of the Administration and the AFL-CIO. During this reporting period, the International Brotherhood of Teamsters and its president, Jackie Presser, softened their opposition to the legislation and indicated that, with a change of some language, the Teamsters could wholeheartedly endorse the bill.

Although S.336 passed the Senate, by a 75-0 margin, on June 20, 1983, there appears to be little activity within the House Subcommittee on Labor-Management Relations to move this important legislation forward.

- **Longshore and Harbor Workers' Compensation Act Amendments of 1983 (S.38)**

We support this bill, which was passed by the Senate on June 16, and referred to the House Committee on Education and Labor, Subcommittee on Labor Standards, on July 1. This bill, a virtual copy of S.1182 (which passed the Senate but failed in the House in the 97th Congress), would bring about substantial program reforms, including: tightened criteria for establishing permanent disability; debarment authority against fraudulent medical and legal service providers; requirements that claimants file reports of earnings; incentives for rehabilitation and reemployment; requirements for the licensing of representatives for claimants in prosecuting a claim; and limitations on death benefits. The Bill would address many problems brought to light by GAO reports and Senate committee hearings, which have indicated that significant weaknesses in the current law have contributed to fraud, including fraudulent permanent injury

claims, fraudulent medical practices and concealed earnings while receiving benefits.

- **Federal Employees' Compensation Improvements Act of 1983 (Department of Labor proposal)**

  In our section on the Employment Standards Administration, we discussed our support for the Department of Labor's proposal for legislative amendments to the Federal Employees Compensation Act (FECA). The proposal would enact provisions to implement a number of recommendations we had made, would apply benefits under the Act more equitably, and would significantly enhance management of the FECA program. We urge that the Congress introduce the Department's proposal and give it close attention.

- **Reducing Error in Income Support Act of 1983 (H.R. 926)**

  We support this bill, which seeks to prevent fraud and overpayments in various welfare programs by requiring state unemployment agencies to collect individual wage information on a quarterly basis.

  As a result of our own audit of state agency benefit payment control systems and data generated by the Random Audit program, we have determined that substantial benefit savings can result when those states can match earnings to benefits for unemployment insurance.

  Clearly, very significant additional savings can also be realized in such areas as food stamps, aid to dependent children and child support enforcement programs. The issue of wage reporting and our support of this legislation is more fully described in the Employment and Training section of this report.

ADP Initiatives

As part of our efforts to develop a strong ADP capability, a Division of Information Resources was recently established within ORMLA. This coincided with the Inspector General's commitment to launch an aggressive and coordinated effort to use

computer technology to improve the efficiency and effectiveness of our work.

In addition to an on-line management information system for tracking work and accomplishments, a major emphasis of the IG has been the integration of current technology with the traditional OIG disciplines. This has been accomplished, in part, through the acquisition of 25 portable microcomputers. The computers were recommended by the PCIE Computer Audit Committee for use throughout the entire IG community. Although training of OIG audit and investigative staff has just been initiated, this new technology has already played an important role in some of our work.

For example, the microcomputer was recently used by two of our agents during an organized crime and labor racketeering investigation to compute the interest lost through an apparent diversion of union funds. Under a court deadline to provide evidence of the alleged crime, and with less than two days of exposure to the computer and its software, the agents were able to use the equipment and complete complex analysis work in a matter of days. The agents estimated that, without the equipment and its sophisticated software capabilities, the work would have taken several people up to three months to complete—an amount of time that simply was not available. Additionally, after the agents were notified that they had received some erroneous interest rates, the necessary corrections to all of the computations were able to be made in a matter of minutes. The information developed by the agents is being used by the U.S. Attorney for presentation at the upcoming trial.

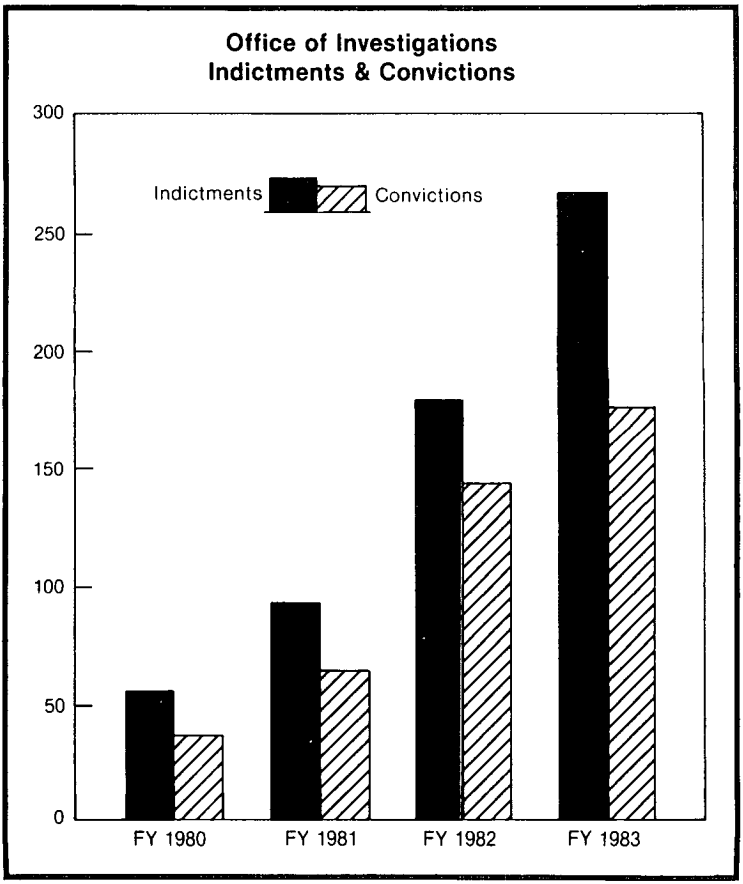
The equipment was also used to support the recently completed state survey of the Job Training Partnership Act program. The JTPA survey, discussed more fully in the Employment and Training section of this report, was under a tight deadline to complete an analysis of substantial amounts of data from each of the 50 states and seven other entities. As previously indicated, management and control systems were being devised and instituted by each of the states and entities. Thus, it was necessary to delay initiation of the audits of JTPA systems implementation for as long as possible, so that the

systems to be examined could be sufficiently developed to make a review meaningful. However, for this audit to be of maximum value to the Secretary, the results and identification of problems had to be available at the start of the grant period. This compressed time period necessitated the type of transmission and analytical capabilities that this new equipment could provide. The result has been a timely and useful end product, which, given the amount of data involved, was produced in record time.

We are very excited about this capability and its impact on our work. As the remaining phases of the OIG automation plan, including the installation of an OIG-wide network of minicomputers, are implemented, we expect that the number and complexity of applications will increase substantially.

Office of Investigations

This reporting period completes five years of operations for this organization. Throughout this time, significant progress has been made by the Office of Investigations. The graph below illustrates our accomplishments since Fiscal Year 1980.



Our progress in indictments and convictions over this period has increased by approximately 422 percent for indictments

Summary of Investigative Activity

April 1–September 30, 1983

Agency	Cases		Individuals		Civil Actions	Unsuccessful Prosecutions
	Opened	Closed	Indicted	Convicted		
Employment and Training Administration	161	132	124	70	–	2
Employment Standards Administration	152	130	43	33	1	–
Occupational Safety and Health Administration	14	12	3	1	–	–
Office of the Secretary	7	2	–	–	–	–
Office of the Assistant Secretary for Administration and Management	6	5	1	2	–	–
Mine Safety and Health Administration	3	3	–	–	–	–
Bureau of International Labor Affairs	1	2	–	–	–	–
Office of the Solicitor	1	3	–	–	–	–
Labor-Management Services Administration	–	3	–	–	–	–
Bureau of Labor Statistics	–	2	–	–	–	–
Multi Agencies/Programs	11	11	–	–	–	–
Totals	356	305	171	106	1	2

and 412 percent for convictions. There are several factors that have contributed to this increase. As the Special Agents have gained experience in the intricacies of departmental programs, we have developed a well disciplined, professional group of investigators. In addition, we have incrementally increased the investigative personnel by approximately 60 percent so that we are presently at our greatest strength. Finally, we have improved case management, and the U.S. Attorneys recognize the quality of the evidence that we develop and have become more familiar with Department of Labor programs and their impact on the economy.

Other investigative results, such as cost efficiencies, amount of settlements, and amount of recoveries are not as easily compared because of various changes in definitions and circumstances. However, progress in these areas has been equally significant. For instance, during this reporting period, fines and penalties, settlements and judgments, and restitution actions totaled $816,521.

Throughout the first five years of this organization, most investigative efforts have focused on programs administered by the Employment and Training Administration (ETA) and the Employment Standards Administration (ESA). Recently, we have begun to expand the efforts to other Agencies, such as the Mine Safety and Health Administration, and we will continue to increase our attention to other DOL program areas.

During this reporting period, 31 percent of investigative hours were devoted to ETA cases, including violations of CETA and the Unemployment Insurance programs. Thirty-two percent of the time was spent investigating cases under ESA, including claimant fraud under FECA and Black Lung. The remainder of the time, 37 percent, was devoted to other programs and operations.

Employment and Training Administration

During this period, we opened 161 ETA cases and secured 124 indictments and 70 convictions. These figures include 68 cases opened under the Unemployment Insurance program that re-

sulted in 43 indictments and 15 convictions. We addressed such problems as participant ineligibility, embezzlement, and forgery. The cases below highlight the types of schemes that were perpetrated against ETA programs.

- A scheme was uncovered that resulted in an indictment and conviction of a Notary Public and two coconspirators for mail fraud and conspiracy. They were involved in an attempt to defraud the Texas Employment Commission of UI benefits by providing false employment documentation to requalify potential claimants who were ineligible for the benefits. The Notary Public, in return for payments, provided letters which falsely stated that individuals had worked for various employers, had earned wages, and were subsequently laid off. Twenty-three claimants provided sworn statements that they had paid the Notary Public from $70 to $150 for their particular letters and that they had not worked or been paid wages by their purported employers.
  The amount of false claims charged to the Texas UI program in this scheme is estimated at more than $165,000. The Notary Public was sentenced on August 11, 1983, to serve three years in prison. *U.S.* v. *Richmond* (S.D. Texas)

- On July 15, 1983, the Executive Director of Midway Health Services, a subgrantee of the Illinois Department of Human Services, accepted a plea agreement, pled guilty and was sentenced to two years' probation. She was also required to make $3,300 in restitution payments to the Illinois Dangerous Drug Commission. She had been under indictment on State charges of grand theft and had previously entered a plea of not guilty. A contract with the Illinois Department of Human Services provided that Midway Health Services would train eligible CETA participants in the field of counseling high school dropouts and truants. The Executive Director diverted CETA funds for her personal use by submitting fraudulent time and attendance information which caused the improper issuance of payroll checks. She also used the same scheme to divert State grant monies from the Dangerous Drug Commission for her personal use. *Cook County* v. *Barge* (Cir. Ct. Illinois)

- A Job Corps Center financial clerk in Astoria, Oregon, was given one year of supervised probation and entered a Pre-Trial Diversion Program after she embezzled approximately $7,900 of Job Corps funds. She was also ordered to make restitution in the amount of $1,157. She carried out her scheme by endorsing and cashing paychecks made out to corpsmen, failing to deposit cash receipts, and stealing petty cash and bus passes. She was able to perpetrate the embezzlement because no one checked on her performance as a financial clerk, and her office was never audited by the contractor during the 20 months that she worked there. In addition, her supervisor submitted weekly financial reports to the contractor without reviewing deposit slips or bank statements to verify their accuracy. *U.S.* v. *Gragg* (W.D. Washington)

- The former Executive Director of a CETA contractor, the East Los Angeles Health Task Force (ELAHTF), and the President of the Community Health Foundation (CHF) pled guilty to making false statements and embezzlement of CETA funds. The former Executive Director allowed a Task Force employee to submit biweekly timecards for work not performed, which resulted in $4,475 in unauthorized CETA payments. The President of CHF made false statements on a CETA application made to the City of Los Angeles regarding her previous employment. In addition, she was carried as a "ghost" CETA employee by ELAHTF on a CETA contract under her maiden name. On May 9, 1983, the former Executive Director of ELAHTF was given a four-year suspended sentence, placed on five years' probation and ordered to pay $5,375 of restitution. The President of CHF was sentenced to four years' probation and ordered to pay restitution of $3,749 to CETA. As part of their sentences, both individuals are prohibited from holding a position of trust in any agency receiving Federal funds by grant or contract. *U.S.* v. *Rodriguez* (C.D. California)

- On April 15, 1983, a convicted felon, who had represented himself as the owner of a building maintenance company, pled guilty to an information charging him with theft of employment and training funds. He was sentenced to two years in prison. In the same case, a parolee entered a Pre-

Trial Diversion Program after he assisted the convicted felon in obtaining on-the-job training (OJT) contracts from the City of Spokane, the Spokane School District, and the State of Idaho. The parolee, who was on a prison work-release program, assisted in making false representations which led to issuance of the OJT contracts. During the investigation, it was learned that the individual, who represented himself as the owner of Knickel Investments and Monrovia, Inc., was a convicted felon on a work-release program. He had no full-time employees and he paid the OJT participants less than the required level while falsely billing CETA and receiving reimbursements for salaries that had not been paid. *U.S.* v. *Koller* (E.D. Washington)

- On February 13, 1981, the president of Machine Design and Development Corporation in Chicago was indicted by a Federal grand jury for mail fraud and theft of employment and training funds. The investigation disclosed that he defrauded CETA participants in a variety of ways, including: (1) failure to provide the training required by the CETA contract; (2) submitting false vouchers for hours not worked by participants; (3) receiving reimbursement for wages that were never paid to employees; (4) submitting false vouchers for supportive services that were never provided to participants; and (5) coercing a participant to sign a fraudulent time sheet.

  After the indictment, he fled and remained a fugitive until May 1983, when he was arrested in Texas after returning from Mexico.

  On August 12, 1983, he entered a plea of *nolo contendere* to the theft of employment and training funds. He received a 26-month sentence, with all but 60 days suspended. He was also placed on two years' probation and ordered to pay $9,400 in restitution. *U.S.* v. *Milek* (N.D. Illinois)

Employment Standards Administration

In ESA cases, claimant fraud in the FECA and Black Lung Programs continues to be a problem. During this six-month peri-

od, we opened 85 FECA claimant cases and closed 81 cases. Many of these cases involve claimants concealing earnings that, if reported, would result in a reduction or termination of benefits. Some of the more significant ESA cases are summarized below.

- On April 19, 1983, a beneficiary who had been receiving temporary total disability payments from OWCP since 1974 pled guilty to one count of making false statements to obtain Federal employees' compensation. This joint investigation with the Veterans Administration disclosed that the beneficiary had been employed since October 1980, and had failed to report her income to OWCP. On May 17, 1983, she was ordered to repay $25,737 to the Department of Labor and given five years' probation. She was also removed from the FECA periodic rolls. *U.S.* v. *Price* (C.D. California)

- A recipient of temporary total disability payments who was attending Washington State University under a DOL funded vocational rehabilitation plan was indicted for making false statements concerning his employment status. The investigation began after it was alleged that the recipient had earned over $50,000 from distribution of a diet drug and operation of a health food store in 1982. While operating the business from his residence, OIG Special Agents purchased mechandise from the recipient and determined that he had earnings in excess of $117,000 over a two-year period during which he was drawing disability compensation. During that time, the recipient made false and misleading statements concerning his employment and earnings on official forms used to establish the recipient's continued eligibility. On July 22, 1983, he pled guilty and entered into a Pre-Trial Diversion Agreement. He has been removed from the rolls and OWCP is currently determining the amount of overpayments so that restitution can be made. *U.S.* v. *Keith* (E.D. Washington)

- On September 23, 1983, a U.S. Capitol Police Officer, who had sustained a leg injury while directing traffic, was convicted of making false statements and mail fraud. While collecting FECA benefits in excess of $56,280, he concealed the fact that he had earned income from two outside sources.

Although he was supposed to be on total temporary disability, he held jobs as a retail store manager and a real estate agent. He is awaiting sentencing. *U.S.* v. *Sowards* (D. Arizona)

- A joint investigation with the FBI resulted in a guilty plea from a supervisor of a roofing company operating out of Fort Sill, Oklahoma. He pled guilty to making false statements and soliciting kickbacks from public works employees operating under Government contracts. Although required to pay the prevailing wage for work done on the Federal project, the supervisor sought kickbacks from his employees and falsified reports. He was sentenced to three years' supervised probation and ordered to make restitution of $3,690 to the injured parties. Under a special condition of the sentencing, he was also ordered to serve six months in prison beginning on September 15, 1983. *U.S.* v. *Porter* (W.D. Washington)

- On March 9, 1983, a Black Lung compensation recipient was indicted by a Federal grand jury in Roanoke, Virginia, for making false statements, theft of Government funds, and mail fraud. He had been receiving Black Lung compensation as a result of fabricating his employment history and submitting fraudulent affidavits attesting to the mining jobs that he had held. On September 29, 1983, he pled guilty to one count of theft involving more than $32,000 in Government monies. He is scheduled for sentencing on October 11, 1983, and could receive a fine up to $10,000 and/or five years in prison. *U.S.* v. *Sexton* (W.D. Virginia)

- Following a three-year investigation, a vice president of a national Black Lung association, who was also a well known candidate for president of the United Mine Workers of America, was indicted on charges of impersonating a Federal agent and improperly taking fees from Black Lung claimants during a seven-year period. During the trial, numerous miners or their relatives testified that they had paid fees of $500 to $3,200 to the individual for representing their Black Lung claims. On the opening day of the trial, he was arrested for carrying a loaded gun into the courtroom and was later fined $50 for carrying a firearm on Federal proper-

ty. On May 28, 1983, he was found guilty of 11 counts of Black Lung misrepresentation and is awaiting sentencing. *U.S.* v. *Carter* (S.D. West Virginia)

- As a follow-up to an item reported in the last semiannual report, an attorney pled guilty on May 10, 1983, to collecting advance fees for representation of Black Lung claimants from 1978 to 1982. As part of the plea agreement, the attorney must repay $85,696 to 22 former clients. He was sentenced on July 11, 1983, to a five-year suspended sentence and was placed on five years' probation. Finally, the State Bar Association is in the process of suspending his license to practice law. *U.S.* v. *Christoffers* (S.D. Iowa)

Other Program Areas

As mentioned previously, we have also investigated cases involving violations in other program Agencies. In addition to the Mine Safety and Health Administration, other Agencies that received attention during this reporting period include the Office of the Assistant Secretary for Administration and Management (OASAM), the Women's Bureau, and the Office of the Solicitor. Highlights of cases from these Agencies are summarized below.

- In late 1982, a former clerk-typist in the Division of Control and Liaison, along with a non-Government employee, devised and implemented a scheme to steal and negotiate U.S. Treasury checks stolen from the Department's Payment Services Division, Office of Accounting. By stealing the checks, forging the signatures, and negotiating the checks at various stores and businesses, the subjects were able to illegally secure approximately $13,000. Both individuals pled guilty to an information charging embezzlement of public funds and were sentenced on May 24, 1983, to two years' incarceration. *U.S.* v. *Williams* (D.C. D.C.)

- A Regional Administrator of the Women's Bureau was terminated in February 1983 for falsifying her time and attendance records from 1979 to 1982 and misusing her official position. The investigation established that the Regional

Administrator was working less than full-time, but directing her secretary to submit timecards that reflected a 40-hour workweek. She also directed her secretary to "patch" calls from the National Office through to her residence in such a manner that it appeared that she was actually working in her office and conducting official business. In addition, the Regional Administrator requested that a contract employee accompany her on a trip to assist in the conduct of personal business in October 1980. The contract employee made the trip with the Regional Administrator and, despite the fact that no official business was conducted, the Regional Administrator authorized the contract employee to receive regular pay for that period.

The Regional Administrator filed an appeal with the Merit Systems Protection Board (MSPB) and, on August 8, 1983, the MSPB upheld the Women's Bureau actions to suspend and remove the Regional Administrator.

- On May 16, 1983, a clerical employee in the Office of the Solicitor was suspended for dishonest behavior. On October 25, 1982, she submitted a written request for advance sick leave under the guise that her doctor was requiring her to undergo treatment for emphysema. Further inquiries established that she was not under treatment for emphysema but rather that she was scheduled to begin serving a six-month prison sentence on October 29, 1982. The prison sentence was a result of an earlier conviction for illegally cashing another person's U.S. Treasury check in the amount of $1,376. When the employee's supervisor became aware of all of the facts, he disapproved her sick leave request, and she was placed on Absence Without Leave status while she served her prison sentence. Upon her return, she was suspended for 30 days.

- On June 21, 1983, seven miners were killed and three others injured in a mine explosion at the Clinchfield Coal Company's McClure No. 1 Mine in Southwest Virginia. After the accident, numerous allegations were made indicating that Mine Safety and Health Administration officials had been aware of unsafe conditions in the mine prior to the explosion, but had failed to take appropriate steps to remove the

danger. In July 1983, a Task Force consisting of OIG investigators and auditors was sent to the area to investigate the allegations. The investigation is currently active and we anticipate that the findings will be reported in the next semiannual report.

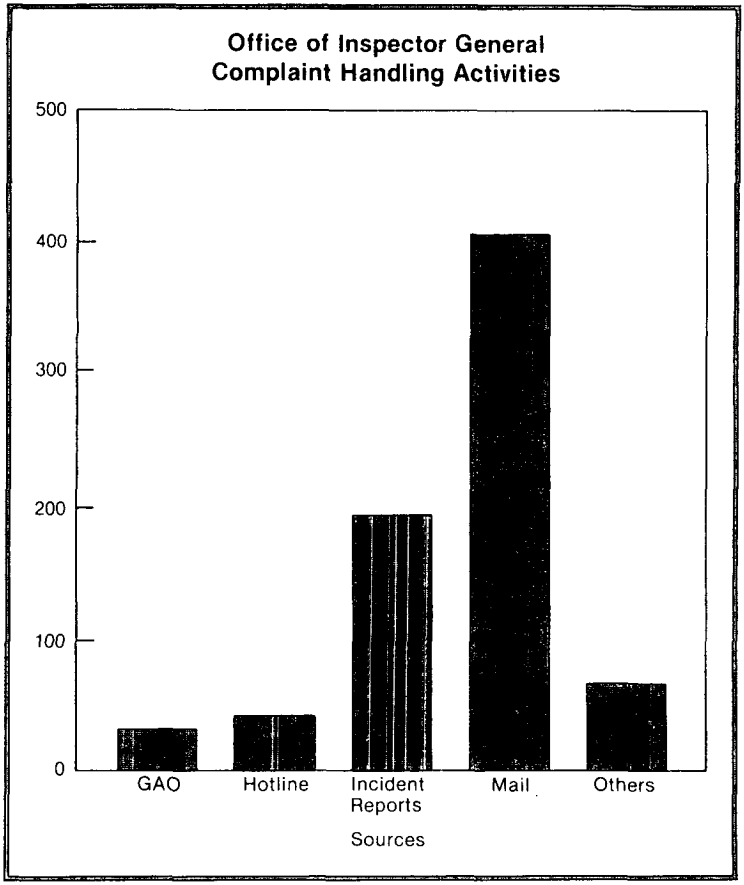
Complaint Handling Activities

The Office of Inspector General serves as the focal point for receiving reports of alleged fraud, waste, or irregularities in Department of Labor programs. We currently receive and manually track the status and disposition of these complaints on a nationwide basis. In order to significantly reduce this administrative workload, much effort has been devoted to the development of an automated system capable of providing information and instant referral of complaints among the Regional Offices of Investigation throughout the country. Complete implementation of such a system will be accomplished during the upcoming semiannual reporting period.

During this reporting period, we received 731 reports nationwide, from both the general public and departmental employees. These reports were made directly to the OIG National Office, the Regional Offices of Investigations or Audit, or the OIG Hotline component. Sources of these complaints were varied. Thirty came from the GAO Fraud Task Force, 38 from the OIG Hotline, 408 from letters, 192 from DOL Incident Reports, 24 from telephone calls, and 39 from various other sources.

Of these complaints, 332 were referred for OIG investigations or audits, 111 were referred to DOL program managers for review or administrative action, 28 were referred to non-DOL agencies, and 260 required no further action. Twenty-seven percent of the complaints were related to the Employment and Training Administration and 48 percent to the Employment Standards Administration.

The OIG Hotline serves as a resource for employees and the general public to report suspected incidences of fraud, waste, and abuse in Department of Labor programs. The Inspector General Act of 1978 provides that employees and others may



report such incidences with an assurance of confidentiality and protection from reprisals.

During this reporting period, the Regional Offices of Investigation opened 12 investigations as a result of complaints referred to them by the OIG Hotline component. One of these investigations resulted in administrative actions being taken against three employees as a result of the following case.

- We conducted an investigation which disclosed that three employees of the Mine Safety and Health Administration (MSHA) had taken approximately 30-40 pieces of Government property including oak chairs, file cabinets, and desks

from the MSHA office in Bellevue, Washington. Based on the investigation, MSHA demoted the Sub-District Manager of the Bellevue office to a lower grade and reassigned him to a District office in Alameda, California. The two other employees received suspensions of five days and three days respectively. The employees had removed the furniture for their own personal use.

Office of Audit

The Office of Audit administers a comprehensive audit program to independently assess DOL programs, activities and functions. This audit effort has three objectives:

- promote economy, efficiency and effectiveness in DOL operations;
- avoid large dollar loss in the administration of DOL programs; and
- prevent and detect fraud in DOL programs, and help ensure program integrity.

During this reporting period, we have undertaken a number of management initiatives to more efficiently and effectively meet objectives. These are highligthed below.

Increased Program Audit Efforts—Program audits are an important part of the DOL audit program, and provide a comprehensive review of a single program or a designated part of a program, function or activity within the Department of Labor. They can include a review of financial statements, compliance, economy and efficiency, and program results. Because of the comprehensive nature of this type of audit, it is more likely to identify the basic cause of deficiencies. Contract and grant audits, which are often strictly financial and compliance audits, disclose a substantial amount of misspent funds; however, they often fail to identify underlying problems in program operations or regulations. Implementation of the grantee procured "single audit" provisions of OMB Circular A-102, Attachment P, is providing broader audit coverage of DOL grant recipients.

We have also expanded traditional financial and compliance audit work performed through audit service contracts to include more economy and efficiency audits. This approach is being taken in auditing the Job Corps program. As a result, more OIG staff resources can be devoted to audits of DOL programs, functions and activities. In Fiscal Year 1983, 65 percent of our resources were used on program audits and

fraud prevention activities, while in Fiscal Year 1982, only 40 percent of our resources were used for these purposes.

Expanded Audit Coverage—Since its inception in December 1973, the Comprehensive Employment and Training Act (CETA) program had been the primary focus of our audit efforts. In Fiscal Year 1982, we began to direct the scope of audit work away from the training programs, devoting a greater percentage of resources to non-training benefit and entitlement programs. A considerable amount of audit effort has been devoted to the Unemployment Insurance program and the Workers' Compensation programs. A comprehensive research effort is underway in the Labor-Management Services Administration to identify issues for detailed audit work. Additionally, substantial audit resources are being directed toward identifying weaknesses and deficiencies in the acquisition, management, utilization and protection of ADP resources within the Department of Labor.

Emphasized Prevention—Prevention is receiving particular attention in audit programs and in guides used to review departmental programs, activities and functions. In addition, the Office of Audit, in conjunction with other OIG components, reviews regulatory and legislative proposals and undertakes special prevention efforts. For example, we participated in the effort to develop the Job Training Partnership Act (JTPA) legislation and regulations to make certain that many of the problems that beset CETA will not recur in JTPA.

Strengthened Audit Operations—A number of changes have been made in internal operations to make our audit program more efficient and effective. First, the headquarters office was reorganized to provide indepth understanding of issues confronting program agencies, more efficient administration of audit service contracts, and use of state-of-the-art audit techniques. Second, field operations were realigned from 11 to 7 offices. The uniform field structure has improved control and coordination of audit resources, and has resulted in more efficient administration of the audit program. Third, all audit operating policies and procedures have been revised to provide an organizational framework to enable the Office of Audit to meet professional audit standards in reviewing de-

partmental programs and carrying out the legislative requirements of the Inspector General Act of 1978.

In addition, a new Assignment Tracking and Reporting System (ATARS) was implemented within the Office of Audit. ATARS provides better management information on the status of ongoing work and open audit reports, and meets the IG's statutory audit follow-up and reporting requirements. Finally, an extensive professional development effort has been undertaken to upgrade and enhance the skills and abilities of the OIG audit staff. In Fiscal Year 1983, we sponsored courses in basic auditing, expanded scope auditing, ADP auditing, audit report writing, DOL program orientation, and OIG audit policies and procedures.

Enhanced ADP Capabilities—Our ADP capabilities are being improved through training of OIG staff, procurement of additional ADP equipment for OIG internal use, and application of ADP audit techniques. We are placing increased emphasis on the use of state-of-the-art equipment and technology in audit applications.

Auditors have access to microcomputers to aid them in conducting audits and in manipulating large amounts of data in a more effective way. In addition, a Division of Advanced Audit Techniques has been established. Relying heavily on ADP technology will help the Division ensure that audit work is performed using the latest audit techniques.

Audit Activity

During this reporting period, 342 audits of program activities, grants, and contracts were issued. Of these, 76 were performed by OIG auditors; 114 by contract auditors under OIG's direct supervision; 98 by state and local government auditors; 29 under OMB Circular A-102, Attachment P, provisions, where DOL is the cognizant agency; and 25 by other Federal audit agencies, of which 15 were Attachment P audits. Of the 342, 259 were financial and compliance audits, 68 were economy and efficiency audits, 6 were preaward surveys, and 9 were special purpose reviews.

The following table summarizes activities by program and identifies the amount of questioned costs, costs recommended for disallowance, and grant or contract amount audited, where applicable.* It is followed by a discussion of financial and compliance audit activities. Program audit activities are included in Part I of this report.

Summary of Audit Activity of DOL Programs
April 1 to September 30, 1983

Agency	Reports Issued	Amount of Questioned Costs (000)	Amount Recommended for Disallowance (000)	Grant/ Contract Amount Audited (000)
Employment and Training Administration	280	$64,831	$27,758	$4,974,705
Employment Standards Administration	3	–	–	–
Mine Safety and Health Administration	10	716	4	12,754
Occupational Safety and Health Administration	30	815	254	24,255
Office of the Assistant Secretary for Administration and Management	19	511	319	18,799
Totals	342	$66,873	$28,335	$5,030,513

* Questioned costs are expenditures without sufficient documentary evidence to make a conclusion on allowability. Costs recommended for disallowance are expenditures that the auditor judges, based on available evidence, to be unauthorized under the terms of the grant or contract. The term "audit exceptions" encompasses both questioned costs and costs recommended for disallowance.

Employment and Training Administration

The Employment and Training Administration (ETA) administers $7.2 billion in grants and contracts to state and local governments, as well as private non-profit and for-profit entities. Over 93 percent of the Department's net budget authority is committed to the administration of ETA programs. A substantial portion of our contract audit plan is directed towards auditing these funds and identifying major problems. The following chart provides a breakout of ETA programs, dollars audited and the amount of questioned costs or costs recommended for disalllowance.

Summary of Audit Activity of ETA Programs

April 1–September 30, 1983

Program	Number of Reports	Amount Audited (000)	Amount of Exceptions (000)
JTPA	58	–	–
CETA Prime Sponsors	166	$2,728,355	$61,733
Migrants	4	41,977	932
Job Corps	4	18,681	1,746
Native Americans	14	12,594	1,821
Other National Programs	20	66,892	3,297
State Employment Security Agencies	14	2,106,206	23,060
Totals	280	$4,974,705	$92,589

JTPA Administering Entities

We issued 58 audit reports performed by OIG staff on the Job Training Partnership Act program. A separate audit report on systems development was issued for each of the 57 states and entities administering JTPA funds, and a summary report was prepared for program management. The results of these audits are described in Part I of this report.

CETA Prime Sponsors

We issued 166 audit reports on CETA prime sponsors. Of the $2.7 billion audited, $61.7 million in grant funds was questioned or recommended for disallowance due to lack of documentation for expenditures or non-compliance with CETA requirements. Of the 166 reports issued, 19 reports accounted for 63 percent of all audit exceptions.

Most of the audit exceptions are in the areas of unresolved (including improperly resolved) subrecipient audits, indirect costs charged without application of an approved indirect cost rate, and accounting and time reporting deficiencies, as follows:

Audit Exceptions	Dollar Value of Exceptions (000)
Unresolved Subrecipient Audits	$30,450
Indirect Cost Problem	10,330
Costs Exceeded Budget	7,162
Accounting/Reporting Systems Deficiencies	6,594
Other	7,197
Total	$61,733

It should be noted that these exceptions do not always result in firm debts owed to the Department. Often, during the audit resolution or administrative appeal process, the grantee is able to provide additional documentation, develop an acceptable indirect cost rate plan, or resolve subrecipient audits.

The following examples illustrate the types of audit exceptions identified during the period, particularly the four major types noted above:

- *City of Los Angeles, Community Development Department, Los Angeles, California*—The audit of $191.6 million awarded to the City of Los Angeles for the period October

1, 1978, through September 30, 1981, resulted in audit exceptions of $8,178,237. Three of the major types of exceptions noted earlier accounted for about 96 percent of this amount. Specifically, $3,621,630 was recommended for disallowance because the grantee did not resolve subrecipient costs questioned on prior audit reports. Another $2,080,914 was recommended for disallowance because the grantee charged indirect costs using unapproved indirect cost rates. Subrecipient costs of $1,146,572 were questioned because the subrecipients did not maintain accounting records locally or were unable to locate some or all of their accounting records. Another $1,078,961 in subrecipient costs was questioned because documentation supporting claimed costs was missing or inadequate.

- *County of Santa Clara, CETA Administration, San Jose, California*—The audit of $23.4 million awarded to the County of Santa Clara, CETA Administration, for the period October 1, 1979, through September 30, 1981, resulted in audit exceptions of $6,346,743. Almost 60 percent of these exceptions were related to inadequate documentation or indirect cost problems. The reasonableness of $1,990,101 in charges under fixed unit price subcontracts could not be determined because supporting documentation was missing or inadequate, and $779,174 in indirect costs was allocated to the CETA program without adequate support. Subgrantee costs of $734,753 violated various subgrant terms and conditions (e.g., subgrant budget limitations). Grant costs of $539,165 were not supported by adequate documentation, and $440,674 in subrecipient costs were unauditable because records were missing, not available for audit, or retained by the FBI for investigation. Advances of $405,637 to subrecipients from years prior to the period audited were never refunded to DOL.

- *Ocean County Employment and Training Administration, Toms River, New Jersey*—The audit of $55.5 million awarded to the Ocean County CETA program for the period October 1, 1976, to September 30, 1981, resulted in audit exceptions of $3,520,534. As in the preceding example, these exceptions were primarily costs questioned because of problems regarding either inadequate documentation or use of im-

proper indirect cost rates. Of these questioned costs, $1,849,637 related to indirect costs which were not supported through application of an approved indirect cost rate. Another $174,935 resulted from unsupported accruals. Also, wages of $201,158 were paid without documentation supporting the rates of pay. Finally, $95,294 in participant wages was questioned because participant applications did not contain information adequate to determine eligibility. Costs recommended for disallowance included $853,651 in costs which were not traceable from cost report worksheets to accounting records, and $108,080 in wages and allowances paid to ineligible participants.

Migrant and Seasonal Farmworkers Grantees

During this reporting period, four financial and compliance audit reports were issued on migrant and seasonal farmworker grantees. Certified Public Accounting (CPA) firms performed the audits. Three of the reports were by CPA firms under contract with the Department of Labor. Of the $41.9 million in audited costs, $932,377 was questioned or recommended for disallowance as follows:

Audit Exceptions	Amount of Exceptions (000)
Accounting/Reporting System Deficiencies	$357
Costs Exceeded Grant Budget	242
Cost Allocation System Deficiencies	213
Unresolved Audit Exceptions	38
Other	82
Total	$932

The following illustrates the results of a migrant and seasonal farmworker audit:

- *Indiana Office of Occupational Development*—An audit of $1.9 million awarded to the Indiana Office of Occupational Development for February 1, 1980, through September 30,

1981, resulted in $251,077 in questioned costs. The questioned costs consisted of costs in excess of the budget ($112,577) and costs questioned at the subrecipient level ($138,500).

Job Corps Audits

An extensive series of audits of the Job Corps program is nearly completed. These audits cover the three major components of the program: Job Corps residential centers; outreach, placement and training activities; and architectural and engineering construction and rehabilitation projects.

Specific audit work is described below:

- The field work for 77 financial and compliance audits, covering 73 Job Corps Centers, is complete. Thirty draft audit reports have been issued to ETA and the contractors for comment, with the remaining reports to be issued in the next 30 days.
- Field work for economy and efficiency audits of the management of the Job Corps Centers and outreach, placement and training activities is complete, and draft audit reports are being written.
- Finally, field work on 15 economy and efficiency audits of Job Corps contracts awarded to architectural and engineering firms is complete, and a draft report is being written.

After a sufficient number of comments to this series of audits are received from ETA and Job Corps contractors, we will summarize the audit findings and include a discussion of these findings in the next semiannual report.

Indian and Native American Grantees

During this reporting period, 14 audit reports covering Indian and Native American programs were issued. Of the $12.6 million in audited costs, $1,821,000 was questioned or recommended for disallowance as follows:

Audit Exceptions	Amount of Exceptions (000)
Accounting/Financial Reporting Systems Deficiencies	$1,351
Payroll/Fringe Benefit Overpayments	383
Other.....	87
Total.....	$1,821

The following illustrates an audit of an Indian and Native American grantee:

- *Lummi Indian Business Council*—An audit of $1.3 million awarded to the Lummi Indian Business Council for the period October 1, 1979, through September 30, 1981, resulted in questioned costs of $258,671. Of the total exceptions audited, $198,658 was questioned, and $60,013 was recommended for disallowance. The questioned costs were a result of inadequate documentation and claimed costs that did not agree with the grantee's books. The costs recommended for disallowance consisted of costs exceeding the budget, expenditures not approved by DOL, ineligible participants, and costs exceeding the administrative cost limitation.

Other National Programs

During this period, 20 audit reports were issued on grants and contracts awarded to public and private agencies for a variety of special programs for youth, older workers, research and demonstration projects, and other special activities. All of these audits were performed by CPA firms under contract with DOL. Of the $66.9 million in audited costs, $3.3 million was questioned or recommended for disallowance as follows:

Audit Exceptions	Amount of Exceptions (000)
Costs Exceeded Grant Budget	$ 624
Payroll/Fringe Benefit Overpayments	607
Accounting/Financial Reporting System Deficiencies	413
Unresolved Audit Exceptions	284
Cost Allocation Deficiencies	13
Other	1,356
Total	$3,297

The following four reports illustrate the audits conducted:

- *National Joint Painting, Decorating, Drywall Apprenticeship and Training Committee, Washington, D.C.*—An audit of $1.7 million awarded to the National Joint Painting, Decorating, Drywall Apprenticeship and Training Committee for May 1, 1979, through March 31, 1982, resulted in audit exceptions of $829,723. Of the total exceptions audited, $829,067 was questioned and $656 was recommended for disallowance. The questioned costs were the result of insufficient documentation. The costs recommended for disallowance consisted of fringe benefits in excess of budget. In addition, the audit report had one administrative finding pertaining to staff personnel files.
- *The Institute for Humanist Studies, East Orange, New Jersey*—An audit of $1.6 million awarded to the Institute for Humanist Studies for November 1, 1979, through February 28, 1982, resulted in audit exceptions totaling $710,840. Of the exceptions audited, $257,553 was questioned and $453,287 was recommended for disallowance. The audit questioned $50,000 for defective pricing data. The costs recommended for disallowance and the remainder of questioned costs resulted from overcharged salaries, nonconformance with contract provisions, unauthorized purchases, unallowable costs and improperly applied provisional overhead rates.

- *Pacific Economic Resources League, Oakland, California*—An audit of $1.7 million awarded to the Pacific Economic Resources League for August 1, 1978, through September 30, 1981, resulted in audit exceptions totaling $642,713. Of the exceptions audited, $401,936 was questioned and $240,777 was recommended for disallowance. The audit exceptions were for lack of or duplicate timesheets, unsupported adjustments, indirect costs charged as direct, lack of prior approval for certain purchases, inadequate documentation, no allocation plan, and indirect costs questioned based on direct costs questioned.

- *Opportunities Industrialization Centers of America, Inc., Philadelphia, Pennsylvania*—An audit of $22,394,673 awarded to the Opportunities Industrialization Centers of America, Inc., for December 1, 1978, through June 30, 1982, resulted in audit exceptions of $832,461. Of the total exceptions audited, $785,413 was questioned and $47,048 was recommended for disallowance. The audit exceptions consisted of $410,827 in questioned costs for exceeding the budget. Questioned costs of $372,827 and costs recommended for disallowance of $37,410 arose at the subrecipient level. The remaining questioned costs of $1,759 resulted from insufficient documentation, refunds not credited, and excessive costs. The balance of $9,638 in costs recommended for disallowance was for an incorrectly prepared invoice.

State Employment Security Agencies

Fourteen audit reports were issued on State Employment Security Agencies during this reporting period. Of the $2.1 billion audited, $23 million in exceptions were noted as follows:

Audit Exceptions	Amount of Exceptions (000)
Incomplete Benefit Payment Controls	$14,862
Costs Exceeded Grant Budget	3,675
Cost Management Deficiencies	2,695
Property/Equipment Purchase/Accountability Problems	550
Cost Allocation System Deficiencies	362
Claimant Eligibility	233
Other	683
Total	$23,060

Occupational Safety and Health Administration

The audit universe of OSHA grantees falls into two broad categories, states and non-profit institutions (such as universities, trade associations and local unions).

State Grants and Cooperative Agreements

OSHA has 54 jurisdictions for state grants, including the 50 States, Guam, Puerto Rico, the Virgin Islands and the District of Columbia. These jurisdictions receive OSHA funds for three purposes:

- Twenty-four states received 50 percent matching grants totaling $47.6 million in Fiscal Year 1983 to assist states in developing their own safety programs.
- Forty-six states (primarily state departments of labor) received cooperative agreements for onsite consultation, which are 90 percent funded, for a total of $27.7 million in Fiscal Year 1983. These grants are to provide consultation to small employers on how to improve compliance with OSHA regulations and standards.
- Forty-eight states received fully-funded statistical assistance grants totaling $3.8 million in Fiscal Year 1983 for the purpose of collecting lost workday data for the Bureau of Labor Statistics.

OMB Circular A-102, Attachment P, requires state and local governments to procure audits of Federal grants with funds contained in the grant. Since 1979, OSHA state grantees have gradually moved to comply with the provisions of A-102, Attachment P. Thus, all OSHA grants to states are audited at the same time if a state has more than one type of OSHA grant. During this reporting period, OIG issued 11 financial and compliance audit reports on OSHA state grants. Total funds audited were $16.8 million, resulting in $142,027 in audit exceptions as follows:

Audit Exceptions	Number of Reports with Exceptions	Amount of Exceptions (000)
Inadequate Documentation for Federal Share	1	$43
Purchase of Equipment Without Grant Officer Approval	2	27
Improper Transfer of Funds	1	27
Excess Expenditures	2	18
Unreported Program Income	1	13
Indirect Cost Problem	3	7
Improper Expenditures	1	4
Other	–	3
Total		$142

- *Oklahoma Department of Labor*—The audit covered the administration of a consultation agreement for the period October 1, 1979, through September 30, 1981. A total of $654,477 of Federal funds was audited, of which $50,446 was questioned for failure to obtain prior approval from the U.S. Department of Labor for equipment purchases and improper transfers among budget categories.

New Direction Grants to Non-Profit Institutions

Since Fiscal Year 1979, OSHA has awarded New Direction Grants under Section 21(c) of the Act to trade unions, trade associations, colleges and universities, and other non-profit organizations. The grants are intended to assist these groups in building an institutional competence that provides occupa-

tional safety and health related services among workers and employees.

New Direction Grants received $6.8 million in funding during Fiscal Year 1983. No specified level of matching is required for Section 21(c) grants. While the grantee is currently required to become self-sufficient after not more than five years of Federal funding, certain Section 21(c) grants are being allowed to continue for a sixth year in Fiscal Year 1984.

A total of 165 New Direction Grants have been funded since the inception of the program in Fiscal Year 1979. Of these, 59 grantees were no longer funded as of Fiscal Year 1983. New Direction grantees are not presently under a requirement to procure audits, since OMB Circular A-102, Attachment P, does not extend to non-profit institutions. However, OMB Circular A-110, which covers non-profit institutions, is being revised to require non-profit institutions to procure organization-wide audits of their Federal grants.

During Fiscal Year 1982, OIG issued audit reports on nine New Direction grantees. During Fiscal Year 1983, OIG performed financial and compliance audits of 38 additional New Direction grantees, 19 of which were issued during this reporting period. A total of $7.4 million was audited, resulting in $927,318 in audit exceptions as follows:

Audit Exceptions	Number of Reports with Exceptions	Amount of Exceptions (000)
Inadequate Documentation of Matching Share	6	$549
Unauditable Records	1	229
Lack of Documentation for Federal Share	6	44
Costs Incurred After End of Grant Period	1	29
Expenditures Claimed in Excess of Grant Amount	2	25
Expenditures Claimed in Excess of Line Items	2	17
Other	—	24
Total		$927

Following is a discussion of three reports illustrating the types of audits conducted and the types of findings identified during the reporting period:

- *Brown Lung Association, Bath, South Carolina*—The audit covered the administration of OSHA New Direction Grants for the period October 23, 1978, through December 31, 1981. A total of $228,783 of Federal funds was audited. The entire amount was questioned because many of the grantee's source documents were missing or inadequate to determine if expenditures were made in accordance with the terms of the grant agreement. In addition, the grantee engaged in political activities during the grant period, and such activities may be in violation of the contract terms, regulations or specific terms of the grant. Specifically, the grantee organized a number of activities in support of the Cotton Dust Standard, which was being re-evaluated at the time by the Federal Government.

  The audit also determined that the grantee retroactively increased salary levels for several individuals, and charged the increases to the grant. The amount of such increases was contributed back to the Brown Lung Association by these individuals.

- *International Brotherhood of Painters, Washington, D.C.*—A total of $1,044,651 of Federal funds was audited, of which $47,483 was questioned because the books of account did not support costs claimed on the financial reports ($40,063), and because the grantee transferred funds among cost categories in excess of allowable amounts ($7,420). The most serious finding, however, and one that is recurring in audits of New Direction Grants, was questioned costs of $185,913 due to inadequate documentation of non-Federal matching costs.

- *Graphic Arts International Union, Washington, D.C.*—A total of $1,229,803 of Federal funds was audited, of which $307,507 was questioned due to inadequate documentation of non-Federal matching costs and $2,630 for other reasons.

Mine Safety and Health Administration

The audits of MSHA funds include both grants to states and contracts.

State Grants

The Mine Safety and Health Administration (MSHA) administers certain provisions of the Federal Mine Safety and Health Act of 1977, which provides for a safe and healthful environment in the nation's coal, metal and non-metal mines. Section 503 of the Act provides for 80 percent matching grants to those states in which mining takes place in order to assist them in developing and enforcing effective coal and other mine health and safety laws, as well as to promote Federal/state cooperation in improving mine health and safety conditions. During Fiscal Year 1983, MSHA administered 42 grants, totaling $5.2 million under Section 503.

OMB Circular A-102, Attachment P, requires state and local governments to procure audits of Federal grants with funds contained in the grant. Since 1979, MSHA state grantees have moved gradually to comply with A-102, Attachment P. This increased state activity accounts for the reduced level of direct OIG audit effort for these grants.

During this reporting period, six financial and compliance audit reports were issued on MSHA grants to states. A total of $10,452,088 in grant costs was audited, resulting in $703,636 in audit exceptions as follows:

Audit Exceptions	Number of Reports with Exceptions	Amount of Exceptions (000)
Lack of Documentation for Federal Share	1	$359
Lack of Documentation for Subgrantee Records	1	307
Improper Transfer of Funds Between Categories	1	12
Lack of Cost Allocation Plan	1	9
Unapproved Purchase of Equipment	1	9
Other	1	8
Total		$704

The following report illustrates the type of audits conducted and the types of findings identified during the reporting period.

- *State of Kentucky Department of Mines and Minerals*—An audit of $4.5 million administered by the State of Kentucky Department of Mines and Minerals resulted in audit exceptions amounting to $931,007. This audit covered Federal funds ($3.5 million) and non-Federal funds ($1 million). A total of $669,722 in Federal funds was questioned, and $3,984 was recommended for disallowance. The questioned costs consisted primarily of unsupported grantee salary and fringe benefit costs ($359,013); unsupported costs for subgrantees, including unsupported indirect costs ($133,906); undocumented student costs ($92,530); and unsupported salary and fringe benefit costs ($80,664). Federal costs recommended for disallowance consisted of improper car rentals ($2,712) and the erroneous charging of State employees' per diem and salaries against Federal grant costs. Non-Federal funds totaling $257,301 were either questioned or disallowed.

Contracts

During Fiscal Year 1983, MSHA obligated approximately $6 million for prime contracts over $10,000. During the period from April through September 1983, we issued four audit reports on MSHA contracts. A total of $2,301,866 was audited by the Defense Contract Audit Agency (DCAA) as follows: $1,312,466 in cost-plus contracts; $127,009 in fixed fees for two cost-plus fixed-fee contracts; $753,167 for evaluation of a bid proposal; and $109,244 to determine costs incurred under an MSHA contract. A total of $16,842 was questioned.

Departmental Management

During this reporting period, five audit reports, summarized in Part I of this report, were issued on reviews of management activities, and 14 reports were issued on contracts awarded by the Office of the Assistant Secretary for Administration and

Management (OASAM). The financial and compliance audits of the 14 contracts covered $18.8 million in Department of Labor funds, and contained audit exceptions totaling $829,948. Summarized below is an example of the findings noted in the audit of OASAM's contracts.

- *ACE Federal Reporters, Inc., Washington, D. C.*—An audit of ACE Federal Reporters, Inc., for the period April 1980 through August 1981, resulted in audit exceptions totaling $554,908. A total of $293,556 was recommended for disallowance and $261,352 was questioned. The primary reason for the recommended disallowance was that costs incurred exceeded amounts budgeted. Costs questioned resulted primarily from insufficient support for payments ($250,386).

Audit Resolution

During this reporting period, significant accomplishments were made in implementing OMB Circular A-50, Audit Follow-up, within the Department of Labor. By the end of the reporting period, the draft departmental directive on audit resolution and follow-up had been cleared throughout the Department, with only final signature by the Assistant Secretary for Administration and Management remaining. The directive will be published shortly.

During this reporting period, 387 audit reports were resolved by the appropriate program Agency, and agreed upon by the OIG. Of approximately $91 million in questioned costs or costs recommended for disallowance, $24 million was supported by the program Agency and disallowed, while $67 million was determined to be allowable. In most cases, the costs were allowed as a result of additional supporting documentation submitted by the grantee or contractor, or as a result of reevaluation of regulatory or contractual requirements that were in variance with those identified by the auditors. The issuance of a final response does not preclude the grantee or contractor from subsequent appeal or revisions to the disallowed costs.

Of the 175 unresolved audit reports, totaling $70.2 million, 25 were reports which have been unresolved for more than six

months. The total cost exceptions associated with these reports were $7.1 million. Of the unresolved audit reports over six months old, 24 were on administrative hold pending conclusions of ongoing investigations; they accounted for $2.2 million of the cost exceptions. Resolution of one audit report, involving $4.9 million in audit exceptions, was delayed while the auditors were engaged to review additional supporting documentation supplied by the auditee during the informal resolution process. The grant officer's determination will incorporate the results of this review.

We are working closely with the Employment and Training Administration to ensure that these unresolved audit reports are resolved at the earliest possible time.

The following reports illustrate significant resolutions which have occurred during the reporting period:

- *Southeastern Tidewater Area Manpower Authority, Chesapeake, Virginia*—The Employment and Training Administration resolved Audit Report No. 03-2-374-C-109-040, covering the CETA prime sponsor and 30 subgrantees. Total costs disallowed were $1,121,196. Of the 30 subgrantees, the auditors found seven subgrantees who could not be audited due to the inability of the auditors to locate necessary records. This situation resulted in $865,943 in disallowed costs. The remaining disallowed costs for the prime sponsor and auditable subgrantees resulted primarily from improper financial management systems, inadequate internal and accounting controls, lack of approved indirect cost rates and cost allocation plans, and lack of time and attendance records to support payroll charges.

- *Downriver Community Conference, Southgate, Michigan*—Audit Report No. 11-2-265-C was resolved by the Employment and Training Administration for the grant period from September 1980 through April 1982. Of $623,744 in audit exceptions, the grant officer allowed $8,915 and disallowed $614,829. Allowed costs were a result of documentation submitted by the grantee to support cash withdrawals. However, documentation was inadequate to support $72,846 in cash withdrawals, which were disallowed. Costs of $541,911 were disallowed because the auditors found that

wages and fringe benefits were not supported by cost allocation plans or time and attendance records. The grantee submitted documentation in suppprt of the $541,911 disallowance but the documentation was found inadequate to support the questioned costs.

- *Greater Nashville Community College, Nashville, Tennessee*—The Employment and Training Administration resolved Audit No. 11-2-191-C for two contracts for the period September 1977 through September 1981. The contracts were funded by CETA Titles I and IV. The entire amount of audit exceptions, totaling $581,349, was sustained and disallowed by the contracting officer. Of the costs disallowed, $575,468 resulted from the auditors' questioning all staff salary payments made, because no formal time and attendance records existed, leave records were not cumulative, and the contractor had no personnel files for its employees.

- *Michiana Area CETA Consortium, South Bend, Indiana*—The Employment and Training Administration resolved Audit Report No. 05-01-042, covering eight grants. The audit exceptions totaled $433,146, of which the grant officer allowed $4,747 and disallowed $428,399. The allowed costs were based on documentation presented by the grantee. Costs of $152,145 were disallowed because the auditors found that costs charged by the grantee on the financial status reports did not agree with related cost items recorded in the grantee's financial accounting records. Costs of $275,247 were disallowed because the grantee had comingled grant funds which could not be segregated for purposes of comparison with related costs in the separate financial status reports submitted for each grant. Nonmonetary recommendations required corrective action to be taken on reconstructing the general ledger, tracking accounts payable for Federal grants, assuring that financial status reports are in agreement with accounting records, maintaining separate ledgers for different funding sources and revising financial status reports as necessary.

There were other significant audit reports resolved, resulting in over $1 million of disallowed costs, as follows:

Grant/Contract	Audit Exceptions	Amount Disallowed
Farmworker's Corp. of New Jersey	$417,966	$417,966
National Association of the Southern Poor	301,604	301,604
Colorado Migrant Council	170,646	170,646
Commonwealth of Puerto Rico	154,830	142,616
Allegheny County	137,064	105,360
City of Dayton	116,356	116,356
The Alaska Native Foundation, Inc.	94,067	94,067
Idaho Migrant Council, Inc.	68,236	68,211
Totals	$1,460,769	$1,416,826

Office of Organized Crime and Racketeering

The OIG's Office of Organized Crime and Racketeering (OOCR) has one of the most difficult and challenging missions in law enforcement—to eliminate organized crime from the labor-management field. Working in conjunction with the U.S. Department of Justice Strike Forces, U.S. Attorneys, and other Federal agencies, the OOCR identifies targets and sets priorities aimed at disrupting and reducing the incursion of organized crime in labor union activities, including crimes in the areas of pension, welfare, and benefit plans.

While we have made progress over the past four years and have achieved numerous, significant indictments and convictions, the insidious nature of organized crime makes ultimate control of this problem extremely difficult. Eliciting cooperation is a great challenge since many victims or witnesses are unwilling to report criminal activities perpetrated by organized crime. Crime syndicates couple traditional tactics of violence and intimidation with sophisticated financial schemes to establish and maintain their control and influence over billions of dollars in union funds, pension funds, and health and welfare funds. Corrupt practices by dishonest union and management officials rob union members of their rights and benefits and result in both consumers and workers subsidizing organized crime.

Because of the tenaciousness of organized crime, mere prosecution and conviction of a single organized crime individual is not sufficient to rid a union of its criminal element. In any organization—and crime families are no exception—an official who is removed is merely replaced by another. Thus, to effectively control the penetration of unions by organized crime, lengthy and complex investigations, some lasting for two or more years, are conducted. Often these investigations must result in multiple convictions in order to effective-

ly eliminate the hold of organized crime on local or national unions.

During this reporting period, the Office of Organized Crime and Racketeering opened 28 cases. There were 21 cases referred for prosecution to the Department of Justice or other authorities. In addition, there were 15 indictments which involved 46 individuals. Finally, there were 19 individuals who were convicted of various crimes as a result of trials or pleas.

Many of the investigations conducted during this period continue to establish violations involving the areas of embezzlement, illegal payments, and complex schemes designed to pilfer significant amounts of money from union benefit funds.

Benefit Plan Violations

Union benefit plans, established and maintained by employers and/or employee organizations, provide union members and their beneficiaries with various forms of health and life insurance as well as retirement income.

Organized crime figures are increasingly tempted to infiltrate the unions' prepaid, jointly administered health and welfare plan industry. Because of the billions of dollars that flow into these funds each year, control of a labor organization and its affiliated employee benefit plans offers ample opportunity for embezzlement and kickbacks. The methods for such illegal activities are as diverse as the imagination permits.

Corruption of these programs, particularly dental plans, has been the focus of a series of hearings held by the Senate Permanent Subcommittee on Investigations over the past year. The Subcommittee has been involved in a long-term investigation of the Hotel and Restaurant Employees and Bartenders International Union in Las Vegas and Atlantic City. However, OOCR agents, law enforcement officials, and subcommittee investigators testified, during those hearings, that the problem extends to other unions and that it involves medical, dental, legal, and other prepaid benefit plans as well. Schemes to defraud these plans range from kickbacks and

false contracts to exhorbitant administrative charges or fees for services, which are often of marginal value, rendered by administrators, consultants, accountants, attorneys, computer companies and other similar supportive operations. In addition, the Subcommittee members learned that corrupt union officials often keep their members unaware of changing or increased benefits so that the members do not take advantage of their benefits. As a result of these hearings, the Subcommittee will be considering legislation to curb such abuses.

Violations in the benefit plan area have also received increasing attention by OOCR over the past three years and these efforts have begun to show results during this reporting period. Our investigations indicate that the techniques employed by organized crime figures to siphon money from these funds involve a variety of criminal activities including bribery, kickbacks, fraud, and embezzlement. Their schemes are complex and well planned and, as the cases below illustrate, show the lengths to which a criminal will go when large sums of money are readily available.

- In April 1983, 10 high ranking labor officials were indicted for conspiracy and mail fraud over a 20-year period that cost various Teamster welfare funds in the New Jersey area hundreds of thousands of dollars. The defendants include Leo Marcus, the chief operating official of Welfare Plan Administrators, Inc.; Linda Rubino, an assistant to Leo Marcus; Marvin Zalk, the administrator of various Teamster welfare funds; Jack Dwyer, the president of Local 641 International Brotherhood of Teamsters (IBT); Gerald Hogan, the former president of Local 660 IBT; Nunzio Provenzano, the former president of Local 560 IBT; Salvatore Provenzano, current president of Local 560 IBT, president of IBT Joint Council 73, and international vice president of the IBT; Andrew Reynolds, former president of Local 84 IBT and a former business agent of Local 560 IBT; Thomas "Happy" Reynolds, a business agent of Local 560 IBT and a trustee of the Trucking Employees of North Jersey Welfare Fund, Inc.; and Jack Spero, vice president of Local 641 IBT and a trustee of the Trucking Employees of North Jersey Welfare Fund, Inc., of Local 641 IBT.

In addition to the substantive mail fraud violations, the conspiracy indictments involve violations of three Federal statutes, including mail fraud, embezzlement from union welfare funds, and bribery of union officials. The intricate scheme perpetrated by these individuals involved forgeries and falsifications of countless documents which allowed them to receive expensive dental benefits to which they were not entitled. These officials, as well as their relatives and friends, received free dental treatment which exceeded that authorized by the union dental plan, while the general members were required to pay for their treatment. This "arrangement" continued for more than twenty years during which time Welfare Plan Administrators, Inc., the administrative services arm of the various locals' dental welfare plans, had its service contract renewed by the corrupt officials who improperly benefited. Innocent union members' claim forms were systematically falsified and inflated by Welfare Plan Administrators, Inc., in order to accomplish and conceal the embezzlements from the various welfare funds.

The dentists who provided the unauthorized dental services to the union officials were compensated for their work by Leo Marcus and Linda Rubino through a complex arrangement which involved falsifying and inflating dental claim forms submitted on behalf of rank and file union members.

Although more than $160,000 was embezzled from these welfare funds during the last five years, the total loss over the entire 20-year period is undoubtedly many times higher.

On September 27, 1983, Nunzio Provenzano pled guilty to receiving kickbacks in exchange for influencing his decisions as a Trustee of the plans. The trial for the other nine defendants is currently under way and the results will be reported in the next semiannual report. *U.S.* v. *Marcus et al.* (D. N.J.)

- As a follow-up to information provided in previous semiannual reports, two developments have occurred in the investigation of the Sokol Dental Plan.

Dr. Joel S. Sokol pled guilty in July 1983, and was sentenced to six months in prison for conspiracy to commit mail fraud by obtaining more than $750,000 financing for his dental clinics which serviced various labor unions, including the International Brotherhood of Teamsters Local 478, Retail Clerks International Local 1262, and United Auto Workers Union Local 906. With evidence first developed by the New Jersey State Commission of Investigations, it was determined that the scheme involved the creation of inflated invoices for furniture and dental equipment. The higher collateral value of the furniture and equipment was used to induce banks and leasing companies to provide financing based on the inflated invoices.

During this same reporting period, Stanley Resnick, President of Metro Dental Service, Inc., had his April 1982 conviction affirmed by the U.S. District Court of Appeals, Third Circuit. The court found no merit in Resnick's appeals that he had no knowledge of any fraud or that the Government failed to prove the value required for conviction of interstate transportation of stolen property. From 1976 until it went bankrupt in 1981, Metro Dental Services, Inc., functioned as the administrative arm of the closed panel dental program operated by Dr. Joel S. Sokol. This investigation was jointly conducted by the OOCR and the U.S. Postal Inspection Service. *U.S.* v. *Sokol* (D. N.J.)

- On May 23, 1983, Marvin Kaplan, former president of Universal Consulting Services, Inc., and a consultant to the welfare funds of Local 1262 Food and Commercial Workers, was sentenced for a previous conviction of mail fraud. His sentence requires 90 days in Federal prison, three years' probation, and a $1,000 fine payable before his release from prison.

  Kaplan was hired by Local 1262 to be the collection agent for employer contributions to its welfare fund and to Blue Cross/Blue Shield. In this role, he systematically overcharged various Foodtown, Inc., supermarket stores by approximately $209,000 by carrying out an unusual scheme. The essence of Kaplan's scheme involved the monthly submission of a bill to Foodtown, Inc., for Blue Cross/Blue

Shield and welfare fund contributions, which was substantially larger than the amount that was actually due to the fund or Blue Cross/Blue Shield.

Upon receiving payment by Foodtown of this inflated bill, Kaplan would remit the correct amounts owed, deduct his administrative fee and place the excess in Universal's corporate account as profit. Kaplan benefited from this scheme because the excess amounts kept in the corporate accounts as profits raised the base on which Kaplan's compensation was figured. Because the corporate profits were inflated, Kaplan's split of the corporate profits was also inflated accordingly. Kaplan and his partners split the corporate profits equally among themselves. In addition, Kaplan received a salary of a predetermined amount.

This scheme went undetected from 1974 through 1980 because Kaplan intentionally misled the employers as to when various Foodtown stores were required, under the contract with Local 1262, to commence making employer contributions to the fund and Blue Cross/Blue Shield. According to the contract, employers were required to make contributions for full-time employees on the first day of the month following the third month of employment. Employers were required to make contributions for part-time employees on the first day of the month following the sixth month of employment. Instead, Kaplan represented to the employers that they were obligated to make contributions beginning on the day of the third month anniversary or the sixth month anniversary, respectively. This obligated the employers to contribute for the members one month prior to the time they were actually obligated to make contributions.

Presently, Marvin Kaplan is appealing his conviction and remains free on a $5,000 personal recognizance bond under the supervision of the Federal Probation Department. *U.S.* v. *Kaplan* (D. N.J.)

- As a result of an ongoing 20-month investigation by OOCR, several persons affiliated with the Teamsters Local 436 Pension and Welfare Fund have been indicted recently.

David E. Kerr, the administrator of the Fund, was indicted for soliciting and receiving unlawful payments and embezzlement of monies from the Welfare Fund. The September 1983 indictment charges that Kerr received more than $17,000 from various employers in return for a reduction in the amount of money that the employers owed to the Pension and Welfare Fund. In addition, Kerr allegedly embezzled approximately $23,000 of Fund monies while arranging for a dedication ceremony of the Fund's new building in August 1982.

In the same case, William and Susan Bauman, owners and officers of B & B Wrecking and Excavating, Inc., were indicted for making unlawful payments to David Kerr and falsifying reports and statements required by the Employee Retirement Income Security Act (ERISA). The Baumans allegedly paid Kerr more than $5,600 over a four-year period in order to reduce their delinquencies and/or underreport the number of union members working for their company. In order to conceal the scheme, the Baumans falsified their ERISA reports.

Finally, Angelo Regalo, a former business agent and trustee of Local 436's Pension and Welfare Fund, waived indictment in September 1983, and an information has been filed against him for accepting payments and "loans" of $7,000 from employers for labor peace and nonenforcement of the Pension and Welfare Fund requirements. His actions illegally saved the employers substantial sums of money. *U.S.* v. *Kerr et al.* (N.D. Ohio)

Other Significant Cases

In addition to the cases which highligthed violations in the benefit plans area, there were a number of other cases which were pursued during this period. These cases point out, once again, that embezzlement and extortion, as well as other criminal activities, continue to occur in several unions across the nation.

- An ongoing investigation of Teamsters Local 507 in Cleveland, Ohio, which was highlighted in the last semiannual

report, resulted in a four-count indictment against Allen Friedman for embezzlement of union funds. Mr. Friedman, a former vice president of Local 507 and the uncle of International Union President Jackie Presser, was charged with embezzling Local 507 monies during a three and one-half year period. On September 28, 1983, he was convicted on all charges.

At Friedman's trial, OOCR agents provided testimony concerning interviews held with Friedman in 1982. Friedman told them that in 1976, while he was recuperating from a heart attack, he was visited by Jackie Presser and Harold Friedman, president of Local 507 and an International Brotherhood of Teamsters vice-president. Allen Friedman stated that Presser and Harold Friedman told him that he was too sick to work and that if he would agree to merge his independent, unaffiliated union Local 752 into Teamsters Local 507, they would agree to pay him $1,000 a week for the rest of his life. Allen Friedman further told the OOCR agents that he agreed to the deal because he was being forced out of Teamsters Local 507, and he was too sick to continue fighting. Friedman told OOCR agents that he agreed to the deal for $1,000 a week. The $1,000 per week payments began in 1977 and ended in 1981. The indictment charged him with illegally receiving $165,000 during this period.

Friedman is the second person to be convicted in the ongoing investigation of "ghost employees" in Local 507. In March 1983, Jack Nardi pled guilty to an information charging him with conspiracy to embezzle $109,800 and solicitation of a bribe relative to his testimony before the grand jury.

Allen Friedman faces a maximum prison sentence of 20 years and a fine of $40,000. *U.S.* v. *Friedman* (N.D. Ohio)

- On July 21, 1983, following a joint OOCR and Labor-Management Services Administration investigation, a Federal grand jury in Shreveport, Louisiana, indicted two officials of Local 692 of the Laborers International Union of North America. Jimmy Odom, president and business agent, and Cedric Eugene Doyle, sergeant-at-arms and

business agent of Laborers Local 692 were indicted for a number of offenses including violation of the Hobbs Act for interfering with commerce by threats or violence, accepting prohibited payoffs from an employer, and falsification of documents required by ERISA.

The indictment charges that Odom, aided and abetted by Doyle, allegedly extorted wages for fictitious services from the Allen Edwards Construction Company by threatening work slowdowns, stoppages, and economic harm unless payments were made to him for pipeline construction projects in Louisiana during 1979.

In addition, Odom is further charged with diverting employer contributions which were due to his union's Health and Welfare and National Pension Funds. He allegedly accomplished this monetary diversion by instructing his employer to delete his name from the contribution report forms sent to the respective Funds and having the contributions paid directly to him.

If convicted on all counts, Odom could receive a maximum sentence of 62 years in jail and a fine of $80,000. Doyle faces a sentence of up to 21 years and a fine of up to $30,000. *U.S.* v. *Odom et al.* (W.D. Louisiana)

- On June 15, 1983, a Baton Rouge Federal grand jury returned a five-count indictment against Edward Grady Partin, former business manager and secretary-treasurer of Teamsters Local 5 in Baton Rouge. Indicted along with Partin was Allen L. Jones, a longtime Partin lieutenant and recording secretary of Local 5.

  The five-count indictment charges Partin and Jones with conspiracy and embezzlement of union funds. Between 1971 and 1980, Partin, as a result of his total domination of the affairs of Local 5, was able to secure numerous "employment contracts" with Local 5. These "employment contracts" were for terms of from two to ten years with most of the contracts being in violation of provisions of the Teamsters International Constitution, which provides that a local's executive board may not bind the local to a

service contract for a term that would exceed the life of that executive board. Between 1978 and 1980, Partin drew $286,000 in salary advances against these contracts. In addition to the salary advances, Partin continued to receive his regular weekly salary from the Local. During this period, Partin is additionally alleged to have used his domination and control of the affairs of Local 5 to secure the payment by the Local of approximately $160,000 in Federal and state income tax liabilities.

Allen Jones is alleged to have aided Partin in this scheme through the securing of Executive Board approval for the payments, the making and negotiation of checks, and the unauthorized signing of a union official's name to checks destined for Partin. *U.S.* v. *Partin* (M.D. Louisiana)

- On September 14, 1983, Edward and Ann Casale, owners of Rick Casale Roofing, Inc., and Joseph Enright, former business agent of Local 30 of the Roofer's Union were indicted for conspiracy, mail fraud, and filing fictitious quarterly withholding reports. Enright, who is currently associated with the Painter's Union, is a former associate of deceased Roofer's President John McCullough who was killed as part of the power play that took place within the Philadelphia organized crime family in recent years.

  The indictment focuses on a scheme carried out by the Casales and Joseph Enright, along with two unindicted coconspirators, to falsely represent to the Camden County, New Jersey, work-release program that the two coconspirators were employed by the Casales' company. The purpose of the deception was to allow the two, who had been convicted of narcotics and gambling offenses, to be admitted into the work-release program in lieu of serving a prison sentence.

  The indictment charges that, under this ruse, the prisoners would leave the work-release program daily and travel to a rented house where they would change into good clothes and spend the day conducting their drug business. At no time did either prisoner do any work for the Casales' company. In exchange for this arrangement, the prisoners would pay Casale $1,000 a week and would receive compa-

ny paychecks which were turned into the work-release program as proof of their employment. It was necessary for Casale to falsify entries in his payroll ledgers and to make union contributions to cover up the fact that the prisoners were not working for the company. Casale also submitted false monthly reports to Roofer's Local 30 in order to cover up the conspiracy. These monthly reports were for union dues and benefit contributions. A trial date for this case is still pending. This investigation was conducted by agents from OOCR, the Drug Enforcement Administration, the Internal Revenue Service, and the U.S. Postal Service. *U.S.* v. *Casale et al.* (D. N.J.)

- A former president of the International Longshoremen Association (ILA) Local 1759 in Tampa was charged with embezzlement of union funds following a joint OOCR and FBI investigation. Robert Peeples was accused of stealing several thousand dollars by issuing checks for phoney union expenses. The expenses were never approved, as required, by the union's executive committee. The checks, which required the signatures of Peeples and the financial secretary, were cashed and the money was converted to his own personal use.

  On September 13, 1983, Peeples pled guilty to one count of embezzlement as part of a plea agreement and received a three-year suspended sentence. He was placed on probation and is required to make restitution. *U.S.* v. *Peeples* (M.D. Florida)

Significant Court Decisions

Several Court of Appeals' decisions were recently handed down concerning cases which we originally investigated and highlighted in previous reports.

- During this reporting period, the Court of Appeals for the Sixth Circuit upheld the convictions of James (Jack) Russo, part owner of a steel hauling business, Roby Smith, business agent of Teamsters Local 299 in Detroit, and Vincent Meli, a labor negotiator for the J & J Cartage Co., steel hauling firm.

They were originally convicted in August 1979, for extortion and conspiracy because they coerced drivers into signing an agreement to approve improper paycheck deductions. The other part owner of J & J Cartage Co., Joseph D. Cusmano, was previously convicted in a separate trial and remains on appeal.

The J & J Cartage Co., was operating under the Teamsters National Master Freight Agreement which requires that the employer pay contributions for health insurance and pension coverage. By threats of reduced income, loss of job, and loss of their trucks, which were frequently held in the company's name while being purchased by the drivers, the defendants forced the employees to pay their own contributions to the health and welfare and pension funds in defiance of the union contract.

Of the four issues addressed by the Court, its treatment of the appellant's contention that there was no crime based upon the decision in *U.S.* v. *Enmons* is most significant. In 1973, the Supreme Court found in *Enmons* that the Hobbs Act does not apply to the actual or threatened use of violence directed at the obtaining of legitimate labor objectives or economic benefits that can otherwise be lawfully obtained by collective bargaining. This case is significant in that it applied the Hobbs Act to employers who forced their employees to agree to a reduction in wages outside the collective bargaining agreement. The Court refused to accept the defendants' arguments that the *Enmons* decision, which carved out an exception to the Hobbs Act for wrongful acts committed in pursuit of legitimate labor objectives, applied to them. Instead, the Court held that the company "had no legitimate claim" to the contributions from the drivers because the collective bargaining agreement expressly required the company to make the payments to the welfare and pension funds out of the company's own resources. *U.S.* v. *Russo, Meli, and Smith* (6th Cir) Nos. 80-5052, 80-5054, and 80-5055, May 1983

- In an opinion by the Sixth Circuit Court of Appeals that will permit the pursuit of other employers engaged in similar illegal conduct, the convictions of the S & Vee Cartage

Co., Inc., Silverio Vitello, and Anna Vitello were upheld on April 14, 1983. The corporation and the Vitellos were convicted in November 1981 for planning and carrying out a scheme by which they failed to make contributions to the Michigan Conference of Teamsters Welfare Fund and the Teamsters Central States Pension Fund. The scheme also deprived S & Vee Cartage Company employees of their health and welfare coverage and pension credits. The convictions of the firm and its owners resulted from false statements, mail fraud, and conspiracy. From 1977 through 1979, the Vitellos attempted to increase the profitability of the company by regularly submitting false employer contribution reports, which understated the company's payments due to the welfare and pension funds. The scheme netted approximately $63,000 for the company in additional profits.

The Vitellos contended, in their appeal, that they, as employers, were not covered under the section of ERISA for which they were convicted because Congress intended it to cover only fiduciaries of employee welfare and pension funds. They also argued that the forms and reports submitted by them to the funds are not the types of documents referred to in the statute.

The Court of Appeals was unimpressed with the arguments of the appellants. The Court found that the statute provides in broad language that "whoever" knowingly makes false statements or conceals facts in documents required by ERISA may be held criminally culpable. No differentiation is made between an employer or a fiduciary of an employee benefit or welfare fund.

In terms of the types of documents that were submitted, the Court rejected the argument that the documents containing the false statements are not covered by the statute. The evidence showed that the documents constitute the primary source, if not the sole source, available to trustees of pension and welfare funds of the names of the employees covered and the amount of contributions made by employers. This case is significant since it marks the first time

that an Appeals Court has ruled that the records retention requirements of ERISA apply to employers.

The Vitellos are presently free on bond pending their deadline for filing a petition for *certiorari*. *U.S.* v. *S & Vee Cartage Co., Inc.*, 704 F.2d 914 (6th Cir.).

- Francis "Frank" Sheeran, former president of International Brotherhood of Teamsters Local 326 of Wilmington, Delaware, was originally sentenced in December 1981, after being convicted on charges including violating the Racketeer Influenced and Corrupt Organizations (RICO) statute, RICO conspiracy, and mail fraud.

  The investigation showed that Sheeran, in his position as president of Local 326, conspired with Eugene Boffa and his associates in a nationwide labor leasing operation that circumvented union members' wage and grievance demands. Sheeran received an undetermined amount of cash and free use of a luxury automobile in exchange for not causing labor problems for the labor leasing business run by Eugene Boffa.

  The mail fraud violations, charged against Sheeran, were premised by the fact that Teamsters employees, through fraudulent use of the mails, were deprived of the loyal and faithful service of their union official, economic benefits guaranteed by the National Labor Relations Act (NLRA), and economic benefits enjoyed through collective bargaining agreements.

  The Third Circuit Court of Appeals concluded that the NLRA is strictly civil in nature. Therefore, the mail fraud statute should not have been used in addressing violations of the NLRA.

  Those mail fraud charges relating to the NLRA were reversed and remanded for a new trial. Based upon the reversal of a portion of the conviction, the Circuit Court instructed that Sheeran be resentenced.

  On June 1, 1983, the judge resentenced Sheeran to 18 years in jail, fined him $20,000 and reaffirmed the forfeiture order of his union office as president of Local 326.

Sheeran was ordered to surrender himself to the Sandstone Federal Correctional Institute on June 3, 1983. *U.S.* v. *Sheeran* (D. Delaware)

PART III
COOPERATIVE EFFORTS

During this reporting period, we have continued active participation on the President's Council on Integrity and Efficiency (PCIE). While this has involved a substantial commitment of resources, we believe that this involvement has enhanced the effectiveness of this office and the IG community.

Our PCIE participation is multifaceted. We have various roles in a number of PCIE committees, are actively involved in projects sponsored by the PCIE and have detailed a number of staff members to help implement a variety of PCIE initiatives.

Probably our largest PCIE investment is in the area of computer matching. As cochair of the PCIE Long Term Computer Matching Project with HHS Inspector General Richard Kusserow, Inspector General J. Brian Hyland and OIG staff have provided substantial support to this project. Efforts by DOL under the Computer Matching Project have included facilitating matching efforts involving departmental programs for various PCIE projects.

We have also continued publishing Computer Matching, a quarterly newsletter with almost one thousand recipients throughout Federal, state and local agencies. A final report on incentives and disincentives to computer matching is expected to be issued during October 1983; an update of the Federal agency portion of the Computer Matching inventory, which will focus on "front-end" prevention techniques, should be completed by the end of the calendar year.

DOL IG staff also led the effort to develop standardized data extraction formats for computer matching, a project under the aegis of the HHS IG. HHS is proceeding on the field testing of these formats by providing funding for tests in selected states across the country, and DOL staff are playing a key role.

Other PCIE projects in which we have participated are briefly discussed below.

Review of Cash Management through Letters of Credit

This project, led by Treasury's Inspector General, seeks to evaluate problems with letters of credit funding and recommend alternatives that will reduce borrowing costs. Participants include Commerce, HHS, Treasury, Agriculture, Education, HUD and Labor. This project is more fully described in the Departmental Management section of this report.

On September 29, our report was submitted to Treasury and to ESA, MSHA and OSHA. Additional project work, in which we will participate, will examine current collection practices and assess agency cash management plans required by OMB Bulletin 83-6. Completion of this PCIE project is pending the outcome of a six-month pilot test project with various states, which is being administered by Treasury's Bureau of Government Financial Operations.

Federal Employees Receiving Government Assistance

This project, led by the Veterans Administration Inspector General, seeks to identify, through computer matching, current and former Federal employees improperly receiving Government financial assistance. Participating agencies include Defense, VA, OPM, HHS, Agriculture and Labor.

We have participated in a variety of matches involving Labor's FECA and Black Lung programs. Compensation and medical payments made by these programs were compared with similar data from the:

- Tennessee Valley Authority—FECA beneficiaries and TVA active and retired employees;
- United Mine Workers Health and Retirement Funds—Black Lung and UMW Medical payments; and
- Office of Personnel Management—Retired annuitants and FECA recipients.

These computer matching efforts should result in millions of dollars in recoveries for the programs involved and, more importantly, will enable us to identify major interagency con-

trol deficiencies, which we will work with the programs to correct.

On September 16, VA submitted the consolidated report to the PCIE. Additional discussion of the FECA/OPM crossmatch is contained in the Employment Standards Administration section of the report.

Federal Property at Contractors and Grantees

This project, led by the Department of Defense, was conducted to evaluate controls over property held by Federal contractors and grantees. As part of the effort, five Job Corps Centers were reviewed. Findings include: inadequate internal controls; 11 percent of a sample of Job Corps Center purchases were not needed for the program; inaccurate recordkeeping; and property reviews were inadequate or not performed. In September, Defense submitted a summary report to the PCIE; policy recommendations are now being considered.

In addition to these projects, OIG staff are involved in a number of PCIE Committees. Inspector General Hyland's recent nomination to cochair the PCIE Computer Audit Committee, with NASA Inspector General June Brown, coincides with our increased emphasis in the computer audit and control area. We are currently providing one staff member on a full-time detail to support the Committee. Also, this Office participates on the PCIE Performance Evaluation Committee work group, the Prevention Committee and the Training Committee's Executive Development Subcommittee.

PART IV

MONEY OWED TO THE DEPARTMENT OF LABOR

In accordance with a request in the Senate Committee on Appropriations' report on the Supplemental Appropriation and Rescission Bill of 1980, the chart on the following page shows unaudited estimates provided by the Agencies of the Department of the amounts of money owed, overdue, and written off as uncollectible during this six-month reporting period.

Summary of Estimated Department of Labor Receivables

(Dollars in thousands)

Program Name	Outstanding Receivables[1] 9/30/83	Delinquencies[2] 9/30/83	Adjustments & Write-Offs[3] FY 1983
Employment Standards Administration			
Federal Employees Compensation Act			
◦ overpayments to beneficiaries/ providers	$ 18,030	$ 12,188	$ 577
Black Lung Program			
◦ Responsible Mine Operator reimbursement & overpayments to beneficiaries/ providers	154,426	31,068	183
Employment & Training Administration			
◦ disallowed costs from auditing or monitoring outstanding cash balances after contract termination; erroneous overpayments to grantees	231,037	201,569	9,437
Mine Safety & Health Administration			
◦ civil penalties from mine operators	6,716	6,658	817
Occupational Safety & Health Administration			
◦ civil penalties from businesses	9,802	9,802	1,064
Pension Benefit Guaranty Corporation			
◦ terminated plan assets subject to transfer employer liability, and accrued premium income	146,779	8,053	—
All other Agencies	1,000	400	—
Totals	$567,790	$269,738	$12,078

[1]Includes amounts identified as contingent receivables that are subject to an appeals process that can eliminate or reduce the amounts identified.

[2]Any amount more than 30 days overdue is delinquent. Includes items under appeal and not in collection mode.

[3]Includes write-offs of uncollectible receivables and adjustments of contingent receivables as a result of the appeals process.

APPENDIX

Selected Statistics

Audit Activities

• Reports issued on DOL activities	342
Audit exceptions	$95,208,139
• Reports issued for other Federal agencies	8
• Dollars resolved	$90,988,561
Allowed	$67,195,713
Disallowed	$23,792,848

Fraud Investigation Activities

• Cases opened	356
• Cases closed	305
• Cases referred for prosecution	140
• Individuals or entities indicated	171
• Individuals or entities convicted	106
• Cases referred to DOL Agencies for administrative action	49
• Employees terminated	4
• Employees suspended	6
• Fines and penalties	$39,050
• Settlements and judgments	$198,134
• Restitutions	$579,337

Organized Crime and Racketeering Investigation Activities

• Cases opened	28
• Cases referred to DOJ/others	21
• Individuals indicted	46
• Individuals convicted	19

Audit Resolution Activity
April 1–September 30, 1983

Agency/Program	April 1, 1983 Balance Uresolved Reports	Dollars[1]	Issued (Increases) Reports	Dollars
Employment and Training Administration				
JTPA Grantees	—	—	58	—
CETA Sponsors				
Prime Sponsors	139	$50,078,591	166	$61,732,491
Native Americans	1	94,067	14	1,821,134
Migrants	16	2,032,751	4	932,377
Job Corps	7	7,178,003	4	324,855
Older Workers	5	127,621	2	4,311
Policy, Evaluation & Research	1	55,810	4	40,969
Technical Assistance	1	79,240	—	—
Other National Pgms	21	2,253,514	14	3,251,292
State Employment Security Agencies	8	4,233,296	14	23,060,004
Employment Standards Administration	3	215,412	3	—
Occupational Safety & Health Administration	14	970,530	30	1,069,345
Mine Safety & Health Administration	1	39,331	10	720,478
Office of the Asst Secy for Admin and Mgmt	3	48,813	19	829,948
Total [2]	220	$67,406,979	342	$93,787,204

Reports	Resolved (Decreases)[3] Allowed	Disallowed	September 30, 1983 Balance Unresolved Reports	Dollars
58	—	—	—	—
200	$52,529,575	$18,118,324	105	$41,163,183
7	68	94,067	8	1,821,066
15	675,707	1,207,999	5	1,081,422
7	7,035,477	49,381	4	418,000
6	33,863	92,681	1	5,388
4	43,885	11,925	1	40,969
—	—	—	1	79,240
22	349,235	1,783,755	13	3,371,816
13	5,421,016	2,146,171	9	19,726,113
5	71,092	144,320	1	—
31	996,932	134,275	13	908,668
5	—	—	6	759,809
14	38,863	9,950	8	829,948
387	$67,195,713	$23,792,848	175	$70,205,622

[1]"Dollars" signifies both questioned costs (costs that are inadequately documented or that require the grant officer's interpretation regarding allowability) and costs recommended for disallowance (costs that are in violation of law or regulatory requirements).

[2]The differences between the beginning balances in this schedule and the ending balances in the schedule of the previous semiannual report result from adjustments required during the reporting period.

[3]Audit resolution occurs when a final determination for each audit finding has been issued by the grant officer and accepted by the Office of Inspector General. Thus, this table does not include activity subsequent to the final determination such as the appeals process, the results of the program agency debt collection efforts, or revision to prior determinations.

Status of Unresolved Audits
As of September 30, 1983

Agency/Program	Total Unresolved Reports	Total Unresolved Dollars	0 to 6 Months Reports	0 to 6 Months Dollars	Over 6 Months[1] Reports	Over 6 Months[1] Dollars
Employment and Training Administration						
CETA Sponsors						
State and Local Prime Sponsors	105	$41,163,183	86	$34,491,290	19	$6,671,893
Native American Grantees	8	1,821,066	8	1,821,066	—	—
Migrant Grantees	5	1,081,422	5	1,081,422	—	—
Job Corps Contractors	4	418,000	4	418,000	—	—
National Programs for Older Workers	1	5,388	—	—	1	5,388
Policy, Evaluation & Research Grantees	1	40,969	1	40,969	—	- -
Technical Assistance & Trng Contractors	1	79,240	—	—	1	79,240
Other National Programs Grantees	13	3,371,816	11	3,255,138	2	116,678
State Employment Security Agencies	9	19,726,113	9	19,726,113	—	—

Employment Standards Administration	1	—	1	—	—	—
Occupational Safety & Health Administration	13	908,668	12	679,034	1	229,634
Mine Safety and Health Administration	6	759,809	5	720,478	1	39,331
Office of the Assistant Secretary for Administration and Management	8	829,948	8	829,948	—	—
Total	175	$70,205,622	150	$63,063,458	25	$7,142,164

[1]Twenty-four of the 25 unresolved audit reports were precluded from resolution pending the conclusion of investigations ($2,207,344).
Resolution of one audit report was delayed pending review of documentation which was not available during the audit ($4,934,820).

Summary of Audit Reports Issued
April 1–September 30, 1983

Department of Labor	
Employment and Training Administration	
Job Training Partnership Act Grantees	58
CETA Sponsors:	208
State and Local Prime Sponsors	(166)
Native American Grantees	((14)
Migrant and Seasonal Farmworkers Grantees	(4)
Job Corps Contractors	(4)
National Programs for Older Workers Grantees	(2)
Policy, Evaluation and Research Grantees	(4)
Other National Programs Grantees	(14)
State Employment Security Agencies	13
Internal Audits	1
Mine Safety and Health Administration	
MSHA Sponsors	10
Office of Assistant Secretary for Administration nd Management	
OASAM Contractors	14
Internal Audits	5
Occupational Safety and Health Administration	
OSHA Sponsors	30
Employment Standards Administration	
Internal Audits	3
Other Federal Agencies	2
Total	344

List of Audit Reports Issued
April 1–September 30, 1983

Region[1]	Program[2]	Date Sent To Program Agency	Audit Report Number	Name of Contractor or Grantee
Department of Labor programs				
II	JTPA	09/20/83	02-3-417-03-340	JTPA SURVEY RHODE ISLAND
II	JTPA	09/21/83	02-3-419-03-340	JTPA SURVEY NEW YORK
II	JTPA	09/21/83	02-3-420-03-340	JTPA SURVEY NEW JERSEY
II	JTPA	09/21/83	02-3-407-03-340	JTPA SURVEY VIRGIN ISLANDS
II	JTPA	09/21/83	02-3-406-03-340	JTPA SURVEY PUERTO RICO
II	JTPA	09/22/83	02-3-418-03-340	JTPA SURVEY CONNECTICUT
II	JTPA	09/22/83	02-3-415-03-340	JTPA SURVEY VERMONT
II	JTPA	09/22/83	02-3-413-03-340	JTPA SURVEY MAINE
II	JTPA	09/22/83	02-3-414-03-340	JTPA SURVEY NEW HAMPSHIRE
II	JTPA	09/23/83	02-3-416-03-340	JTPA SURVEY MASSACHUSETTS

[1]The Regions are II—New York; III—Philadelphia; IV—Atlanta; V—Chicago; VI—Dallas; IX—San Francisco; and NO—Washington, D.C. National Office.

[2]Indicates name of program audited; ESA—Employment Standards Administration; PRIME—State and Local CETA Prime Sponsor; SESA—State Employment Security Agency; JOBCP—Job Corps Contractor; OASAM—Office of the Assistant Secretary for Administration and Management; OSHA—Occupational Safety and Health Administration; DINAP—National CETA Native American Programs Grantee; MIGRANT—National CETA Migrant and Seasonal Farmworkers Grantee; MSHA—Mine Safety and Health Administration; ONP—Other National CETA Programs Grantee; OPER—ETA Office of Policy, Evalution and Research Grantee; NPOW—National Programs for Older Workers Grantee; WIN—Work Incentive Program; and I—Indirect Cost Audit.

Region[1]	Program[2]	Date Sent To Program Agency	Audit Report Number	Name of Contractor or Grantee
II	OSHA	08/03/83	02-3-454-10-101	UNITED ELEC RADIO & MACHINE WORKERS
II	OSHA	08/12/83	02-3-455-10-101	NATIONAL UNION OF HOSP/HEALTH CARE EMPL
II	OSHA	08/15/83	02-3-456-10-101	EASTERN CONTRACTORS ASSN
II	OSHA	09/27/83	02-3-451-10-101	UNIVERSITY OF MAINE
II	OSHA	09/27/83	02-3-452-10-101	UNIVERSITY OF CONNECTICUT
II	OSHA	09/27/83	02-3-453-10-101	VERMONT LABOR
II	PRIME	04/05/83	02-3-428-03	CITY OF HARTFORD
II	PRIME	05/09/83	02-3-255-C	SARATOGA CO
II	PRIME	05/16/83	02-3-253-C	OCEAN CO
II	PRIME	05/18/83	02-3-256-C	DUTCHESS CO
II	PRIME	05/31/83	02-3-257-C	ERIE CO CSRT
II	PRIME	06/08/83	02-3-426-03	CITY OF PROVIDENCE
II	PRIME	06/29/83	02-3-430-03	PENOBSCOT CO
II	PRIME	06/29/83	02-3-425-03	CONNECTICUT BOS
II	SESA	05/13/83	02-3-429-03	UI CROSSMATCH
II	SESA	06/29/83	02-3-427-03	CONNECTICUT
II	SESA	09/01/83	02-3-423-03-325	NEW JERSEY
II	SESA	09/22/83	02-3-432-03	MAINE
III	JTPA	09/26/83	03-3-208-03-340	JTPA SURVEY VIRGINIA
III	JTPA	09/26/83	03-3-209-03-340	JTPA SURVEY DISTRICT OF COLUMBIA
III	JTPA	09/26/83	03-3-210-03-340	JTPA SURVEY MARYLAND

Region[1]	Program[2]	Date Sent To Program Agency	Audit Report Number	Name of Contractor or Grantee
III	JTPA	09/26/83	03-3-211-03-340	JTPA SURVEY DELAWARE
III	JTPA	09/26/83	03-3-212-03-340	JTPA SURVEY WEST VIRGINIA
III	JTPA	09/26/83	03-3-207-03-340	JTPA SURVEY PENNSYLVANIA
III	OSHA	04/04/83	03-3-014-C	WORKERS INSTITUTE OF SAFETY & HEALTH
III	OSHA	04/27/83	03-3-024-C	NATL CONTRACTORS ASSN
III	OSHA	04/27/83	03-3-023-C	NATL ASPHALT PAVEMENT ASSN
III	OSHA	06/18/83	03-3-022-C	URBAN ENVIRONMENTAL CONFERENCE
III	OSHA	06/21/83	03-3-021-C	INT BROTHERHOOD PAINTERS
III	OSHA	07/26/83	03-3-013-10-101	GRAPHIC ARTS INTERNATIONAL UNION
III	OSHA	07/27/83	03-3-016-10-101	NATIONAL MARITIME SAFETY ASSN
III	OSHA	09/26/83	03-3-201-10-101	UNITED UNION OF RWAW SAFETY & HEALTH
III	PRIME	04/11/83	03-2-373-C	STAMA
III	PRIME	04/11/83	03-2-374-C	STAMA
III	PRIME	04/11/83	03-3-002-C	TRI COUNTY MANPOWER ADMIN
III	PRIME	04/22/83	03-2-276-C	BALTIMORE CO
III	PRIME	04/22/83	03-3-056-C	HENRICO-CHESTERFIELD-HANOVER CSRT
III	PRIME	04/27/83	03-3-007-C	ERIE CO
III	PRIME	04/27/83	03-3-046-C	DISTRICT OF COLUMBIA DES
III	PRIME	04/27/83	03-2-412-C	LEBANON CO
III	PRIME	04/27/83	03-2-411-C	DELAWARE INTERGOVERNMENTAL MNPWR SERV
III	PRIME	04/27/83	03-3-058-C	FREDERICK CO

Region[1]	Program[2]	Date Sent To Program Agency	Audit Report Number	Name of Contractor or Grantee
III	PRIME	04/29/83	03-2-281-G	VIRGINIA SPECIAL GOVERNORS GRANT
III	PRIME	06/08/83	03-3-059-C	PENINSULA OFFICE OF MANPOWER PROGRAMS
III	PRIME	06/21/83	03-3-132-C	MONTGOMERY CO PA
III	PRIME	06/21/83	03-3-134-111-C	CHESTER CO
III	PRIME	07/05/83	03-3-057-03-345	CITY VENTURE CORP
III	PRIME	07/26/83	03-3-105-03-345	OIC OF AMERICA
III	PRIME	07/26/83	03-2-376-03-345	CITY OF ERIE
III	PRIME	08/16/83	03-2-372-03-345	LANCASTER CO
III	PRIME	08/17/83	03-3-133-03-345	FIFTH DISTRICT CSRT
III	PRIME	08/18/83	03-3-001-03-345	BALTIMORE METRO MANPOWER CSRT
III	PRIME	08/24/83	03-2-220-03-345	ARLINGTON CO
III	PRIME	09/01/83	03-3-219-03-345	STAMA
III	PRIME	09/02/83	03-3-006-03-345	MARYLAND BOS
III	PRIME	09/20/83	03-3-131-03-345	BUCKS CO
III	PRIME	09/26/83	03-3-225-03-345	MONTGOMERY CO BOARD OF EDUCATION
III	PRIME	09/26/83	03-2-224-03-345	MONTGOMERY CO BOARD OF EDUCATION
III	SESA	05/28/83	03-3-018-C	WEST VIRGINIA DES
III	WIN	06/08/83	03-3-017-C	WEST VIRGINIA DES
IV	JTPA	09/23/83	04-3-549-03-340	JTPA SURVEY KENTUCKY
IV	JTPA	09/23/83	04-3-550-03-340	JTPA SURVEY MISSISSIPPI
IV	JTPA	09/23/83	04-3-551-03-340	JTPA SURVEY NORTH CAROLINA

Region[1]	Program[2]	Date Sent To Program Agency	Audit Report Number	Name of Contractor or Grantee
IV	JTPA	09/23/83	04-3-553-03-340	JTPA SURVEY TENNESSEE
IV	JTPA	09/23/83	04-3-552-03-340	JTPA SURVEY SOUTH CAROLINA
IV	JTPA	09/23/83	04-3-546-03-340	JTPA SURVEY ALABAMA
IV	JTPA	09/23/83	04-3-547-03-340	JTPA SURVEY FLORIDA
IV	JTPA	09/23/83	04-3-548-03-340	JTPA SURVEY GEORGIA
IV	OSHA	04/01/83	04-2-0455-C	ASSOCIATED INDUSTRIES OF ALABAMA
IV	OSHA	05/27/83	04-3-0001-C	ASSOCIATED GEN CONTRACTORS OF MID-FLORIDA
IV	OSHA	05/31/83	04-3-0002-C	NATL ASSN OF SEWER SERVICE COMPANIES
IV	OSHA	08/29/83	04-3-0154-C	NORTH CAROLINA OCCUPATIONAL SAFETY & HEALTH
IV	OSHA	09/13/83	04-3-406-10-101	BROWN LUNG ASSN
IV	PRIME	04/11/83	04-2-0490-C	GWINNETT CO BOARD OF COMMISSIONERS
IV	PRIME	04/21/83	04-2-0503-C	MOBILE AREA OIC
IV	PRIME	04/22/83	04-2-0377-C	LOUISVILLE/JEFFERSON CO CSRT
IV	PRIME	05/06/83	04-3-0108-C	NORTHEAST FLORIDA E&T CSRT
IV	PRIME	05/09/83	04-3-0110-C	BREVARD CO
IV	PRIME	05/10/83	04-2-0476-C	ORANGE CO
IV	PRIME	05/19/83	04-2-0014-C	CAPITAL AREA TRNG & EMP CSRT
IV	PRIME	06/03/83	04-3-0107-C	ORANGE CO
IV	PRIME	06/03/83	04-3-0109-C	SEMINOLE CO
IV	PRIME	06/07/83	04-3-0111-C	CITY OF BIRMINGHAM
IV	PRIME	06/13/83	04-3-0006-C	BLUEGRASS EMP & TRNG ADMIN
IV	PRIME	06/14/83	04-3-0138-C	LEE CO
IV	PRIME	06/15/83	04-3-0128-C	LEON/GADSDEN CSRT

Region[1]	Program[2]	Date Sent To Program Agency	Audit Report Number	Name of Contractor or Grantee
IV	PRIME	06/20/83	04-3-0113-C	CITY OF DURHAM
IV	PRIME	06/28/83	04-3-0115-C	CITY OF RALEIGH
IV	PRIME	06/28/83	04-3-0131-C	HILLSBOROUGH CO
IV	PRIME	06/30/83	04-3-0133-C	SEMINOLE CO
IV	PRIME	07/06/83	04-3-134	ESCAMBIA CO
IV	PRIME	07/18/83	04-3-509	CITY OF HUNTSVILLE
IV	PRIME	07/21/83	04-3-135	BREVARD CO
IV	PRIME	07/21/83	04-3-144	LAKE CO
IV	PRIME	07/21/83	04-3-151	CITY OF CHATTANOOGA
IV	PRIME	07/28/83	04-3-145	CITY OF CHARLOTTE
IV	PRIME	07/29/83	04-3-505	GULF COAST ETA
IV	PRIME	08/05/83	04-3-0514-C	ORANGE CO
IV	PRIME	08/05/83	04-3-0403-C	TAMPA
IV	PRIME	08/05/83	04-3-0121-C	HEARTLAND E&T CSRT
IV	PRIME	08/05/83	04-3-0141-C	EASTERN KENTUCKY
IV	PRIME	08/05/83	04-3-0518-C	PINELLAS CO
IV	PRIME	08/10/83	04-3-0122-C	ROBESON CO
IV	PRIME	08/10/83	04-3-0132-C	ALAMANCE CO
IV	PRIME	08/10/83	04-3-0139-C	VOLUSIA CO
IV	PRIME	08/29/83	04-3-0147-C	MANATEE CO

Region[1]	Program[2]	Date Sent To Program Agency	Audit Report Number	Name of Contractor or Grantee
IV	PRIME	09/02/83	04–3–0153–C–0037	BLUEGRASS EMPLOYMENT & TRNG PGM
IV	PRIME	09/08/83	04–3–401–03–345	ESCAMBIA CO BOARD OF COMMISSIONERS
IV	PRIME	09/08/83	04–3–0152–C–0048	CITY OF WINSTON/SALEM
IV	PRIME	09/14/83	04–3–0142–C	AUTAUGA, ELMORE & MONTGOMERY CSRT
IV	PRIME	09/21/83	04–3–404–03–345	NORTH CAROLINA BOS
IV	PRIME	09/26/83	04–3–504–03–345	MIDDLE GEORGIA CSRT
IV	PRIME	09/26/83	04–2–0157–C–0010	BROWARD EMPLOYMENT & TRNG ADM
IV	PRIME	09/27/83	04–3–561–03–345	GULF COAST EMPLOYMENT & TRNG ADM
IV	PRIME	09/29/83	04–3–071–03–345	CITY OF ATLANTA
IV	SESA	05/02/83	04–3–0140–C	KENTUCKY CABINET FOR HUMAN RES
V	JTPA	09/14/83	05–3–194–03–340	JTPA SURVEY OHIO
V	JTPA	09/14/83	05–3–191–03–340	JTPA SURVEY WISCONSIN
V	JTPA	09/14/83	05–3–193–03–340	JTPA SURVEY ILLINOIS
V	JTPA	09/15/83	05–3–196–03–340	JTPA SURVEY INDIANA
V	JTPA	09/16/83	05–3–195–03–340	JTPA SURVEY MICHIGAN
V	JTPA	09/23/83	05–3–192–03–340	JTPA SURVEY MINNESOTA
V	NPOW	05/09/83	05–2–059	WISCONSIN BUREAU OF AGING
V	OASAM	09/22/83	05–3–116–07–740	CONSULTANT SERVICES AWARDS & REPORTING

Region[1]	Program[2]	Date Sent To Program Agency	Audit Report Number	Name of Contractor or Grantee
V	OSHA	06/17/83	05-3-006	MICHIGAN DEPT OF PUBLIC HEALTH
V	OSHA	09/15/83	05-1-163-10-101	STATE OF WISCONSIN
V	PRIME	04/06/83	82-000153	SPECIAL GRANTS STATE OF OHIO
V	PRIME	04/22/83	05-1-020	CITY OF DULUTH
V	PRIME	05/12/83	05-20065	CLARK CO
V	PRIME	05/16/83	05-2-064	CITY OF CINCINNATI
V	PRIME	05/20/83	05-1-017	CUTLER CO
V	PRIME	06/14/83	05-1-100	OTTAWA CO
V	PRIME	06/14/83	82-000197	OTTAWA CO
V	PRIME	06/28/83	05-2-020	REGION III CSRT
V	PRIME	06/28/83	82-000603	GLSF CSRT
V	PRIME	06/30/83	82-000660	WASHTENAW CO
V	PRIME	06/30/83	82-377	CITY OF ST PAUL
V	PRIME	06/30/83	82-000388	TIPPECANOE CO
V	PRIME	06/30/83	05-3-146	MILWAUKEE CO
V	PRIME	07/07/83	05-1-149	LIVINGSTON CO
V	PRIME	07/12/83	05-1-043	MUSKEGON/OCEANA
V	PRIME	07/21/83	05-1-019	CLAIRMONT/WARREN
V	PRIME	07/21/83	05-2-047	WISCONSIN CETO
V	PRIME	07/22/83	05-3-008	LAKE CO
V	PRIME	08/17/83	05-1-059-03-345	DELAWARE/BLACKS
V	PRIME	08/17/83	05-1-156-03-345	COUNCIL FOR ECONOMIC OPPORTUNITY
V	PRIME	09/15/83	05-2-042-03-345	ROCK CO
V	PRIME	09/19/83	05-3-075-03-345	INDIANAPOLIS
V	PRIME	09/27/83	05-1-045-03-345	BAY CO

Region[1]	Program[2]	Date Sent To Program Agency	Audit Report Number	Name of Contractor or Grantee
V	SESA	08/29/83	05-1-164-03-325	WISCONSIN DILHC
VI	BLS	04/26/83	83-101	ARKANSAS BLS
VI	BLS	05/23/83	83-142	NEW MEXICO BLS
VI	BLS	09/27/83	06-3-278-01-111	NEBRASKA WORKMENS COMPENSATION COURT
VI	JTPA	09/21/83	06-3-511-03-340	JTPA SURVEY OKLAHOMA
VI	JTPA	09/22/83	06-3-513-03-340	JTPA SURVEY TEXAS
VI	JTPA	09/23/83	06-3-512-03-340	JTPA SURVEY SOUTH DAKOTA
VI	JTPA	09/23/83	06-3-509-03-340	JTPA SURVEY NORTH DAKOTA
VI	JTPA	09/23/83	06-3-514-03-340	JTPA SURVEY UTAH
VI	JTPA	09/23/83	06-3-515-03-340	JTPA SURVEY WYOMING
VI	JTPA	09/23/83	06-3-502-03-340	JTPA SURVEY COLORADO
VI	JTPA	09/23/83	06-3-501-03-340	JTPA SURVEY ARKANSAS
VI	JTPA	09/23/83	06-3-510-03-340	JTPA SURVEY NEW MEXICO
VI	JTPA	09/26/83	06-3-507-03-340	JTPA SURVEY MONTANA
VI	JTPA	09/26/83	06-3-505-03-340	JTPA SURVEY LOUISIANA
VI	JTPA	09/26/83	06-3-503-03-340	JTPA SURVEY IOWA
VI	JTPA	09/26/83	06-3-504-03-340	JTPA SURVEY KANSAS
VI	JTPA	09/26/83	06-3-506-03-340	JTPA SURVEY MISSOURI
VI	JTPA	09/26/83	06-3-508-03-340	JTPA SURVEY NEBRASKA
VI	JTPA	09/29/83	06-3-500-03-340	JTPA SURVEY NATIONAL SUMMARY
VI	MSHA	08/30/83	06-3-270-06-620	UTAH INDUST COMM MINE SAFETY & HEALTH
VI	MSHA	09/27/83	06-3-256-50-556	MISSOURI DOL & INDUST REL

Region[1]	Program[2]	Date Sent To Program Agency	Audit Report Number	Name of Contractor or Grantee
VI	OSHA	04/26/83	83–102	LOUISIANA OSHA
VI	OSHA	05/02/83	82–727	OKLAHOMA DOL
VI	OSHA	05/19/83	82–726	ARKANSAS DOL
VI	OSHA	06/21/83	06–3–277–03–345	STATE OF IOWA
VI	PRIME	04/06/83	83–110	REGION XI CSRT
VI	PRIME	04/15/83	83–144	JEFFERSON PARISH
VI	PRIME	04/29/83	83–059	TEXARKANA
VI	PRIME	05/04/83	82–717	CITY OF BATON ROUGE
VI	PRIME	05/09/83	83–143	TEXAS PANHANDLE
VI	PRIME	05/16/83	83–114	CAMERON CO
VI	PRIME	05/18/83	83–120	CITY OF SHREVEPORT
VI	PRIME	05/20/83	83–141	HARRIS CO
VI	PRIME	05/23/83	83–146	COASTAL BEND CSRT
VI	PRIME	05/24/83	82–463	ALAMO CSRT
VI	PRIME	06/03/83	83–249	INDEPENDENCE
VI	PRIME	06/03/83	83–248	MONTANA (OWP)
VI	PRIME	06/06/83	83–211	EAST TEXAS CETA CSRT
VI	PRIME	06/11/83	83–060	GALVESTON CO
VI	PRIME	06/11/83	83–061	GALVESTON CO
VI	PRIME	06/13/83	83–262	TEXAS TOS
VI	PRIME	06/20/83	83–151	RAPIDES PARISH POLICE JURY
VI	PRIME	06/21/83	83–271	S DAKOTA DOL ES DIVISION
VI	PRIME	06/21/83	83–281	MOUNTAINLAND CSRT
VI	PRIME	06/23/83	83–255	MISSOURI BOS

Region[1]	Program[2]	Date Sent To Program Agency	Audit Report Number	Name of Contractor or Grantee
VI	PRIME	06/29/83	83–297	LINCOLN
VI	PRIME	06/29/83	83–253	CITY OF TULSA CSRT
VI	PRIME	06/29/83	83–282	OFFICE OF FEDERAL COORDINATION
VI	PRIME	07/11/83	06–3–308–50–552	MONTANA DIVISION OF WORKERS COMPENSATION
VI	PRIME	07/27/83	06–3–275–03–345	BOULDER CO
VI	PRIME	08/02/83	06–3–220–03–345	CITY OF HOUSTON
VI	PRIME	08/08/83	06–2–732–03–345	STATE OF LOUISIANA
VI	PRIME	08/12/83	06–2–734–03–345	OKLAHOMA BOS
VI	PRIME	08/24/83	06–3–257–03–345	NEW MEXICO GOVERNORS OFFICE E&T ADMIN
VI	PRIME	08/24/83	06–2–735–03–345	NEW ORLEANS
VI	PRIME	08/30/83	06–3–535–03–345	CITY OF FORT WORTH
VI	PRIME	08/30/83	06–3–583–50–553	NEBRASKA DEPT OF LABOR
VI	PRIME	08/30/83	06–3–539–03–345	KANSAS HUMAN RESOURCES GOVERNORS GRANT
VI	PRIME	09/12/83	06–3–529–03–345	CITY OF HOUSTON FOOD STAMP CROSSMATCH
VI	PRIME	09/12/83	06–3–568–03–345	HARRIS COUNTY E&T FOOD STAMP CROSSMATCH
VI	PRIME	09/12/83	06–3–567–03–345	GULF COAST E&T CSRT FOOD STAMP CROSSMATCH
VI	PRIME	09/19/83	06–3–556–03–345	ST LOUIS CO
VI	PRIME	09/26/83	06–3–555–03–345	JACKSON CO
VI	PRIME	09/27/83	06–3–273–03–345	WEBER/MORGAN CSRT
VI	PRIME	09/27/83	06–3–538–03–345	PERMIAN BASIN REGIONAL PLANNING COMM
VI	PRIME	09/27/83	06–3–272–03–345	DAVIS CO
VI	PRIME	09/27/83	06–3–214–03–345	MINNEHAHA
VI	PRIME	09/27/83	06–3–561–03–345	WOODBURY CO
VI	PRIME	09/27/83	06–3–562–02–345	JEFFERSON/FRANKLIN CSRT
VI	PRIME	09/29/83	06–3–213–03–345	CITY OF AUSTIN

Region[1]	Program[2]	Date Sent To Program Agency	Audit Report Number	Name of Contractor or Grantee
VI	SESA	06/04/83	7–2–S–014	MISSOURI DOL & IR
VI	SESA	06/16/83	83–215	TEXAS EMP SECURITY COMMISSION
VI	SESA	08/24/83	83–274	MONTANA DES
VI	SESA	08/10/83	06–3–534–03–325	OKLAHOMA EMPLOYMENT SECURITY
IX	ESA	06/30/83	09–2–707–04–432	LONGSHORE HARBOR WORKERS—SPECIAL FUND
IX	JTPA	09/09/83	09–3–735–03–340	JTPA SURVEY WASHINGTON
IX	JTPA	09/09/83	09–3–730–03–340	JTPA SURVEY IDAHO
IX	JTPA	09/09/83	09–3–724–03–340	JTPA SURVEY ALASKA
IX	JTPA	09/21/83	09–3–732–03–340	JTPA SURVEY NORTHERN MARIANAS IS
IX	JTPA	09/21/83	09–3–734–03–340	JTPA SURVEY TRUST TERRITORY PACIFIC ISL
IX	JTPA	09/27/83	09–3–733–03–340	JTPA SURVEY OREGON
IX	JTPA	09/27/83	09–3–731–03–340	JTPA SURVEY NEVADA
IX	JTPA	09/27/83	09–3–726–03–340	JTPA SURVEY ARIZONA
IX	JTPA	09/27/83	09–3–725–03–340	JTPA SURVEY AMERICAN SAMOA
IX	JTPA	09/27/83	09–3–729–03–340	JTPA SURVEY HAWAII
IX	JTPA	09/27/83	09–3–727–03–340	JTPA SURVEY CALIFORNIA
IX	JTPA	09/28/83	09–3–728–03–340	JTPA SURVEY GUAM
IX	OSHA	04/18/83	09–82–C–504	GUAM SR CITIZENS
IX	OSHA	04/27/83	10–83–S–404–001	WASHINGTON DOL & I

Region[1]	Program[2]	Date Sent To Program Agency	Audit Report Number	Name of Contractor or Grantee
IX	PRIME	04/06/83	09–83–C–067	LONG BEACH
IX	PRIME	04/08/83	09–83–C–080	CITY OF PASADENA
IX	PRIME	04/08/83	09–82–C–111	SANTA CLARA CO
IX	PRIME	04/18/83	09–82–C–061	IMPERIAL CO
IX	PRIME	04/18/83	09–82–C–139	TRUST TERRITORY PACIFIC ISLANDS
IX	PRIME	04/25/83	09–83–C–109	TULARE CO
IX	PRIME	04/26/83	09–83–C–020	MARICOPA CO
IX	PRIME	04/26/83	09–82–C–132	GOVERNMENT OF GUAM
IX	PRIME	04/27/83	09–83–C–068	CITY OF LOS ANGELES
IX	PRIME	05/06/83	09–83–C–108	SACRAMENTO ETA
IX	PRIME	05/06/83	09–83–C–019	CITY OF PHOENIX
IX	PRIME	05/10/83	09–3–922–03–345	SAN LUIS OBISPO
IX	PRIME	05/11/83	09–3–921–03–345	SAN LUIS OBISPO
IX	PRIME	06/10/83	09–3–740–03–345	JACKSON/JOSEPHINE JOB COUNCIL
IX	PRIME	06/27/83	09–3–044–03–345	BUTTE CO
IX	PRIME	07/26/83	09–2–706–03–390	OREGON EMP DIVISION
IX	PRIME	08/16/83	09–2–703–03–345	CITY OF PORTLAND
IX	PRIME	08/16/83	09–3–712–03–345	MID WILLAMETTE VALLEY CSRT
IX	PRIME	08/23/83	09–3–735–03–345	CITY OF EUGENE
IX	PRIME	09/09/83	09–3–166–03–345	WASHOE CO
IX	PRIME	09/14/83	09–3–100–03–345	SUNNYVALE CITY
IX	SESA	04/21/83	09–82–C–503	GUAM SESA
IX	SESA	07/29/83	09–3–723–50–551	HAWAII DLIR

Region[1]	Program[2]	Date Sent To Program Agency	Audit Report Number	Name of Contractor or Grantee
NO	DINAP	04/01/83	11-3-057-C	CHOCTAW NATION OF OKLAHOMA
NO	DINAP	07/15/83	11-3-063-C	SHOSHONE-PAIUTE TRIBES
NO	DINAP	07/21/83	11-3-810-03-355	SANTEE SIOUX TRIBE OF NEBRASKA
NO	DINAP	07/26/83	11-3-805-03-355	WHITE EARTH RESERVATION
NO	DINAP	07/26/83	11-3-808-03-355	WHITE EARTH RESERVATION
NO	DINAP	07/26/83	11-3-125-03-355	WESTERN WASHINGTON T&E
NO	DINAP	07/26/83	11-3-072-C	ALEUTIAN PRIBILOF ISLAND ASSN
NO	DINAP	08/17/83	11-3-082-C	LUMMI INDIAN BUSINESS COUNCIL
NO	DINAP	08/26/83	11-3-821-03-355	JICARILLA APPACHE TRIBE OF NEW MEXICO
NO	DINAP	09/07/83	11-3-823-03-355	LOWER BRULE SIOUX TRIBE OF S DAKOTA
NO	DINAP	09/07/83	11-3-828-03-355	SHOSHONE-BANNOCK TRIBES INC
NO	DINAP	09/07/83	11-3-822-03-355	STANDING ROCK SIOUX TRIBE OF N DAKOTA
NO	DINAP	09/20/83	11-3-064-C	CHE-HO-QUI-SHO INDIAN CSRT
NO	DINAP	09/23/83	11-3-830-03-355	OMAHA TRIBE OF NEBRASKA
NO	JOBCP-I	04/13/83	11-3-116-F	RCA SERVICE
NO	JOBCP-I	06/24/83	11-3-440-03	LEO A DALY
NO	JOBCP-I	06/28/83	11-2-236-C	MINACT INC
NO	JOBCP-I	07/19/83	11-3-004-C	BATESVILLE JOB CORPS CENTER
NO	MIGRANT	05/09/83	11-2-283-C	PROTEUS ADULT TRNG INC
NO	MIGRANT	06/29/83	11-2-209-C	CSRT DEVELOPMENT OF RURAL SE INC
NO	MIGRANT	06/29/83	11-2-307-C	MIGRANT & SEASONAL FARMWORKERS ASSN
NO	MIGRANT	07/21/83	11-3-809-03-365	INDIANA OFFICE OF OCCUPATIONAL DEV

Region[1]	Program[2]	Date Sent To Program Agency	Audit Report Number	Name of Contractor or Grantee
NO	MSHA	04/13/83	11-3-048-F	PENNSYLVANIA DEPT OF ENVIRONMENTAL RES
NO	MSHA	05/25/83	11-1-143-C	KENTUCKY DEPT OF MINES & MINERALS
NO	MSHA	08/04/83	11-3-022-C	STATE OF MICHIGAN
NO	MSHA	08/10/83	11-3-816-06-610	WESTINGHOUSE ELECTRIC CORP
NO	MSHA	08/10/83	11-3-817-06-610	WESTINGHOUSE ELECTRIC CORP
NO	MSHA	08/10/83	11-3-818-06-610	WESTINGHOUSE ELECTRIC CORP
NO	MSHA	08/18/83	11-3-824-06-601	FOSTER MILLER ASSN INC
NO	MSHA	09/23/83	11-3-151-C	WEST VIRGINIA DIV OF VOCATIONAL REHAB
NO	NPOW	08/18/83	11-3-418-03-360	STATE OF WISCONSIN OFFICE OF AGING
NO	OASAM-I	04/13/83	11-3-053-F	SMITHSONIAN INSTITUTION
NO	OASAM-I	04/13/83	11-3-079-F	URBAN INSTITUTE
NO	OASAM-I	04/13/83	11-3-115-F	GENERAL RESEARCH CORP
NO	OASAM-I	04/13/83	11-3-040-F	NATIONAL ACADEMY PUBLIC ADMIN
NO	OASAM-I	07/14/83	11-3-803-01-001	PEAT, MARWICK, MITCHELL & CO
NO	OASAM-I	07/15/83	11-3-804-50-598	NATIONAL ASSN OF GOVERNORS
NO	OASAM-I	07/19/83	11-3-807-07-001	PLANNING RESEARCH CORP
NO	OASAM-I	07/21/83	11-3-802-50-598	THE BROOKINGS INSTITUTE
NO	OASAM-I	08/18/83	11-3-819-07-742	APPLIED SYSTEMS INSTITUTE INC
NO	OASAM	05/12/83	11-3-330-07-710	SURVERY OF SEVERANCE PAY RECIPIENTS
NO	OASAM	05/07/83	11-3-331-07-710	SURVEY OF PAYROLL OPERATIONS—MULTIPLE PMTS
NO	OASAM	05/19/83	11-3-112-C	FOUR PHASE SYSTEMS
NO	OASAM	08/11/83	11-3-089-C	ELECTRONIC DATA SYSTEMS
NO	OASAM	08/12/83	11-3-090-C	ACE FEDERAL REPORTERS
NO	OASAM	08/18/83	11-3-111-C	ACE FEDERAL REPORTERS

Region[1]	Program[2]	Date Sent To Program Agency	Audit Report Number	Name of Contractor or Grantee
NO	OASAM	09/15/83	11-3-827-07-742	OHIO STATE
NO	OASAM	09/21/83	11-3-312-07-20	SURVEY OF ADP MGMT IN DEPT OF LABOR
NO	OASAM	09/29/83	11-3-315-07-711	LETTER OF CREDIT SYSTEMS
NO	ONP	04/01/83	11-3-001-C	DEL GREEN ASSOCIATES
NO	ONP	05/09/83	11-2-260-C	NATL URBAN LEAGUE INC
NO	ONP	06/24/83	11-2-263-C	INST HUMAN STUDIES
NO	ONP	07/14/83	11-3-806-03-350	CITY OF CORPUS CHRISTI
NO	ONP	07/15/83	11-2-251-C	PACIFIC ECONOMIC RESOURCES LEAGUE
NO	ONP	07/21/83	11-3-801-03-350	PUSH FOR EXCELLENCE INC
NO	ONP	08/16/83	11-3-814-03-350	EDUCATIONAL TESTING SERVICES
NO	ONP	08/18/83	11-3-168-C	NATIONAL JPDD APPRENTICESHIP & TRNG
NO	ONP	08/29/83	11-3-023-C	NEW JERSEY GREEN THUMB INC
NO	ONP	09/16/83	11-3-825-03	NATIONAL YOUTH WORK ALLIANCE INC
NO	ONP	09/16/83	11-3-826-03-350	NATIONAL YOUTH WORK ALLIANCE INC
NO	ONP	09/22/83	11-3-831-03-380	ARLINGTON CO
NO	ONP	09/23/83	11-3-430-03-350	NATIONAL FEDERATION OF THE BLIND
NO	ONP	09/27/83	11-3-472-03-350	ORO DEVELOPMENT CORP
NO	OPER-I	04/13/83	11-3-117-F	ANALYSIS GROUP INC.
NO	OPER-I	08/10/83	11-3-815-03	MATHEMATICAL POLICY RESEARCH INC
NO	OPER	08/10/83	11-3-811-03-380	ALACHUA CO BOARD OF COMMISSIONERS
NO	OPER	09/27/83	11-3-832-03-380	KING SNOHOMISH MANPOWER CSRT
NO	ESA	09/30/83	11-3-303-04-433	OWCP CROSSMATCH PROJECT—UMW/BLACK LUNG
NO	ESA	09/30/83	11-3-301-04-431	FECA THIRD PARTY LIABILITY PROCESSING

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Other Federal Agencies				
IV		07/18/83	04–3–519–98–599	CHATHAM CO
IV		08/05/83	04–3–143–98–599	SARASOTA CO

DEPARTMENT OF LABOR
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