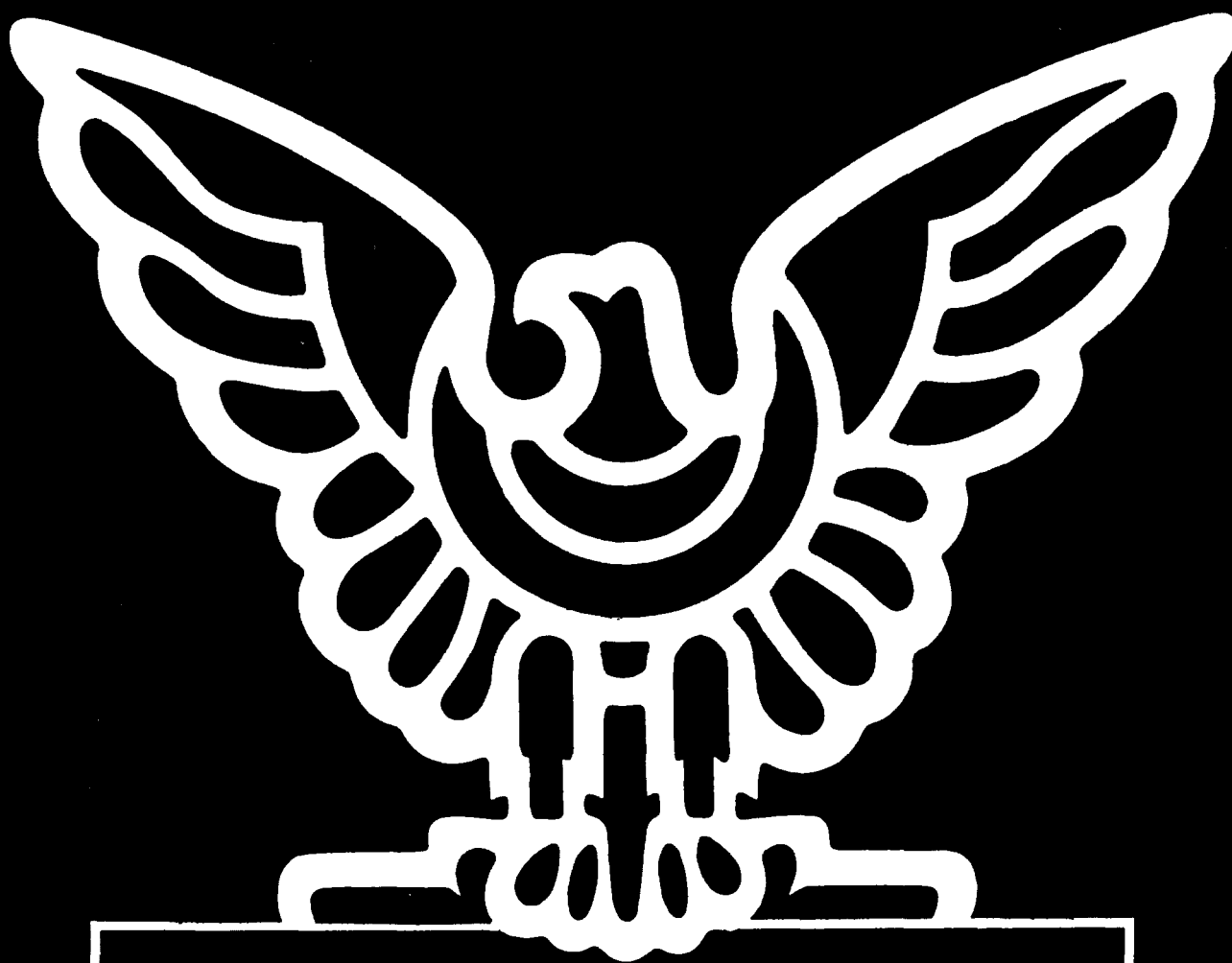


**Semiannual Report
Office of Inspector General
U.S. Department of Labor**



October 1, 1992 - March 31, 1993



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Semiannual Report Office of Inspector General U.S. Department of Labor

U.S. Department of Labor
Robert B. Reich, Secretary

Office of Inspector General
Charles C. Masten, Acting Inspector General

October 1, 1992 - March 31, 1993

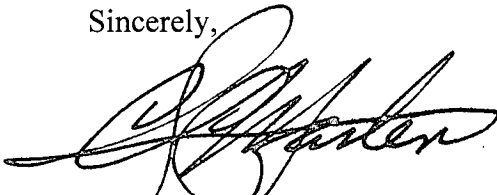
THE INSPECTOR GENERAL'S MESSAGE

This Semiannual Report, covering the period from October 1, 1992 - March 31, 1993, is the first issued for transmittal to the Congress by Secretary Robert B. Reich. This reporting period has been one of transition for the Office of Inspector General (OIG). On March 19, 1993, after serving as Inspector General for almost 3 years, the former Inspector General, Julian W. De La Rosa, resigned to return to the private sector. In addition to his responsibilities at the Department of Labor, Mr. De La Rosa also served the entire Inspector General community as the Vice Chair of the President's Council on Integrity and Efficiency, which functions as a coordinating body for the activities of all the Offices of Inspector General. Mr. De La Rosa's leadership and dedication served as an example to the Department and the IG community.

Among the OIG's many noteworthy accomplishments during this reporting period, I call the reader's attention particularly to the recently issued audit report measuring and evaluating the results achieved by participants in the Job Training Partnership Act's (JTPA) Title II-A program. The results of this audit will be the subject of an upcoming congressional hearing. The OIG is of the opinion that the findings of this audit will significantly contribute to the debate as to how effective this program has been in providing needed skills to the Nation's unemployed and disadvantaged.

Along with the entire staff of the OIG, I look forward to working closely with Secretary Reich and the new management team that he is assembling. As always, we remain committed to assisting the Department's management to ensure that the programs of the Department of Labor are being effectively and efficiently implemented and administered.

Sincerely,



Charles C. Masten
Acting Inspector General

REPORTING REQUIREMENTS UNDER THE INSPECTOR GENERAL ACT OF 1978

The table below cross references the reporting requirements prescribed by the Inspector General Act of 1978, as amended, to the specific pages where they are addressed. The information requested by the Congress in Senate Report No. 96-829 relative to the 1980 Supplemental Appropriations and Rescissions Bill is also cross-referenced to the appropriate pages of the report.

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Section 5(a)(3)-Prior Recommendations Not Yet Completed	None
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Section 5(a)(5) and Section 6(b)(2)-Summary of Instances Where Information Was Refused	None
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Section 5(a)(11)-Description and Explanation for Any Significant Revised Management Decision	40
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SIGNIFICANT CONCERNS OF THE INSPECTOR GENERAL

Audit Raises Questions About JTPA Program Effectiveness

When Congress enacted the Job Training Partnership Act (JTPA) in 1982, it recognized that job training should be considered as an investment in human capital, rather than an expense. To determine whether or not that investment has been productive, Congress believed that criteria needed to be developed that would measure the return on the investment in terms of increased employment and earnings of participants as well as a reduction in welfare dependency.

With billions of dollars already having been spent, and billions more now earmarked for expenditure, the OIG initiated a nationwide audit of JTPA Title II-A program outcomes to determine if the program provided the training and assistance necessary to overcome identified employment barriers and to determine what happened to participants after they left the program.

The OIG audit of these JTPA program outcomes found that the job training system is being asked to address education failures, physical dependencies, and emotional and physical disabilities with no demonstrated pattern that JTPA can successfully treat those barriers.

Health Care Fraud Schemes are Cheating Tens of Thousands of Employees

Criminal investigations by the OIG's Office of Labor Racketeering continue to uncover multi-million dollar, multi-state health care fraud schemes. The rising cost and unavailability of traditional health insurance for small employers have created a vacuum in the health insurance market, and various alternatives to traditional insurance have been put forward to fill this void.

One such alternative is the Multiple Employer Welfare Arrangement, generally referred to as a MEWA. The MEWA (formerly known as a Multiple Employer Trust) is an arrangement among a group of employers with a common interest who pooled resources and provided health care coverage for their employees either by self-insuring or through the purchase of insurance.

Over the past several years, however, there has been a surge of "entrepreneurial" MEWAs, arranged and sold by operators with no relation to the participating employers. A number of these MEWAs were operated by inexperienced and, in some cases, unscrupulous individuals who falsely claimed to be exempt from State insurance regulation. Using the preemption feature of the Employee Retirement Income Security Act as a shield, some fraudulent MEWAs have swindled tens of thousands of American workers out of millions of dollars in premiums, and left many millions more in unpaid medical claims.

The OIG, through its Office of Labor Racketeering, has expended significant resources conducting criminal investigations in the MEWA area. The OIG supports legislation that will address this and related abuses in the health insurance arena.

The Trade Adjustment Assistance (TAA) Program is Having Only Marginal Success in Returning Affected Workers to Suitable Employment

The TAA program, originally authorized by the Trade Act of 1974, is scheduled to expire September 30, 1993. The TAA program was established to assist unemployed individuals who have lost their jobs, as a result of increased imports, by returning the workers to suitable employment as quickly as possible. The Act defines a "suitable" job as one that pays at least 80 percent of an individual's former weekly wage. The 1988 amendments to the Trade Act changed TAA's emphasis by requiring as a condition for receiving basic Trade Readjustment Allowance benefits (unless otherwise waived) that participants of the program enroll and make satisfactory progress in approved training courses.

OIG audits of State-run TAA programs revealed that the programs fell short of the goals set forth by the Trade Act. For example, a review of the TAA program for the State of Wisconsin disclosed that, although the main objective of TAA is to return affected workers to suitable employment, only 26 percent of the sample participants had obtained employment in positions that met that criterion. Moreover, although 69 percent of the participants in our sample enrolled in training, just 11 percent of those who terminated training found suitable employment that was related to the training that they had received. While another 32 percent of the workers found employment, they were earning wages that the TAA program defined as being less than suitable. In addition, an OIG audit of the State of Michigan's TAA program found significant problems with the administration of the program. Specifically, that audit disclosed that a substantial number of the workers awaiting recall by their former employer were inappropriately enrolled in training courses, thereby receiving additional Trade Readjustment Allowance benefits. That audit questioned nearly \$400,000 in training and benefits paid under the TAA program by the State of Michigan.

The Targeted Jobs Tax Credit (TJTC) Program's Effectiveness in Stimulating Employment for the Needy is Questioned

The Targeted Jobs Tax Credit program, administered jointly by the Departments of Treasury and Labor, was designed to stimulate the employment of members of specified target groups by offering tax incentives to employers to hire them. On June 30, 1992, the TJTC program expired. Legislation to extend permanently the TJTC program has been recently introduced in the 103rd Congress.

As originally authorized, Congress intended the program to be a hiring incentive to employers, rather than a windfall. In 1981, this intent was underscored when the Congress eliminated a

provision that allowed retroactive certification of individuals already on employers' payrolls. However, the OIG believes that recent audit results raise serious questions about the viability of this program. For example, an OIG audit of the State of Tennessee's TJTC program (highlighted in the last OIG Semiannual Report) disclosed that participants of that program were employed in low-skill, high-turnover jobs. Furthermore, a report issued by the General Accounting Office (GAO) in 1991 found that over half of the employers sampled made no special effort to hire target group members. GAO's results raise a question as to whether the program is an employment generator to the extent intended by the Congress.

Similarly, the OIG is finding that many employers hire individuals without TJTC eligibility as a deciding factor, and that screening for TJTC eligibility typically takes place after the hiring decision is made. The limited hiring directly attributed to TJTC implies a low return on the investment of Federal dollars. During the reauthorization deliberations, the Department and the Congress are urged to carefully consider TJTC's ability to produce a positive return on investment.

Audits of Pension Plan Assets by Public Accountants Are Still Inadequate

Since 1984, the OIG has reported its concerns that hundreds of billions of dollars in employee pension funds are not being adequately audited to ensure that they are safeguarded and will be available in the future to pay promised benefits. The limited scope audit provision of the Employee Retirement Income Security Act (ERISA) of 1974 is an important contributor to the danger of inadequate auditing of pension plan assets. The limited scope audit provision exempts from review by an auditor all pension plan funds that have been invested in institutions such as savings and loans, banks or insurance companies already regulated by Federal or State Governments. At the time ERISA was passed almost two decades ago, it was assumed that all of the funds invested in those regulated industries were being adequately reviewed. Unfortunately, as the taxpayers have since discovered, this is far from true.

The OIG has long recommended that ERISA be amended to repeal its limited scope audit provision. Such a change will be a major step towards involving public accountants in the kind of active role that ERISA originally intended them to take -- that of offering a first line of defense to pension plan participants by apprising them of potential problems with the operation of their pension plans.

In addition to those problems associated with limited scope audits, the Inspector General recently addressed the public accounting community on some of the potential conflicts of interest that are inherent in the audit procurement process. Specifically, the current pension plan audit process is flawed by the very system that is currently being used to procure pension plan audits, since the plan administrators are the ones who normally select and retain the auditors of their own plans. Moreover, public accountants generally report their findings directly to the plan administrator who is responsible for their being hired. This circumstance creates an awkward situation at best, and a potential conflict of interest at worst, since a public accountant who finds fault with a plan may

be jeopardizing his chance to be considered by that plan for a return engagement. Furthermore, if the public accountant reports only to the plan administrator, the administrator may not possess the initiative and/or independence required to take any necessary corrective actions. Although the Department of Labor has looked to the public accounting profession for a solution to this problem, very little progress has been made.

Criminal Penalties Need to be Strengthened in Order for Workers' Safety and Health to be Adequately Protected

Currently, under the Occupational Safety and Health Act (OSH Act), a willful violation of an Occupational Safety and Health Administration (OSHA) rule, resulting in the death of a worker, is considered a misdemeanor and subject to a maximum fine not to exceed \$10,000 or 6 months in prison. Repeat violations are subject to a maximum fine of \$20,000 or 1 year in prison. The OIG encourages the enactment of legislation that elevates the existing penalties from a misdemeanor to a felony for those willful or repeated violations of OSHA regulations that result in the death or serious bodily injury of workers. Strengthening the criminal enforcement provisions of the OSH Act in this manner will send a strong message about the Department's commitment to serious enforcement of the law.

Law Enforcement Authority Still Needed for OIG Special Agents

This is the fifth consecutive Semiannual Report setting forth the OIG's concerns about the lack of law enforcement authority for its special agents. The safety of OIG agents is at risk, and the case-by-case deputation process used by the Department of Justice (DOJ) with respect to the Office of Investigations (OI) is inadequate. For example, during calendar year 1992, OI submitted requests covering more than 600 individual agent deputations in 96 separate investigations. The average DOJ approval processing time for these requests jumped significantly from 23 days in calendar year 1991 to 40 days in calendar year 1992. Further, the calendar year 1992 submissions included 16 cases in which the turn-around time exceeded 60 days, with the longest turn-around time being 85 days. The delays associated with the DOJ review process are so significant that they continue to have an adverse impact on the effectiveness and efficiency of OI investigations.

Unemployment Insurance Funds Vulnerable to Fraud

OIG audits and investigations have demonstrated that the Unemployment Insurance (UI) program continues to be vulnerable to multi-million dollar losses due to long-term third party, interstate fraud schemes. OIG investigations have revealed several UI fraud schemes, with dollar losses potentially totaling hundreds of millions of dollars. Although the OIG is continuing its investigations in this area, there is an immediate need for an increased nationwide effort by both

the Department of Labor and the State Employment Security Agencies to detect and prevent fraud in the UI program.

The Department of Labor Needs to Improve its Enforcement of Workers' Minimum Wage and Overtime Laws

A significant problem in the Department's enforcement efforts is its inability to protect the Nation's minimum wage earners from unscrupulous employers. In September 1991, the OIG issued an audit report reviewing the effectiveness of the Wage and Hour Division's enforcement of the minimum wage and overtime provisions of the Fair Labor Standards Act of 1938. This audit concluded that there are flaws in the Wage and Hour Division's ability to detect violations of the Fair Labor Standards Act and in its effectiveness in deterring subsequent violations. In addition, the audit disclosed that the Wage and Hour Division's management information system needs to be improved.

Persons Convicted of Federal Employees' Compensation Act (FECA) Fraud Continue to Draw Federal Workers' Compensation Benefits While Being Incarcerated

In April 1992, the OIG provided the Congress with the results of a study that assessed the actions taken against 63 FECA claimants who were convicted of defrauding the FECA program during Fiscal Years 1990 and 1991. That study revealed that over 50 percent of those FECA claimants who had been convicted of defrauding the FECA program continued to receive FECA benefits because the Department does not have the statutory authority to terminate benefits solely on the basis of a criminal conviction. Although the actual number of incarcerated individuals receiving FECA benefits is relatively small, the OIG believes that the Department and the program face serious embarrassment for continuing to provide benefits to individuals convicted of FECA fraud. In addition, the OIG believes that individuals incarcerated for any felony offense should have their full FECA benefits suspended while they are in prison. Furthermore, the dependents of these claimants should only receive benefit amounts comparable to those now available as survivor benefits. The OIG advocates legislative changes to address this situation.

EXECUTIVE SUMMARY

OIG Conducts an Audit of JTPA Participants' Barriers to Employment

The OIG examined the 1990 JTPA Title II-A program and found that participants who lacked job skills, job search skills, or labor market information were in most cases helped by JTPA in gaining these employability skills. However, the audit also revealed that individuals with educational and personal barriers, such as school dropouts, reading and math deficiencies, health problems, disabilities, and substance abuse were usually not assisted to the same degree. The audit raised questions about whether JTPA is sufficiently funded to carry out its legislative mandate and whether the program's focus should be narrowed page 11

Mixed Results for JTPA Summer Youth Program

The JTPA Summer Youth Employment and Training Program provides both work experience and remedial training (primarily reading and mathematics) to participants. The OIG concluded that while the 1992 work experience component was a success in meeting program objectives, the remediation component was only a limited success page 14

Third-Party Unemployment Insurance Claimant Fraud Uncovered in Texas

An OIG investigation led to the indictment of 14 Texas residents for allegedly defrauding the California State Employment Security Agency by filing fraudulent UI claims on behalf of migrant seasonal workers. An OIG-led task force, consisting of about 90 agents from six Federal law enforcement agencies, seized over \$600,000 in UI benefit checks page 42

Four Guilty Pleas in \$34 Million Florida Employee Health Benefit Fraud Scheme

Three officers and a consultant to the International Forum of Florida Health Benefit Trust pled guilty to fraudulently collecting more than \$34 million in health care premiums. The premiums were collected from over 40,000 individuals, and the Trust left more than \$50 million in unpaid medical claims page 56

Benefits Review Board Management Needs Improvement

An OIG organizational and management review of the Benefits Review Board (which has the primary function of hearing appeals of "Black Lung" workers' compensation cases) was initiated in response to a request from the Deputy Secretary. The OIG concluded that significant problems exist in the Board's organizational structure and appeals processing procedures page 26

Organized Crime Members and Painters Union Officials Indicted on Racketeering, Extortion, and Murder Conspiracy Charges

Nine individuals, including members of the Lucchese organized crime family, and New York-area painters union officials were charged with conspiracy to murder, racketeering, extortion, labor payoffs, money laundering, and conspiring to defraud the Internal Revenue Service page 60

Three JTPA Audits Question Nearly \$3 Million

The OIG performed additional audits of JTPA, including two audits that each questioned over \$1 million of expenditures, and another that questioned over \$800,000 page 15

Former New York Union President Indicted for Embezzlement of Union and Health Plan Funds

The former President and the former Secretary-Treasurer of the Consolidated Local Union 867, located in Jericho, New York, were indicted for embezzling \$315,000 from the union and its health plan, for their personal benefit page 58

JTPA Contractor Sentenced for Fraud

A prominent Florida JTPA training and placement contractor and his associates were sentenced and ordered to pay \$80,000 restitution for filing over \$180,000 in false claims page 44

SELECTED STATISTICS
October 1, 1992 - March 31, 1993

Office of Audit

Reports issued on DOL activities	202
Total questioned costs	\$27.8 million
Funds recommended for better use	\$51,936
Dollars resolved	\$18.9 million
Allowed	\$13.7 million
Disallowed	\$ 4.6 million
Agreed funds be put to better use	\$ 0.6 million

Office of Investigations

Cases opened	204
Cases closed	225
Cases referred for prosecution	105
Cases referred to DOL for administrative action	81
Indictments	87
Convictions	70
Recoveries, cost efficiencies, restitutions, fines/penalties, civil monetary actions, forfeitures, and court costs ¹	\$ 4.6 million

Office of Labor Racketeering

Cases opened	61
Cases closed	49
Indictments	121
Convictions	92
Fines	\$0.2 million
Restitutions	\$3.0 million
Forfeitures	\$80,000

¹ For definitions of these categories and a breakdown of the total figure, please see the appendix to the Office of Investigations Section on page 51.

OFFICE OF AUDIT

EMPLOYMENT AND TRAINING ADMINISTRATION

The Employment and Training Administration (ETA) administers a number of services related to employment and training. One of ETA's major responsibilities is administering the Job Training Partnership Act (JTPA). Other major programs include the Unemployment Insurance Service (UIS) and the U.S. Employment Service (USES) which provide employment security services for American workers.

In this reporting period, audit reports were issued in each major ETA program area. In addition, the OIG continued to devote significant resources to JTPA and Unemployment Insurance (UI) fraud investigations, which are discussed in the Office of Investigations Section of this Report (see page 44).

The Job Training Partnership Act

In enacting JTPA, Congress intended to "afford job training" to individuals "facing serious barriers to employment." Title II of the Act allows for funding of training services for the disadvantaged, for which approximately **\$2.5 billion** is appropriated annually. Title II authorizes "Adult and Youth Programs" (Title II-A) and "Summer Youth Employment and Training Programs" (Title II-B).

The major JTPA audit for this reporting period covered the 1990 Title II-A program and concentrated on whether participant employment barriers were identified and addressed by the program, the costs and types of the training and assistance provided, and what happened to participants after they left the program.

JTPA Program Outcomes

Report No. 09-93-201-03-340; issued March 31, 1993

Congress appropriated \$1.8 billion to fund the Program Year 1990 Title II-A program. While that appears to be a substantial investment, it is, in fact, relatively insubstantial. For that same time period, the ETA estimated that over 36 million people were eligible to be served by the Title II-A program. Per capita, only \$50 was available for each eligible person.

The legislation requires that a network of State and local operators deliver the program. Therefore, the \$50 was further diluted by the administrative costs incurred by 59 State or trust territory offices and 636 service delivery area (SDA) offices. The ETA has estimated that over 18,000 persons are employed by the State and SDA offices. In addition, there is a private industry council for each of the 636 SDA offices. Although the 9,000 or so members of these councils serve voluntarily, their travel, meals, and other administrative costs are paid by JTPA.

Finally, thousands of contractors participate in providing training and services. The exact number of contractor personnel is unknown, but ETA estimates start at 20,000.

Consequently, JTPA must limit its coverage and provide services to a very small percentage of the eligible population. For Program Year 1990, the program reported serving about 835,000 individuals or about 2.3 percent of the eligible population. During that year, about 581,000 persons were reported as terminating from, or having left, the program.¹

The audit found that program operators identified and provided training and assistance to eliminate many types of employment barriers. The barriers most often identified and addressed involved the need for job skills or help in searching for a job. In most cases, program operators identified and provided interventions to help individuals who needed occupational training, job search assistance, and labor market information. The program operators also identified and addressed individuals' needs for supportive services, such as transportation and child care. These are the types of employment barriers that Department of Labor training programs have historically addressed well.

Program operators also identified numerous educational and personal barriers including, school dropouts, reading and math deficiencies, health problems, disabilities, and substance abuse. About 72 percent of the participants were found to have at least one of these barriers. However, the program operators addressed these barriers at a significantly lower rate than job skills barriers. For example, 45 percent of the adult participants read below the 7th grade level, but only 27 percent of them received help from JTPA with their reading deficiencies.

Determining the total Federal investment for each participant is impossible. Financial records are not usually maintained on a participant basis. Where the OIG was able to identify training and assistance expenditures for participants, the average investment was about \$1,500. This is not surprising considering the \$1.8 billion appropriation spread among the 835,000 participants averages about \$2,150.

The audit found the 1990 program produced the following:

- 53 percent of participants obtained jobs;
- 14 percent achieved "employability enhancements," i.e., completed training which provided the potential for employment; and
- 33 percent did not obtain a job or attain an employability enhancement.

¹ Our audit identified, however, that about 18 percent of these reported terminations were invalid.

However, of the participants who got jobs:

- 49 percent earned wages of \$5.00 per hour or less; and
- 49 percent of the participants from the sample interviewed by OIG staff said they found their jobs without JTPA assistance.

The OIG interviewed approximately 64 percent of the participants from the sample who obtained jobs. At the time of the interview:

- 49 percent were still working for their original employer;
- 26 percent were working for another employer;
- 5 percent were in school or the Armed Forces; and
- 20 percent were unemployed.

The OIG also contacted the employers who hired JTPA participants. Sixty-five percent of the employers the OIG contacted, that hired participants after receiving an on-the-job training subsidy, stated they would have hired the person without the JTPA subsidy.

Given the information the audit developed, one might conclude that the program, in its current form, cannot achieve the goals set forth in law in terms of increasing participant employment and earnings, and reducing welfare dependency. Analysis of the audit data raises some serious questions about the expectations of the JTPA program. The job training system is being asked to address education failures, physical dependencies, and emotional and physical disabilities with little funding and no demonstrated pattern that JTPA can successfully treat these barriers.

This dilemma poses several questions regarding the direction the program needs to take. Therefore, rather than making recommendations, the audit raises what the OIG believes are pertinent questions which should be answered as the program tries to implement the mandates of the September 1992 amendments.

- Is the current network of State and local operators the most efficient and effective way to deliver JTPA services?
- Should JTPA expend its resources to provide labor exchange services such as job search, labor market information, and job referral services? If so, what is the role of the U.S. Employment Service with a budget of \$850 million?
- Should recruitment and placement functions be independent of training to prevent the program operators from inflating performance figures by serving only job ready clients?

- Should JTPA interventions only address job training barriers, letting other Government resources address educational and personal barriers?
- Should JTPA enroll individuals only after educational and personal barriers have been eliminated by the other programs?
- Should the JTPA expenditures be considered "an investment in human capital" given the program's limited opportunity to create value, i.e., increase employment and earnings and reduce welfare dependency?
- Should the success of the JTPA program be measured differently?
- Should JTPA attempt to be all things to all individuals or should it assume a narrower role?

The OIG also conducted a major audit of the 1992 JTPA Summer Youth Employment and Training Program which reported the results of work experience and remedial training activities at 21 JTPA service delivery areas.

1992 JTPA Summer Youth Program

Report No. 05-93-001-03-340; issued February 24, 1993

Title II-B of the Job Training Partnership Act requires the program to provide eligible youth with actual work experience and the opportunity to enhance basic educational skills during the summer months. Funding for the 1992 Summer Youth Employment and Training Program (SYETP) was approximately **\$1.2 billion**. Included in the total amount was a supplemental emergency funding of \$500 million after the Summer Program was already under way. Because there was not sufficient notice to SDAs that these funds were forthcoming, most could not properly plan expenditure of the supplemental funds. As a result, only 1 of the 21 SDAs reviewed completely utilized these funds in the 1992 program.

The audit of 1992 SYETP activities determined whether the work experience and remedial training (referred to as "remediation") components of the overall program were successful. The OIG reviewed program activities in 21 JTPA SDAs, conducted unannounced monitoring visits to over 840 worksites, and interviewed over 1,200 youth participants and key program staff.

With few exceptions, the SDAs managed successful work experience programs. The OIG concluded that the work experience component was a success in meeting program objectives. However, the remediation component was only a limited success. A variety of factors led to this conclusion:

- Although participants were tested at all the SDAs, the testing effort was not applied with equal vigor and was not always coordinated with local schools;

- An assessment to determine if youth needed remedial training (reading and mathematics) was not performed at all SDAs. This is a requirement of the Act;
- While some form of remedial training was provided at all the SDAs, the term "remediation" did not mean the same thing at each SDA, and the content of the remediation offerings to the youth varied a great deal; and
- Most of the SDAs did not serve those most in need of remedial training. They often allowed the participant the option to attend remediation or, regardless of need, provided remediation only in certain locations or age groups.

Some SDA management felt that the remediation component was "too expensive," and increases in the amount of remediation that was offered meant that fewer youth could participate in the program. The OIG did find, however, that when remediation was provided, test scores demonstrated learning gains. For example, in St. Louis, of 31 youth who completed the remediation pilot program, 13 showed a learning gain in reading and 20 experienced a gain in mathematics. For the SYETP as a whole, the results were too inconclusive to measure accurately.

The OIG recommended changes to ETA regarding SYETP operations, the foremost of which were to clarify the definition of "basic and remedial education," and to require the SDAs to establish more productive linkages with local schools. ETA agreed with the OIG's recommendations.

Other JTPA Title II Programs

Solano County JTPA Program

Report No. 09-93-005-03-340; issued March 1, 1993

In response to complaints and allegations that the Private Industry Council (PIC) of Solano County expended JTPA grant monies on unallowable activities, auditors from the OIG and the State of California jointly reviewed the PIC's JTPA programs for the period July 1989 to June 1991.

The auditors found that \$1,275,191 was diverted from JTPA funding for training and assistance activities and used for:

- unallowable administrative expenses (\$527,172);
- PIC management benefits and charges for non-JTPA programs (\$562,732); and
- unnecessary and unreasonable grant charges (\$185,287).

The PIC also received \$402,101 in JTPA incentive grants on the basis of inflated program accomplishment reports submitted to the State of California. The auditors recommended that the State Job Training Partnership Division disallow and recover the entire \$1,677,292 from the Solano County PIC, and require the PIC to submit a corrective action plan to maximize the use of JTPA funds.

In response, the PIC officials contended the auditors failed to properly review and consider all pertinent facts and documents, and unfairly applied subsequent reporting criteria to the audit. After conducting additional field work, the OIG found nothing to materially alter the original findings.

At the conclusion of the audit, the PIC Director resigned. The PIC Board paid the Director a \$38,000 resignation bonus in exchange for the Director's agreement to hold the PIC harmless for any claims arising from her employment (the \$38,000 is included in the total questioned costs).

**Permian Basin Consortium (SDA) OJT Program
Report No. 06-93-001-03-340; issued December 7, 1992**

A Department of Justice (DOJ) OIG audit indicated that the Big Spring Correction Center received duplicate personnel cost reimbursements from DOJ's Bureau of Prisons and the JTPA-funded Permian Basin Consortium SDA. Under the terms of DOJ's intergovernmental agreement, the City of Big Spring, Texas, operated the Center, and DOJ paid all operating, maintenance and training costs.

The City also contracted with the Permian Basin Consortium SDA to provide JTPA-funded on-the-job training (OJT) at the Center. The DOL OIG determined that the City was reimbursed by the Department for OJT costs which were also reimbursed to the City by the Department of Justice. The OIG recommended ETA disallow \$135,576 in JTPA-funded duplicate reimbursements.

The City and the SDA contend the reimbursements in question were not duplicate payments, but represented extraordinary training costs associated with JTPA participants.

**New York City, Department of Employment (DOE)
Project Rebound OJT Performance-Based Contracts
Report No. 02-93-243-03-340; issued February 1, 1993**

The OIG Offices of Audit and Investigations, together with the ETA, performed a review of the program operations of "Project Rebound," an OJT contract broker for DOE. The OIG audit identified fraudulent charges made by Project Rebound subcontractors. The OIG estimated that 94 percent of costs claimed by Project Rebound for the period of June 1987 through June 1991

(just over \$1 million) were fraudulent, and questioned this amount. ETA's Initial Determination disallowed all questioned costs.

OIG/ETA Review of the New York Department of Labor JTPA Audit Resolution and Debt Collection

Report No. 02-93-232-03-001; issued February 11, 1993

The OIG and ETA performed a joint review of the New York State Department of Labor (NYSDOL) audit resolution and debt collection activities.

The review determined that:

- Adequate internal control over the audit resolution process was compromised by NYSDOL. It permitted a unit which audited organizations that received JTPA funds to issue final determinations for these audits; and
- Final determinations for the Westchester County subrecipient and City of Yonkers audits have not been issued despite the fact that initial determinations were issued more than two years previously. These audits contained over \$500,000 in questioned costs.

In response, the NYSDOL advised it will no longer allow the unit to perform both functions. The NYSDOL did not address the overdue final determinations or the subissue of the unit's role in the resolution of audit reports issued by independent public accounting firms under contract to NYSDOL. ETA will follow up with NYSDOL on these findings.

Middle Rio Grande Development Council Employment Generating Activities

Report No. 06-93-005-03-340; issued March 23, 1993

The JTPA allowed States and SDAs to perform "employment generating activities" (EGA) to create employment opportunities for JTPA-eligible individuals.

In classifying \$981,495 of reported EGA costs as training or participant support, the Middle Rio Grande Development Council (MRGDC) followed a 1985 State of Texas policy which allowed the charging of EGA costs to participant support. EGA, however, does not meet the JTPA definition of participant support and the Act and regulations prohibit the charging of EGA activities to training. As a result, MRGDC exceeded the JTPA 15 percent limitation on administrative expenditures. The OIG reallocated EGA costs to the administration cost category, determined that the SDA overspent its administration allocation by \$885,525, and questioned this amount.

In its response, the SDA stated OIG was retroactively applying a related ETA policy decision. In addition, the SDA believed that economic development was an allowable activity under the JTPA.

JTPA Title IV Programs

JTPA Title IV authorizes employment and training programs for the Job Corps, Veterans' Employment, Native Americans, Seasonal Farmworkers, and other employment and training activities. In this reporting period, the OIG audited certain entities delivering Job Corps, Native American and National program services to JTPA Title IV target groups.

Job Corps

The Job Corps assists economically disadvantaged, unemployed, and out-of-school youth (ages 16-21) in obtaining employment by offering basic education, vocational training and other supportive services in a residential setting. Training centers are operated by both private vendors and Federal agencies.

Review of the Job Corps Student Transportation System Report No. 12-93-004-03-370; issued January 25, 1993

Job Corps has contracted with Transcor Corporation (Transcor) to assist in providing necessary transportation services to approximately 100,000 students entering and departing the Job Corps each year. At the request of Job Corps, the OIG evaluated the student transportation system in effect during 1991.

The control procedures designed by the Job Corps appeared adequate, but they were not consistently followed. Some procedures critical to the internal control function were not performed or were performed haphazardly. Audit findings included laxity in: the authorization and reconciliation of transactions, tracking ordered tickets, proper documentation for tickets ordered, and the posting of unused tickets returned for credit.

In response to the audit, Job Corps plans to incorporate the substance of the recommendations in new internal control guidelines for the transportation function.

United Auto Workers--Labor Employment and Training Corp. Report No. 18-93-007-03-370; issued March 1, 1993 Report No. 18-93-008-03-370; issued March 1, 1993

Job Corps contracted with the United Auto Workers--Labor Employment and Training Corp. (UAW-LETC) to provide specialized training in automotive repair crafts at two Job Corps Centers (JCCs). The OIG audited contractor activities for the 3-year period ending June 1991.

In both JCCs, the auditors found the existence of abusive practices regarding the repair of automobiles. Instructors and management officials brought in an unlimited number of personal vehicles for free repair work at these Job Corps training facilities. A prior OIG audit report determined that a conflict of interest existed because Job Corps Regional Office staff had their

personal vehicles repaired at another JCC. As a result, the Office of Job Corps issued instructions prohibiting Job Corps employees from having their personal vehicles repaired at JCCs. Because of the current findings, the OIG recommended that this policy instruction be expanded to include internal controls necessary to prevent program abuse related to the repair of JCC contractor employees' personal vehicles (as well as those owned by relatives or friends).

Additionally, in one Center, the OIG found 87 percent of the students in the sample failed to meet the course prerequisites of the Advanced Automotive Training Program, and over 42 percent of the training-related placements reported were not supported by confirmations the OIG received from employees.

Native American Programs

JTPA Title IV grants awarded to Native American groups are designed to improve the economic well-being of Native Americans by providing job training and employment-related services to eligible individuals.

United American Indians of Delaware Valley, Inc. (UAIDV) Report No. 18-93-002-03-355; issued December 23, 1992

The United American Indians of Delaware Valley, Inc. (UAIDV) was awarded Title IV JTPA funds for the purpose of providing training and employability services to eligible Native Americans in the Philadelphia, Pennsylvania area. The OIG audited certain grant performance measures and grant costs claimed for reimbursement (\$796,482) for the period July 1987 through June 1991.

The OIG found that UAIDV did not have adequate policies and procedures to ensure that services provided to participants were in accordance with grant requirements and applicable regulations, and the UAIDV did not maintain sufficient participant records that supported reported program statistics. Therefore, the OIG was unable to determine the success of the program in terms of participants enrolled and placement services provided relative to the costs incurred. As a result, the OIG issued a disclaimer of opinion on the grantee's program reports to ETA for Program Years 1987 through 1990.

The OIG also issued an adverse opinion on the financial reports submitted to ETA for the same period. The OIG questioned \$277,744, or about 35 percent of reported costs for this period. The majority of the questioned costs resulted from administrative salaries and related fringe benefits in excess of the 20 percent limitation imposed by the grant. Other questioned costs resulted from inappropriate classification of expenses and unallowable and unsupported costs.

While the UAIDV disagreed with the majority of OIG's questioned costs, it agreed to concentrate in the future on properly documenting all activities.

National Programs

JTPA Title IV authorizes funds for nationally administered activities such as training and technical assistance programs, research and evaluation projects, and pilot and demonstration projects. Fiscal Year 93 funding for these activities is budgeted for over \$71 million. Of this, about \$37 million is budgeted for pilot and demonstration projects.

The National Tooling and Machining Association Report No. 18-93-003-03-340; issued November 23, 1992

Since 1964, the National Tooling and Machining Association (NTMA) has conducted DOL-sponsored pre-employment training programs in the tooling and machining craft. The OIG audited NTMA's JTPA grant costs and performance for the period July 1989 through June 1990.

The OIG questioned \$646,966, or 67 percent, of total grant costs of \$972,564 claimed by NTMA. About 91 percent of the questioned costs resulted from program enrollment of 23 ineligible individuals and failure to properly document the eligibility of 321 (out of 566) other program participants. The remaining questioned costs resulted from inadequate documentation for subcontractors' claimed costs which were not allowable under the terms of the grant. Because of these findings, the OIG issued an adverse opinion on the costs claimed by NTMA for the audit period.

Because NTMA did not document the eligibility of many of its claimed program participants, the OIG could not confirm whether NTMA met its annual performance goals for enrollments and placements (as it reported to ETA). Based on NTMA's records, the OIG could only confirm that NTMA met 44 percent of its enrollment goal and 39 percent of its placement goal. NTMA did not agree with either the OIG financial or performance findings.

JTPA Audit Resolution

In this reporting period, ETA issued final determinations on several OIG audits that questioned the expenditure of JTPA funds. See the "Departmental Management" section (see page 26) for a brief analysis of all OIG questioned costs resolved in Fiscal Year 1992.

City of Savannah/Chatham County JTPA Fixed Unit Price Contracts Report No. 04-92-020-03-340; issued March 26, 1992 (Resolution)

The OIG questioned \$287,051 primarily because JTPA training was unnecessary or the participants' employment could not be substantiated.

The State of Georgia subsequently provided documentation to ETA which indicated some placements the OIG was unable to confirm as being proper. Consequently, ETA allowed the

associated questioned costs of \$116,160, and disallowed the remaining \$170,891. Additionally, with the State of Georgia's assistance, the SDA has extensively reorganized its placement verification and service provider monitoring systems.

Kentucky Literacy Commission

Report No. 04-92-045-03-340; issued September 29, 1992 (Resolution)

The OIG found a disproportionate share of JTPA funds were used to finance the general operating costs of the Commission. Much of the cost charged to the JTPA program should have been paid by the State's General Fund or from other nonfederal sources. ETA has disallowed the entire \$207,077 questioned by the OIG.

Kentucky JTPA Counseling Contracts

Report No. 04-92-046-03-340; issued September 29, 1992 (Resolution)

The OIG found that State administrators circumvented established procurement controls in awarding a contract for JTPA participant counseling services, and questioned \$146,590 of the related costs. In addition, the OIG identified numerous problems with the process used to procure the counseling services. ETA has disallowed the entire \$146,590 questioned by the OIG.

JTPA-Funded Computer Assisted Instruction in Kentucky

Report No. 04-92-007-03-340; issued March 26, 1992 (Resolution)

The OIG questioned JTPA expenditures of \$666,090 which did not benefit JTPA program participants and were inconsistent with provisions of the Act. The computer assisted instruction (CAI) systems purchased with JTPA funds were often either not used at all, or a small fraction of the users were JTPA participants.

ETA agreed with the audit findings and disallowed the entire amount questioned. Kentucky provided documentation to demonstrate that \$28,551 of CAI equipment had been purchased with non-JTPA funds, or the equipment had been relocated to serve only JTPA participants. However, other problems involving these costs had been identified by the OIG and these questioned costs were also disallowed by ETA.

ETA also concurred with the OIG administrative finding that the CAI systems were purchased without mandatory review and approval. Kentucky indicated it has taken action to correct this and other administrative findings.

Rural Alabama Development Corp.

Report No. 18-92-030-03-365; issued August 20, 1992 (Resolution)

For the 2½-year period ending December 31, 1991, the OIG audited the Rural Alabama Development Corporation (RADDC) JTPA Title IV grants and determined RADDC exceeded

regulatory cost limitations on administrative costs and non-training related supportive services. ETA disallowed \$680,734 of the \$734,446 questioned by the OIG and terminated the grants.

Grand Rapids Inter-Tribal Council

Report No. 18-92-029-03-355; issued Aug. 13, 1992 (Resolution)

For the 2-year period ending June 30, 1991, the OIG questioned 93 percent of the Grand Rapids Inter-Tribal Council's reported JTPA grant costs primarily because services provided to participants did not justify grant funds expended. ETA disallowed the entire \$219,195 questioned by the OIG and terminated the grant.

Other ETA Programs

Unemployment Insurance Program

The Social Security Act of 1935 authorizes the funding for the Unemployment Insurance (UI) program, a Federal-State partnership based on Federal law, which is implemented through individual State legislation and administered by State Employment Security Agencies. ETA's Unemployment Insurance Service is charged with ensuring proper and efficient administration of the overall UI program.

Audits of UI Automation Support Account Grants

Since 1984, Congress has annually appropriated approximately \$20 million to be used solely for the upgrading of automated information systems in the State UI programs. At the request of ETA, the OIG performed reviews of certain Unemployment Insurance Automation Support Account (UIASA) grants.

The grant awards audited and costs recommended for recovery are summarized below:

<u>State</u>	<u>Fiscal Years</u>	<u>Grant Awards</u>	<u>Recommended for Recovery</u>
Massachusetts	1987 through 1991	\$ 3,124,077	--
Virginia	1988	2,000,654	\$1,181,305
West Virginia	1987 through 1991	1,588,078	164,784
Indiana	1987 through 1991	11,260,501	3,416,031
Ohio	1988 through 1991	<u>1,772,771</u>	<u>156,023</u>
Total		<u>\$19,746,081</u>	<u>\$4,918,143</u>

Approximately \$3.15 million, a significant proportion of the \$4.9 million costs recommended for recovery, concerned the failure of two States to substantiate that no other sources of funds were available to accomplish the project objectives as stated in their grant proposal. Most of this amount pertained to the State of Indiana which, in FYs 1987 and 1988, obtained \$2.98 million of UIASA funds, when \$3 million was available from the State's penalty and interest funds.

The audit disclosed that, contrary to ETA policy, Ohio and Virginia redirected over \$150,000 from approved project purposes without prior written authorization from ETA. These expenditures were for purposes not authorized or specified in the grant agreement.

The OIG also determined that funds exceeding \$1,277,000 were obligated and/or spent before or after the funding periods, or before the work was authorized. For example, the State of Virginia purchased over \$1,154,000 in equipment prior to approval of the grant award, or after the funding period (approximately \$54,000 of this amount was redirected by Virginia without ETA's written approval). Lesser amounts were similarly expended by Indiana and Ohio.

Additionally, in Ohio and Indiana, the OIG found over \$260,000 in grant expenditures without supporting documentation and in excess of \$140,000 expended on unallowable costs.

Trade Adjustment Assistance

The purpose of the Trade Adjustment Assistance (TAA) program, authorized by the Trade Act of 1974 and administered by the State Employment Security Agencies (SESAs), is to assist unemployed individuals who lost their jobs as a result of increased imports, to return to "suitable employment" as quickly as possible. The 1988 TAA amendments emphasized training as a means to achieve this objective.

The Office of Inspector General is currently conducting a nationwide performance audit of the TAA program. In support of this audit, certain preliminary audit work was performed in the Wisconsin and Texas TAA programs. The Wisconsin results were reported in the prior semiannual report. Additionally, in response to a request from ETA, the OIG conducted a limited review of the Washington and Oregon TAA program operations.

Texas Employment Commission Trade Adjustment Assistance Program Report No. 06-93-003-03-330; issued March 24, 1993

The OIG audited the Texas Employment Commission's (TEC) TAA program accomplishments for a sample of participants who received program benefits during the period October 1989 to September 1990.

ETA does not require follow up on TAA participants and sufficient data was not gathered by the TEC to adequately assess program outcomes; therefore, the OIG used several sources of information to determine program outcomes for its sample of 100 participants.

Of the 77 participants in the sample who were enrolled into TAA-approved training, the OIG found:

- 55 percent completed their training program;
- 89 percent found subsequent employment;
- 32 percent found suitable employment (at least 80% of their former average weekly wages);
- 19 percent found suitable employment that was related to the training received; and
- 13 percent accepted recall to their former employment.

In addition, the review disclosed that "training waivers" (which provide for the payment of a basic program allowance without attendance in training) issued by the TEC were not adequately documented, portions of the quarterly reports submitted to ETA were inaccurate, and controls over fund accountability needed strengthening. The TEC did not respond to the OIG draft report within the required time period.

TAA Special Request

Report No. 09-93-200-03-330; issued March 19, 1993

In order to be funded, a TAA training program must provide on-the-job or skill training, or remedial education. In response to an ETA request, the OIG reviewed certain TAA training courses in the States of Washington and Oregon, each of which was operated as part of the States' overall program. The audit determined the number of participants served, the amount of TAA funds used for tuition and transportation, the associated Trade Readjustment Allowance (TRA) benefits made to program participants, and whether training costs were allowable and reasonable.

The Washington State "New Chance" TAA course served 312 participants at a cost of \$403,013 for tuition, \$38,418 for transportation, and \$28,193 for associated TRA benefits. The OIG determined tuition charged to the TAA program for two New Chance classes was increased by \$46,700 to provide for the purchase of computers and software which eventually became the property of the training institutions. The OIG questioned this amount as contrary to the TAA requirement that training be "... available at a reasonable cost."

The Oregon "Vocational Options" course served 223 participants paid by Oregon and 25 participants paid by Washington State. The costs for the Oregon participants were \$122,086 for tuition, \$1,782 for transportation, and \$1,679 of associated TRA benefits. The costs for the 25 Washington-funded participants were \$14,938 for tuition and \$65 for transportation. The course included career assessment, counseling, testing, labor market information, and training

information. Because it did not provide training or remedial education, the OIG concluded this course did not qualify for TAA funding. The OIG questioned \$125,547 in Oregon expenditures and \$15,003 in payments made by Washington State for Washington residents enrolled in the course.

Older Worker Programs

The Older Americans Act of 1965 authorizes subsidized part-time work opportunities in community service activities for unemployed low-income persons age 55 and over.

National Council on the Aging

Report No. 18-93-009-07-735; issued March 18, 1993

For 1990, the OIG questioned \$327,121 of indirect costs claimed by the National Council on the Aging (NCOA) and \$233,024 of direct charges to ETA grants, with an overall impact to the Department of \$468,566.

Because of these findings, the OIG issued an adverse opinion on the indirect and direct costs claimed by NCOA for calendar year 1990. The preponderance of the questioned costs resulted from improper charges of salaries and fringe benefits for NCOA employees who worked on non-Federal programs, or activities such as fundraising, membership, private programs and lobbying activities, to both its indirect cost pool and ETA grants. Other questioned costs resulted from the allocation of non-personnel costs (related to above) and from other direct charges to ETA grants which resulted in the improper shifting of substantial costs to the Department.

NCOA disagreed with a significant portion of the OIG questioned costs. Although NCOA agreed with a number of the instances of inconsistent and improper charging of time cited by the OIG, they disagreed with the extent of indirect time questioned.

DEPARTMENTAL MANAGEMENT

Departmental Management (DM) refers to those activities and functions that implement and formalize policy, procedures, systems, and standards to ensure efficient and effective operations of administrative and managerial programs.

In this reporting period, the OIG performed a special review of the Benefits Review Board and developed a profile of the Department's information resource management (IRM) activities.

Benefits Review Board

The Benefits Review Board (Board) was established by Congress in 1972 primarily to issue final dispositions of appeals under the Black Lung Benefits Amendments to the Federal Coal Mine Health and Safety Act of 1969. Black Lung cases comprise about 80 percent of the Board's workload.

Benefits Review Board, Organizational and Management Review Report No: 03-93-003-01-010; issued November 13, 1992

In response to a request from the former Deputy Secretary, the OIG conducted an organizational and management review of the Benefits Review Board (Board). The review revealed significant problems in the Board's organizational structure and appeal processing procedures. These problems have persisted for an extended period of time and have created unproductive personnel situations and inhibited the timely processing of Black Lung appeals.

Organizational Structure

The Benefits Review Board has grown from an organization with 20 positions in 1972, to 180 positions in 1992. The OIG found:

- The Board's Chief Judge exercises both operational and administrative control of the Board's activities. This situation previously has been identified as a prime causal factor of inefficiencies in the management of the Board;
- The number of staff attorneys assigned exclusively to case production has declined dramatically over the last few years; and
- The duties of the Board's Deputy General Counsel are restricted to personnel matters, rather than the practice of law, as prescribed in the position description.

The OIG recommended to the former Deputy Secretary:

- The establishment of a career executive director position at the Board to manage and direct administrative activities;
- That future Board reorganizations demonstrate how it will increase case production; and
- That the duties of the Board's Deputy General Counsel be restricted to the practice of law.

Appeal Processing Procedures

The issuance of legally sound final dispositions for appealed cases in a short time frame is the singular significant standard used by interested parties in measuring the performance of the Board. The OIG concluded that certain activities associated with appeals processing need improvement to enhance performance in this area. The most important of these activities were:

- The Board's management has not developed a crisis approach to eliminating the root causes of congressional and other complaints concerning the lengthy time involved in processing an appeal, and the number of dispositions issued by the Board;
- The Board has not fully implemented recommendations for improvements made in prior studies;
- Case records are not reviewed upon receipt by the Board; and
- Objective criteria are not used to assign cases to staff attorneys, supervisory review of attorneys' work lacks uniformity, and attorney production standards are too low.

The OIG made recommendations to the former Deputy Secretary addressing each of these major areas of concern which affect the Board's ability to efficiently review and finalize Black Lung appeals. The OIG will follow up with the Board to determine the corrective actions taken.

Departmental Information Resources Management (IRM)

In our prior semiannual report, the OIG described completion of a strategic IRM audit plan and indicated that the plan will be supplemented by the development of individual agency IRM profiles and audit plans. The OIG has completed the preparation of the profiles and audit plans.

Agency IRM Profiles

The Department of Labor has nearly 15,000 personal computers (PCs). Information Resources Management (IRM) activities in the Department are decentralized, organizationally diverse,

technically complex, and consume a significant proportion of the Department's resources. Annual expenditures for Federal personnel and commercial services contracts are substantial (the Department relies heavily on contractor staff for IRM-related services). If the resources devoted to IRM were measured as a departmental agency, that agency would rank 6th in terms of budget and 8th in terms of staff.

For the promise of information resources productivity to be fully realized, the OIG believes IRM managers must develop a more cohesive IRM budget strategy, instill strong commitment to Federal staff, and avoid unnecessary proliferation of computer technology and duplication of systems.

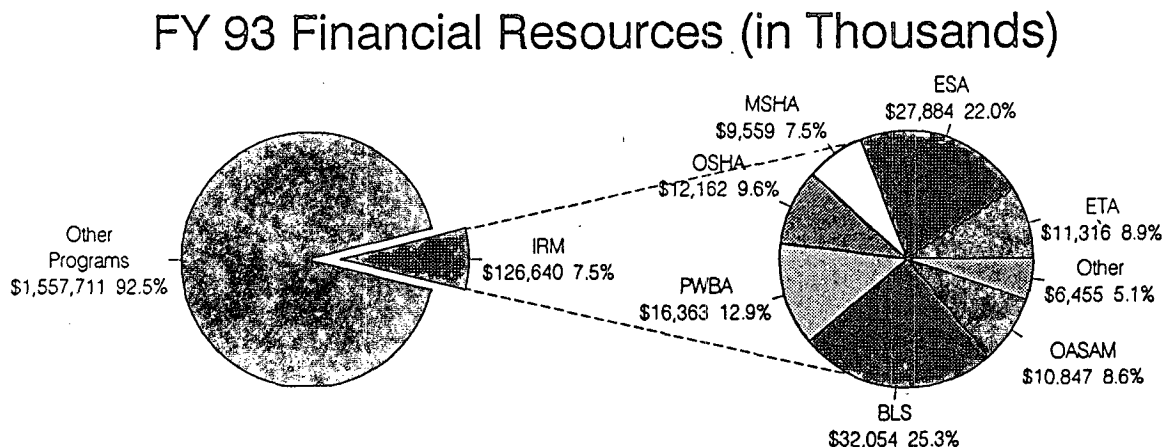
The OIG developed detailed IRM profiles for seven major Agencies, four support organizations, and most of the smaller organizational elements in the Department. This information was consolidated into a departmental profile. The OIG organized the unaudited agency information into the following categories: financial resources, human resources, environment, leadership in controlling and directing, and organization.

Financial Resources

The Department will expend about \$126 million on IRM activities in Fiscal Year 1993, including:

- Federal personnel costs (\$38 million);
- Transfers to other Federal Agencies (\$25 million); and
- IRM commercial services contracts (\$59 million).

For FY 1993, the following chart illustrates agency-by-agency expenditures for IRM activities and the relationship of total agency IRM expenditures to the Department's budget:

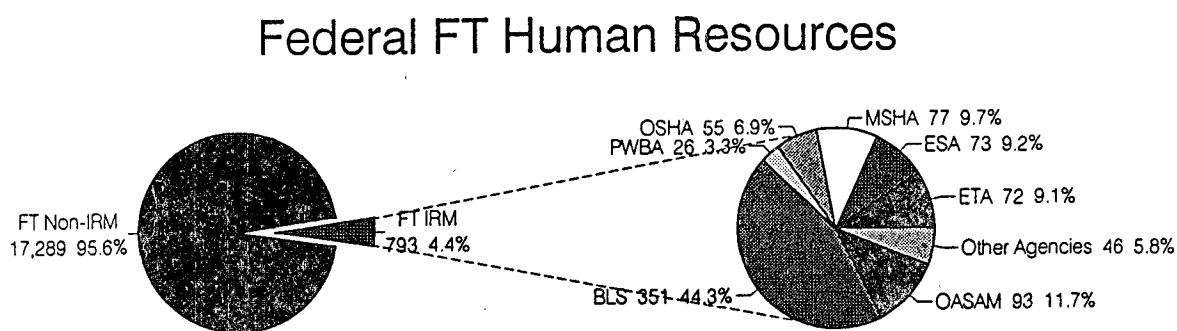


The most important financial challenges facing the Department are implementing a budget strategy oriented towards cyclical replacement of equipment, and the re-engineering of departmental and agency IR systems and business processes.

Human Resources

The Department's IRM functions and activities are performed by 793 full-time agency employees with assistance from 637 contractor staff (about 44 percent of the total IRM staff resources are provided by the private sector).

For FY 1993, the chart below illustrates agency-by-agency distribution of Federal IRM personnel and the relationship of total agency IRM staff to that of the Department:



The most important human resources challenge facing the Department is to ensure that Federal staff have both the technical competence and institutional knowledge to maintain mission critical systems and meet future requirements.

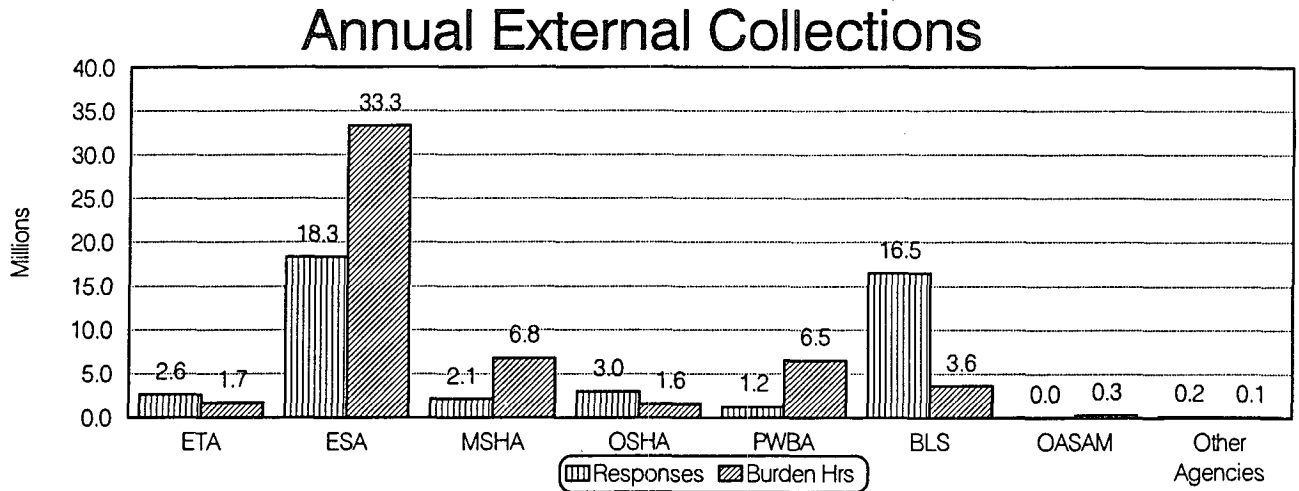
Environment

The Department and Agencies utilize a variety of computing hardware and software to collect, analyze and disseminate information. For example, the Department:

- Utilizes 20 mainframes, 17 minicomputers and nearly 15,000 PCs of various brands and capabilities. Four agencies have, on average, more than one PC for each employee;
- Utilizes 183 administrative and programmatic application systems to provide information for decision-making;
- Relies on at least 15 distinct data base management systems, 10 distinct application software packages and more than 20 fourth generation utility languages to convert data into information; and

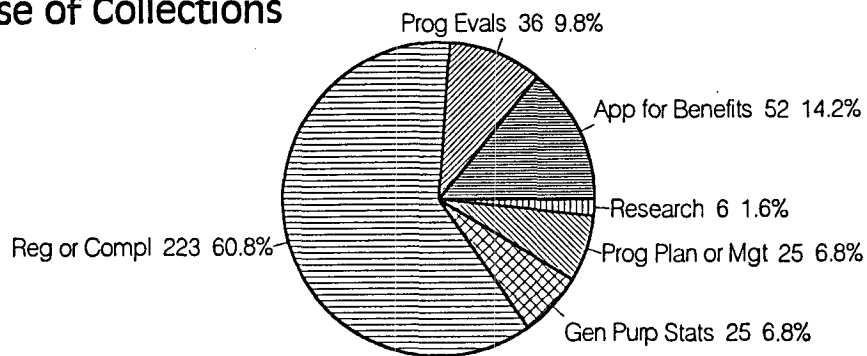
- Collects information using approximately 350 collection instruments, with the preponderance of resources expended in collecting information relating to: (1) benefit payment claims, (2) employment standards enforcement, and (3) unemployment and economic data.

Annual external departmental collections are illustrated in the following chart.



The categories of Departmental collections are broken down as illustrated in the following chart.

Purpose of Collections



Leadership in Controlling and Directing

Every agency does not have an up-to-date strategic IRM plan and, of those plans that exist, none present a strategic vision of IRM objectives that demonstrates clear linkage to agency mission and functions. The Secretary's goals and objectives that depend on IRM action or support are not always understood by the agencies or are not acted upon, and others are not achieved within

target dates. Only two agencies have applied to the Department for infra-structure approval (which authorizes the direct procurement of IR equipment up to the Department's \$2.5 million level established by the General Services Administration); one has been approved.

Four agencies currently use performance measures to gauge the success or failure of IRM functions and activities. The Department needs either to embrace performance measures to assess IRM program effectiveness or to run the risk of repeating past mistakes.

Organization

The Assistant Secretary for Administration and Management (the Department's Designated Senior IRM Official, or "DSO") and a Senior IRM Manager (Director, Directorate of Information Resources Management) have overall responsibility for managing the Department's IRM activities. The Department's adoption of a decentralized approach to managing IRM has led to most agencies establishing separate IRM organizations, each with a measure of influence over the agency's IRM activities.

These agency IRM organizations are characterized by structural diversity and dilution of IRM responsibilities within the agency. For example, one agency divided IRM responsibilities among two organizational units, while another could not readily define its IRM organizational structure. In addition, grade levels for IRM officials among agencies varied widely (indicating different levels of commitment from top management); some IRM officials do not perform IRM official duties and responsibilities full-time; and IRM officials' position descriptions are varied. The opportunities for meaningful improvements using Information Resource technology is often overpowered by the senior executives' current programmatic concerns.

IRM Audit Plan

As noted in the prior semiannual report, the OIG has developed six strategic issues to guide future IRM audit work: strategic planning; design and acquisition; systemic barriers; operations and maintenance; recruitment, education and training; and fraud, waste and abuse.

Using these issues, the IRM audit plan establishes immediate audit objectives for departmental and agency IRM audits. The audit plan relies on (1) agency IRM profile data, (2) auditor analyses, and (3) recognition of the Administration's stated objectives to reduce costs and provide better service. This resulted in identification of nine potential audit issue areas:

Cost/Performance/Value	System Development
Organization	Contracting
Training	Oversight
Management	IRM Planning
Resources	

The issue areas of "Cost/Performance/Value" and "IRM Planning" have been designated as priority areas.

Use of DOL Appropriated Funds for Personal Parking Management Letter No. 06-93-006-07-001; issued March 26, 1993

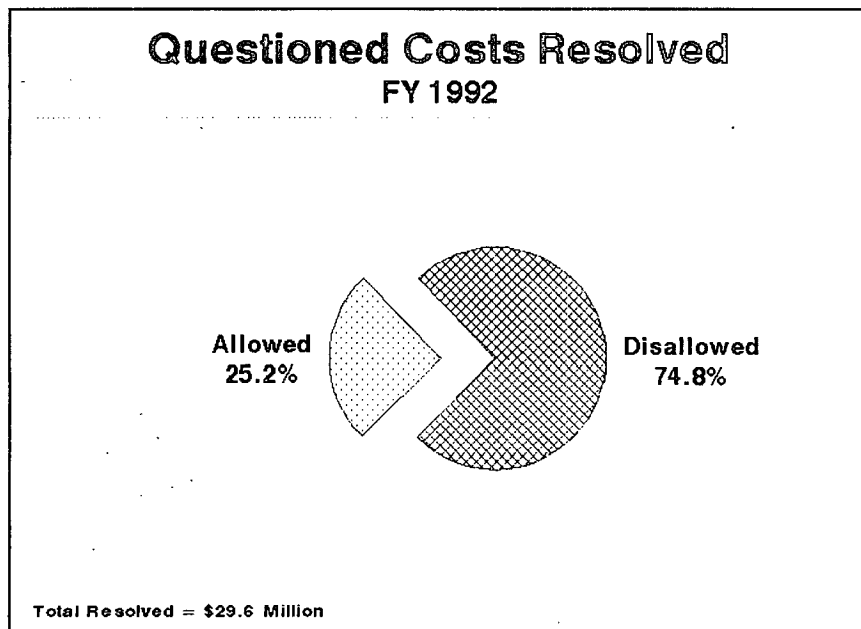
In December 1992, the OIG notified the Department's Assistant Secretary for Administration and Management (ASAM) that, in one DOL regional city, about \$22,000 of appropriated funds per year are being used to pay parking expenses for personal vehicles.

The OIG recommended that the ASAM initiate action to determine if there were other instances of inappropriate payments for personal parking and, if any were found, to take actions to discontinue the practice. The ASAM has responded to the OIG that if a review of departmental activities in this area disclosed instances of inappropriate payments for personal parking, they would be immediately stopped.

**Fiscal Year 1992 Resolution
of Audit Recommendations Containing Questioned Costs**

For audit recommendations with questioned costs, resolution occurs when the DOL program agency issues a management decision that either "allows" or "disallows" these costs, and the OIG agrees with the management decision.

For OIG audit recommendations (not reports) containing questioned costs which were resolved in Fiscal Year 1992, DOL agency officials disallowed about 75 percent of total costs questioned in audits performed or contracted for by the OIG. In addition, agency officials accepted OIG recommendations for funds to be put to better use that had an estimated value of \$43 million.



The following chart is a summary and brief analysis of monetary audit recommendations that were resolved by agency management and the OIG in Fiscal Year 1992. Anomalous situations are explained in footnotes.

**Resolution of Monetary Recommendations for
Audits Performed by the OIG and Contracted Services
Fiscal Year 1992**

	\$ Resolved (000s)	\$ Allowed (000s)	\$ Disallowed (000s)	Percent Disallowed
OSEC	27.4	0	27.4	100 %
VETS	340.3	107.1	233.2	68.5%
ETA	26,740.3	6,589.2	20,151.1	75.4%
JTPA ^{1 2 3 4}	20,410.9	3,895.4	16,515.5	80.9%
ESA	14.5	0.1	14.4	99.3%
OASAM	2,406.8	760.8	1,646.0	68.4%
Indirect Costs ¹	2,397.5	753.9	1,643.6	68.6%
OIG	26.8	0	26.8	100 %
OSHA	14.4	0	14.4	100 %
Total	29,570.5	7,457.2	22,113.3	74.8%

As can be seen from the above chart, about \$29 million (98 percent) of all questioned costs resolved during the period were accomplished in two agencies, ETA and OASAM. Two activities in these agencies, the JTPA program and indirect cost charges to the DOL, accounted for about \$20.8 million (77 percent) of all resolved questioned costs.

In any one fiscal year, the amounts of questioned costs resolved and the percentages of questioned costs allowed and disallowed may vary significantly. To more accurately present the results of audit resolution activities over time, the following pie chart summarizes, and the chart

¹ Figures are provided for information because they comprise a substantial portion of the Agency total.

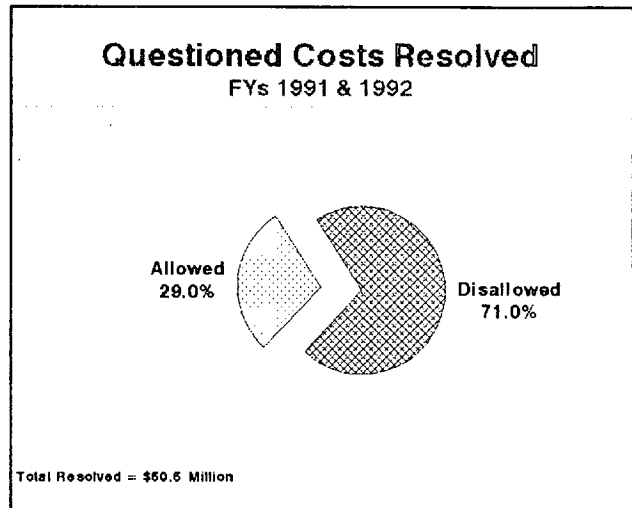
² Figure represents predominately Title II Programs; other JTPA-authorized programs are included in the ETA figures.

³ Figure does not include \$5.5 million allowed by ETA which was questioned in a special interim final report requested by ETA. This amount was questioned in the final report.

⁴ Figure does not include \$38.2 million originally questioned by OIG in one JTPA service delivery area primarily because of misclassification of costs and unallowable services. Further OIG and ETA work reduced the original amount of questioned costs. A negotiated settlement finalized in Fiscal Year 1992 resulted in an in-kind repayment to ETA of about \$10 million.

below depicts in more detail, the results of monetary resolution activities over the two most recent fiscal years.

Over this 2-year period, agency officials disallowed 71 percent of all costs questioned by the OIG. ETA officials disallowed almost 80 percent of JTPA Title II questioned costs, and OASAM officials disallowed 74 percent of questioned costs related to indirect costs associated with grants and other awards made by the Department.



**Resolution of Monetary Recommendations for
Audits Performed by the OIG and Contracted Services
Fiscal Years 1991 and 1992**

	\$ Resolved (000s)	\$ Allowed (000s)	\$ Disallowed (000s)	Percent Disallowed
OSEC	41.1	0.0	41.1	100.0%
VETS	1,587.5	990.7	596.8	37.6%
ETA	41,017.6	11,293.1	29,724.5	72.5%
JTPA ¹	30,156.4	6,278.1	23,878.3	79.2%
ESA	14.6	0.1	14.5	99.3%
OASAM	7,391.9	2,218.7	5,173.2	70.0%
Indirect Costs ¹	6,943.0	1,786.5	5,156.5	74.3%
OIG	29.8	1.2	28.6	96.0%
OSHA	455.5	126.1	329.4	72.3%
Total	50,538.0	14,629.9	35,908.1	71.0%

¹Figures are provided for information because they comprise a substantial portion of the Agency total.

FINANCIAL MANAGEMENT

Since the OIG's first audit of the Department's financial statements in 1986, there have been improvements in financial operations and reporting. The new central accounting system is running effectively (allowing for its removal from the OMB "high risk" listing), the Department is upgrading the qualifications of its financial management staff, and has begun work on the identification of critical performance measures.

Improvements continue to be needed in four critical areas: (1) appointment of a Chief Financial Officer, (2) implementation of the CFO organization, (3) completion of subsidiary accounting systems that are fully integrated with the central accounting system, and (4) development of integrated performance measurement systems that are linked with financial reporting systems.

Chief Financial Officer (CFO)

The CFO Act was enacted in 1990. However, the Department has yet to appoint a Chief Financial Officer. Though financial management has improved significantly, a strong, permanent CFO is critical in order to maintain past gains and direct future progress. This is particularly true with respect to current departmental efforts to integrate diverse program accounting and reporting systems with the central accounting system and to establish a Departmentwide framework for performance measurement.

CFO Organization

By hiring additional financial staff and upgrading in-house skills, the Department has improved financial management and reporting capabilities. However, these positive steps fall short of the intent of the CFO Act because financial staff and system resources remain dispersed throughout the Department's agencies. Financial managers remain focused on the issues of their respective agencies, and Departmentwide financial problems generally lack a driving force to efficiently solve them. A capable organization, directed by a Chief Financial Officer and working in concert with the Secretary and departmental agencies, is required for effective integration of the Department's financial operations.

Integrated Financial Management System

The successful implementation of the Department's general ledger has highlighted the need for improvements in subsidiary systems and the strengthening of financial reporting capabilities. Unemployment insurance accounting, property accounting and other subsidiary systems need improvement and integration with the general ledger.

An example of improvements needed is demonstrated by a report on the Department's grant accounting programs that was issued by the OIG during this reporting period (see below for a description of this report). The report identifies several material internal control weaknesses,

some of which relate directly to the issue of weak or non-existent subsidiary systems to the Department of Labor Accounting and Related Systems (DOLAR\$).

Financial and Performance Reporting

The CFO Act requires Federal agencies to systematically measure performance and to relate performance measures to pertinent financial information.

The Department has taken the first steps towards systematic measurements of performance by identifying performance measures for each major program and activity of the Department. The OIG is currently auditing the Department's efforts to produce agency-by-agency performance measures, and plans to continue its audits of performance measurement systems in the future.

Departmental Grant Management

With respect to weaknesses in the Department's grant management activities previously identified by the OIG and summarized in the September 1992 semiannual report, the OIG has issued a more in-depth report on the conditions and causes of these weaknesses.

Independent Auditor's Report on the Combining Schedule of Net Advances to the Public, Grantees and Contractors

Report No. 12-93-016-07-001; issued March 26, 1993

The OIG audited outstanding cash advances for the Department's grantees and contractors (as they were reported in the Department's FY 1991 consolidated financial statements) and issued a qualified opinion on the reported account balances. Sufficient documentation was not available to verify the advance account balances for the Bureau of Labor Statistics (BLS) and the Occupational Safety and Health Administration.

The report on internal control noted six material weaknesses -- conditions that could materially affect the fair presentation of the account balances. These were:

- Maintenance of the accounting system was inadequate and subsidiary records were deficient. The primary contributing factors were: (1) inappropriate and unsupported entries posted to the Department's accounting records, (2) lack of up-to-date cost data, and (3) subsidiary records of grant and contract activities that were not reconciled to the Department's general ledger;
- The grant accounting systems utilized by departmental agencies did not provide for adequate accruals of costs incurred, but not reported by grantees and contractors. Accruals were either not made or the amounts accrued did not represent reasonable estimates;

- ETA did not establish adequate controls over cash payments to grantees and contractors to ensure that cash balances were kept to the "lowest practicable level;"
- The grant advance and payable balances recorded in the general ledger for BLS could not be reconciled to grant records or to supporting source documentation;
- ETA's method for estimating accruals for costs incurred, but not reported by grantees and contractors did not result in reasonable estimates of actual costs incurred; and
- ETA's system for summarizing cost and payment information resulted in the commingling of receivable and payable balances. In effect, the amounts receivable from some grantees were offset against the amounts payable to others. This is appropriate only where a legal right of offset exists. Because of this practice, the ETA's receivables and liabilities, as of September 30, 1991, were understated by \$167 million.

In response to the report, the Department established a task force to develop a corrective action plan which addresses grant management issues.

Federal Managers' Financial Integrity Act Activities

The Federal Managers' Financial Integrity Act (FMFIA) provides a formal mechanism for assessing and reporting the effectiveness of management's internal control structure and the agencies' financial management activities.

The OIG is thoroughly involved in the Department's FMFIA assessment process. The OIG reviews the Secretary's annual report and the reports of the Department's component agencies to determine that all reports are accurate and complete. The status of corrective actions is monitored through ongoing audits.

In the Fiscal Year 1992 FMFIA Report to the President, the Department reported four **high risk material weaknesses** under Section 2 and one under Section 4 of the Act. Briefly, they are:

Section 2

JTPA Audit Coverage: Audit coverage of the JTPA was inadequate because the Single Audit Act (SAA) does not have stipulations providing for adequate coverage of JTPA funds. The entities/organizations which actually expend JTPA dollars at the local level are not subject to these audit requirements. The General Accounting Office, Office of Management and Budget, and the President's Council on Integrity and Efficiency are conducting reviews of the adequacy and effectiveness of the SAA.

State JTPA Grant Operations: This weakness encompasses several distinct problems. These include service delivery area procurement systems; oversight of State JTPA programs; on-the-job

training; fixed unit price, performance-based broker contracts; and other contracting practices. Recent amendments to JTPA are designed to address these problems. The OIG is monitoring ETA's development of implementing regulations for the new JTPA amendments. Interim final regulations were issued in December 1992. Final regulations are planned for June 1993.

The ERISA Audit Process: While widespread fiduciary abuse has not been determined, limited scope audits of welfare benefit plans are currently allowable under the Employee Retirement Income Security Act (ERISA). Fraud and abuse may be going undetected because of the audit limitations currently allowed under the law. During Fiscal Year 1992, the Administration submitted a legislative proposal which would eliminate limited scope audits of pension plans and require peer reviews of independent public accountants who audit pension plans. Further, the Pension and Welfare Benefits Administration has increased its enforcement effort against plan administrators who fail to correct deficient audits. They also are pursuing sanctions against public accountants performing substandard audits. Unfortunately, the legislative proposals did not progress in the 102nd Congress, however, one limited scope audit bill has been introduced in this current session.

DOL Equity in SESA Real Property: DOL has equity in State Employment Security Agency (SESA) real property that was purchased with Federal funds. An OIG audit found that some SESAs were not in compliance with DOL regulations governing acquisition, management, and disposition of property. Furthermore, ETA did not account for the Department's equity of approximately \$296 million in 472 State properties as of September 30, 1988. ETA's progress at correcting this weakness has been slow. A draft General Analysis Letter (GAL) outlining such policies and requirements was published by the Department in the Federal Register, but has not been issued in its final form.

Section 4

Inaccurate and Untimely Grant Information: OIG audits of DOL grantor agencies found that grant accounting needs to be improved to ensure that financial information is reliable, complete, comparable, and consistent. Without standardized grant accounting procedures with appropriate general ledger control accounts at the departmental level, the overall system does not assure the proper management of resources. The Department has convened an intradepartmental task force to develop standardized grant accounting policies and procedures.

Revised Management Decisions

The OIG is required by the Inspector General Act Amendments of 1988 to provide a description and explanation of the reasons for any significant revised management decisions made by departmental agencies. During this reporting period, revised management decisions were issued for 17 ETA-related audit reports. A synopsis of the two most significant revised management decisions follows.

Wave, Inc. (Wave)

Audit No. 18-91-021-03-340; issued September 30, 1991

As a result of documentation submitted by Wave in a Post-Final Determination review, ETA allowed costs of \$13,481 and determined that Wave's grant and contract underexpenditures for the audit period should be increased by \$143,656. These actions have the effect of reducing the net questioned costs disallowed for this audit to \$622,602.

Home Builders Institute (HBI)

Audit No. 18-90-010-07-735; issued July 16, 1990

A finding of this audit resulted in questioned costs of \$214,074 because of inappropriate accounting and charging of accumulated vacation leave. HBI's system for accounting for accrued leave has now been revised and approved by the Department. Based on this revision and the recomputation of annual leave costs for Fiscal Year 1988, ETA allowed \$207,585 of the costs questioned in this finding (which left \$393,661 disallowed for the audit report).

OFFICE OF INVESTIGATIONS

SUMMARY OF OIG PROGRAM INVESTIGATIONS

During this reporting period, investigations of the Job Training Partnership Act (JTPA) and the Federal Employees' Compensation Act (FECA) programs, contract and procurement fraud, and employee misconduct continued to be the Office of Investigations' (OI) priorities. A significant effort was also expended in unemployment insurance interstate fictitious employer/employee and third-party false claims investigations.

During this fiscal year, OI has devoted nearly 35 percent of its investigative time to JTPA matters and about 20 percent on FECA investigations. In addition, OI devoted almost 20 percent and nearly 15 percent of its investigative time to UI investigations and employee misconduct matters, respectively.

Delays Associated with the Deputation Request Process Increase

This is the fifth consecutive Semiannual Report setting forth the inefficiencies associated with the administrative process used by the Department of Justice (DOJ) to review and act on requests for the deputation of OI Special Agents as Special Deputy U.S. Marshals. In the two most recent reports, we noted that former Inspector General Julian W. De La Rosa and three other Inspectors General engaged in discussions with the former Attorney General and other DOJ officials on this issue. In November 1992, the former Attorney General tabled the review of this issue for consideration by the new Administration.

The OIG is extremely concerned about the lack of law enforcement authority for its special agents, especially those agents assigned to OI, because of safety considerations that are paramount and the inefficiencies associated with the case-by-case deputation process used by the DOJ with respect to OI. For example, during calendar year 1992, OI submitted requests covering more than 600 individual agent deputations in 96 investigations. The average DOJ approval processing time nearly doubled from 23 days in calendar year 1991 to 40 days in calendar year 1992. Further, the calendar year 1992 submissions included 16 cases in which the turn-around time exceeded 60 days, with the longest turn-around time being 85 days.

The delays associated with the DOJ review process continue to be so significant that they adversely impact the effectiveness and efficiency of OI investigations.

Regional Department of Labor Fraud Alert Training

The OI, in its commitment to prevent and detect fraud in Department of Labor programs, conducted regional fraud alert training during this period. The training was sponsored for

officials of DOL administered programs and other agencies which have concurrent jurisdiction or interest. For example:

- A presentation was delivered at Keystone, Colorado, to State Employment Security Agencies' administrative job service fiscal managers from DOL Regions V, VII, and VIII. OIG's participation in this training had been requested by DOL's Employment and Training Administration and was attended by approximately 60 participants from 16 States.
- The OI and the Federal Bureau of Investigation co-sponsored a fraud awareness conference for JTPA monitors from various service delivery areas of Texas, in addition to officials from the Texas Department of Commerce. The topics covered during the 2-day conference included, "How to Recognize Fraud Indicators in the JTPA Program" and "Investigations and Prosecutions Through the Federal System."

In all instances, the OI presentations were well received by the participants. This confirms the OIG's belief that these types of fraud awareness sessions sensitize those officials who are on the frontline of DOL administered programs to their roles in preventing and detecting fraud, waste and abuse.

CASE EXAMPLES

Third-Party Unemployment Insurance Claimant Fraud Investigations

The unemployment insurance (UI) program permits interstate claims, i.e., claims filed in one State for benefits that are paid by another State. The following cases point out one aspect of control problems inherent with interstate UI claims. These cases also serve to illustrate why the OIG remains concerned with the great potential for multi-million-dollar UI program losses.

- On February 23, 1993, 14 Roma, Texas, residents were indicted by a Federal grand jury at McAllen, Texas for allegedly defrauding the California State Employment Security Agency (SESA) of UI benefits. The OIG believes it to be a multi-million-dollar third-party claimant fraud scheme.

Listed in the indictments and charged were: Carlos Sanchez, Jr., Jesusa Montalvo, Lina Montalvo Villarreal, Ruben Garza-Guerra, Maria Luisa Gonzalez, Julian Garcia-Guzman, and Juanita Gonzalez. Also indicted were: Rene Santiago Gonzalez, Laura Pena Benavides, Delia Reyna, Guadalupe Estrada, Ana De Lao, Alma Ramos, and Antonio Himojosa.

Each defendant was charged with multiple counts of mail fraud for allegedly filing fraudulent UI claims with the State of California on behalf of migrant Mexican nationals.

The defendants include taxi cab drivers who allegedly recruited and drove the Mexican nationals and others to the Texas Employment Commission office to file these fraudulent claims.

Other defendants are accused of processing UI claims for migrant workers returning to Texas after working in California. Some defendants instructed the workers to sign UI claim forms attesting that they had actively searched for work, when in fact, they had returned to their native Mexico. The defendants allegedly retained a portion of the UI proceeds as a fee and arranged to have the remainder transmitted to the workers in Mexico.

These indictments were preceded by the February 3, 1993, execution of search and arrest warrants in McAllen and Roma, Texas, by an OI-led task force of about 90 agents from 6 Federal law enforcement agencies. UI checks totaling almost \$666,000 and nearly \$137,000 in cash were seized incident to these arrests and searches. In this case, allegedly fraudulent third-party UI claims were submitted to 20 different SESAs.

This ongoing task force investigation is being conducted by the OIG, the Postal Inspection Service, the Immigration and Naturalization Service, and the U.S. Border Patrol, with assistance from the U.S. Fish and Wildlife Service, U.S. Railroad Retirement Board Office of Inspector General, and the U.S. Marshals Service.

U.S. v. Sanchez, Jr., et al. (S.D. Texas)

- On October 19, 1992, Augustin Estrada, Jr., owner of E & E Loans in Eagle Pass, Texas; Suzette Estrada; Rosa M. E. Garza; Loretta Estrada; and Lydia Estrada Garza were sentenced and ordered to pay restitution. The Estrada family had been convicted of filing fraudulent UI claims on behalf of unqualified migrant workers living in Mexico. Evidence seized during this investigation revealed that the defendants filed claims for at least 350 claimants who received an average of \$200 per week for a 26-week period, representing approximately \$1.8 million in UI benefits per year. The scheme is alleged to have been perpetuated over a 10-year period. *U.S. v. Estrada, et al.* (S.D. Texas)

The case narratives listed below, by program area, are representative of other types of OIG investigative activities conducted during this period in support of the integrity of the programs administered by the Department.

JOB TRAINING PARTNERSHIP ACT (JTPA)

- An OIG investigation of the New York City Private Industry Council (PIC), a major JTPA on-the-job training broker, disclosed that from July 1987 until a search of the PIC offices by the OIG on June 15, 1992, it had placed ineligible participants in jobs and claimed reimbursement for them. An OIG Office of Audit review has thus far revealed at least \$750,000 in questioned JTPA costs claimed by the PIC. As a result of the investigation, on October 8 and 9, 1992, Doris Washington, an account executive, and Walter Manning, a PIC contract monitor, each pled guilty to one count of conspiracy. Washington is awaiting sentencing. Manning was sentenced on February 19, 1993, to 3 months' incarceration and 3 months' substance abuse program detention and ordered to pay restitution and a special assessment totalling \$1,900. The investigation is continuing. *U.S. v. Manning and Washington* (S.D. New York)
- In a case previously reported, on October 27, 1992, George Washington, a job developer for Motivation Education and Training, Inc., of Cleveland, Texas, was sentenced to 18 months' imprisonment and ordered to pay a special assessment. Washington and his co-defendant, Welborn Preston, a partner in W & W Enterprises, Inc. and industrial relations director for Lone Star Ammunition Plant in Texarkana, Texas, conspired and defrauded the JTPA program of \$252,000. They fraudulently obtained the funds by falsely claiming that ammunition plant employees were JTPA participants, and submitting false JTPA wage reimbursement statements. As previously reported, the co-defendant, Preston, was sentenced to 2 years' imprisonment on September 4, 1991. *U.S. v. Preston and Washington* (E.D. Texas)
- On November 6, 1992, Shelton Eugene Wood, a prominent Florida JTPA training and placement contractor, was sentenced to 9 months' imprisonment, 2 years' probation, and ordered to pay \$64,000 in restitution. On October 30, 1992, Sylvester Smith, Wood's associate, received 3 years' probation and was ordered to pay \$16,000 restitution. Wood and Smith claimed over \$180,000 in JTPA funds by filing false JTPA contract claims. Smith had prepared numerous sets of bogus counsellor notes to support false JTPA claims pertaining to a contract between the State of Florida and Wood, who was doing business as CARE, Inc. Gary R. Stewart, the former Florida director of public works for the City of Ocala, and the third defendant in the case, had been previously sentenced to 3 years' probation, 250 hours of community service, and fined \$4,000. *U.S. v. Wood* (M.D. Florida)
- An OIG investigation conducted with the assistance of the Charleston, West Virginia Police Department, has identified several employees of J.O.B.S., Inc., who embezzled at

least \$38,000 in JTPA funds. On November 19, 1992, Lora Pierce and Pamela Jane Ramsey each pled guilty to one count of a criminal information which charged them with embezzlement of JTPA funds. The investigation disclosed that the defendants obtained a computer listing of former JTPA participants and used the data to generate checks payable to themselves and current and former JTPA participants. The defendants subsequently forged and cashed the checks and shared the proceeds. On January 21, 1993, Pierce was sentenced to 5 years' probation and was ordered to pay \$7,175 restitution, while Ramsey was sentenced to 2 months' in a work release center, given 3 years' probation, and ordered to pay just over \$800 in restitution. *U.S. v. Pierce and Ramsey* (S.D. West Virginia)

- On March 12, 1993, George W. Rittenhouse, operator of West Piedmont Human Resources (WPHR) in Martinsville, Virginia, was found guilty of embezzlement of JTPA on-the-job training (OJT) funds and making false statements. At the time of the offenses, WPHR administered all of the OJT contracts for the Central Piedmont Private Industry Council (CPPIC) of Virginia. An agreement between WPHR and CPPIC required Rittenhouse to place JTPA participants in OJT with area employers. The employers were supposed to be reimbursed for 50 percent of the wages paid by them to the participants. Rittenhouse failed to pay the employers, but submitted over 20 false invoices to the CPPIC claiming in excess of \$34,000. Rittenhouse faces up to 7 years' imprisonment and \$250,000 in fines. *U.S. v. Rittenhouse* (W.D. Virginia)
- The Mississippi Delta Council (MDC) is a Clarksville, Mississippi based migrant farmworkers' contractor which administers an annual \$2 million JTPA contract in six counties. On December 14, 1992, Dorothy Poplar Todd, an MDC employee, pled guilty to conspiracy for her involvement with filing multiple fraudulent time and supervision reports on individuals who were not OJT JTPA participants. The OIG investigation has identified approximately \$15,000 in fraudulent claims so far in this scheme to enroll ineligible participants in a number of OJT training contracts awarded by MDC. *U.S. v. Todd* (N.D. Mississippi)

FEDERAL EMPLOYEES' COMPENSATION ACT (FECA) - PROVIDERS

- On December 14, 1992, Leonard J. Vigliatore, a registered physical therapist, pled guilty to one count of conspiracy and Kathleen Vigliatore, his wife, pled guilty to one count of mail fraud. They had been charged with devising a scheme to defraud the DOL, the Department of Health and Human Services (HHS), and various private insurance companies. The scheme, which allegedly started in 1983, involved the submission of fraudulent bills for physical therapy treatment that was never rendered to FECA claimants. The defendants received approximately \$1 million as a result of the scheme. This was a joint investigation with the Postal Inspection Service and HHS OIG. Sentencing has been postponed until May 4, 1993. *U.S. v. Vigliatore and Vigliatore* (E.D. New York)

- On November 12, 1992, Andrew E. Brandon was sentenced to 44 months' incarceration and 3 years' probation for mail fraud and making false FECA statements. Brandon, an audiologist and hearing aide specialist with several offices in southern New Hampshire, had been billing both the Department's Office of Workers' Compensation Programs (OWCP) and Medicare for the same services, as well as submitting false claims for audiological tests that were not performed. Prior to his August 24, 1992, trial, Brandon had made voluntary restitution of \$102,000. In September 1992, immediately following his trial, both Brandon and his business were debarred by OWCP. This was a joint investigation with the Department of Health and Human Services' OIG. *U.S. v. Brandon* (D. New Hampshire)

FEDERAL EMPLOYEES' COMPENSATION ACT (FECA) - CLAIMANTS

- As a follow up to our October 1, 1991 - March 31, 1992, Semiannual Report on this case, Billie Clem Rae, a former program analyst with the U.S. Department of Treasury's Bureau of Public Debt, in Washington, D.C., was convicted on March 23, 1993, in a FECA fraud scheme of attempted murder-for-hire, obstruction of justice, mail fraud, and bankruptcy fraud. This joint OIG and Federal Bureau of Investigation case revealed that Rae made false statements to OWCP to conceal his employment. As a result, he fraudulently obtained over \$188,000 in FECA benefits. In the furtherance of his scheme, Rae attempted to hire an individual to murder a key witness who had supplied authorities with information that Rae was not totally disabled and was an officer, owner, and/or operator of four different corporations while he received FECA benefits. Sentencing is scheduled for June 7, 1993. *U.S. v. Rae* (D. District of Columbia)
- On October 13, 1992, Harvey Bernstein, a former U.S. Postal Service letter carrier, pled guilty to a criminal information charging him with making false statements and mail fraud in connection with his OWCP claims. This joint investigation with the Postal Inspection Service disclosed that Bernstein had received approximately \$165,000 in FECA benefits since claiming injury to his back on June 16, 1983. He admitted having failed to notify OWCP that he had been employed as a bartender while receiving FECA benefits. On December 12, 1992, Bernstein was sentenced to 4 months' imprisonment, 5 years' probation, and ordered to repay almost \$107,000 to OWCP. *U.S. v. Bernstein* (S.D. New York)
- Gerald E. Sloce, a Department of Labor, Mine Safety and Health Administration mine inspector, had received FECA benefits since claiming he suffered from stress following the investigation of a fatal mine accident on June 21, 1983, at McClure's Number 1 Mine, McClure, Virginia. This was a mine site for which Sloce had primary inspection responsibility. The OIG investigation disclosed that Sloce had received over \$64,000 in FECA benefits from February 7, 1990, to December 13, 1992, while actively employed in the home remodeling, roofing, and carpentry businesses and as the minister of a small local church. On December 16, 1992, Sloce was indicted by a Federal grand jury in

Abington, Virginia on five counts, which included false statements, mail fraud, and false claims. If convicted, these offenses are punishable by a maximum prison sentence of 5 years, and a maximum fine of \$250,000. *U.S. v. Sloce* (W.D. Virginia)

- On March 18, 1993, Norman R. Porell, a former Portsmouth Naval Shipyard mechanic/repairman at Kittery, Maine, pled guilty to two counts of making false statements to OWCP and two counts of income tax fraud. The investigation disclosed that Porell had received over \$155,000 in FECA benefits since claiming injury to his back in October 1982. The investigation also disclosed that since 1985, Porell had operated a general contracting business specializing in custom interiors and cabinetwork. Incident to his guilty plea, Porell admitted having failed to notify OWCP of his business and having fraudulently received approximately \$55,000 in FECA benefits from 1988 through 1991. This investigation was conducted in cooperation with the Naval Investigative Service and the Internal Revenue Service's Criminal Investigations Division. *U.S. v. Porell* (D. Maine)
- As a result of an OIG and Postal Inspection Service criminal investigation, the OWCP declared an overpayment of \$121,651 in FECA benefits to Harold M. Smyle, a former Postal Service letter carrier. Smyle had been sentenced on July 8, 1992, to a suspended sentence, 1 year probation, and ordered to pay restitution, which was to be determined by OWCP. Smyle had received approximately \$219,000 in FECA benefits since he claimed that he had sustained a back injury on February 6, 1984. He admitted having failed to notify OWCP that he had been employed in a variety of occupations, including a gas station attendant and a furniture mover, while receiving FECA benefits. The investigation had been initiated as the result of Smyle's testimony during a 1986 murder trial, when attempted to conceal the nature of his employment with a moving company. *U.S. v. Smyle* (E.D. New York)
- As a follow up to our last report in this case, John R. Salvagno, a former laborer at the Davisville Naval Base at North Kingston, Rhode Island, was sentenced on December 14, 1992, to 21 months' imprisonment, 3 years' supervised release, and ordered to pay \$85,000 restitution and other costs for submitting false statements to OWCP. On October 9, 1992, a jury found Salvagno guilty on all charges, which included four counts of mail fraud and three counts of filing false statements. Salvagno claimed that in 1986, while lifting an ice machine, he suffered a strained neck and was totally disabled. He failed to notify OWCP that he was the owner, operator, and manager of a pest-control business while receiving approximately \$90,000 in FECA benefits. *U.S. v. Salvagno* (D. Rhode Island)

BLACK LUNG

- An indictment on December 16, 1992, charged Vernon D. Rose with five counts of making false statements. Rose, a coal loader, truck driver, and welder for the Reedy Coal Company in Blackwood, Virginia, allegedly suffers from disabling pneumoconiosis, as a

result of working in coal mines. He is accused of fraudulently receiving over \$71,000 in black lung benefits for his alleged disability, while he was actually employed at another coal mine site. Rose's trial is scheduled to begin April 26, 1993. If convicted, these offenses are punishable by a maximum prison sentence of 5 years, and a maximum fine of \$250,000. *U.S. v. Rose* (W.D. Virginia)

UNEMPLOYMENT INSURANCE

- On December 19, 1992, Ronald S. Pasqualino was arrested and charged with 31 counts of larceny as a result of his scheme to defraud the Unemployment Insurance (UI) program of over \$110,000 in benefits from three States. While under investigation by OIG, Pasqualino was arrested in Florida on weapons charges at which time he claimed to have a multiple personality disorder. Following a court-ordered psychiatric examination, the Florida charges were dropped and, subsequently, Pasqualino allegedly continued to file false interstate UI claims. *State of Massachusetts v. Pasqualino* (Massachusetts)
- On March 4, 1993, James A. and Nancella M. Wilson were sentenced in U.S. District Court for the Northern District of Georgia at Atlanta for their involvement in an eight-State unemployment insurance fraud scheme which netted them approximately \$135,000. The Wilsons used false social security numbers, birth certificates, and other forms of identification to set up unemployment insurance accounts with assorted State Employment Security Agencies. False applications were then used to apply for UI benefits. The couple used at least eight aliases to fraudulently apply for UI benefits in Georgia, Michigan, Minnesota, Missouri, New York, Oregon, Washington, and Wisconsin.

James Wilson was sentenced to 31 months' imprisonment followed by 3 years' probation, 300 hours' community service, and ordered to pay \$127,616 restitution. Nancella Wilson was sentenced to 12 months' community confinement, 5 years' probation, 200 hours' community service, and was ordered to pay a special assessment and a portion of the restitution. *U.S. v. Wilson and Wilson* (N.D. Georgia)

- Troy Brewington, an employee of the Office of Unemployment Insurance, Department of Employment and Training, Roxbury, Massachusetts, and an accomplice, Donique Cummins, were accused by a Suffolk County grand jury on October 9, 1992, of conducting a scheme to defraud the UI program. A 27-count indictment charged Brewington and Cummins with larceny, unemployment fraud, welfare fraud, uttering, and forgery. Brewington is accused of causing UI checks to be issued by using a fictitious claimant name, while Cummins collected and cashed the checks. On February 24, 1993, Cummins entered a guilty plea to all charges. She is awaiting sentencing, while Brewington is awaiting trial. *Massachusetts v. Brewington and Cummins* (Massachusetts)

EMPLOYEE INTEGRITY

- As a result of an ongoing OIG investigation focusing on DOL employee corruption, on January 19, 1993, Erman R. Altizer, a former supervisory coal mine inspector at the Mine Safety and Health Administration's (MSHA) Logan, West Virginia office, entered a guilty plea to one count of falsifying an annual financial disclosure form which he had submitted to MSHA. Altizer was sentenced on March 15, 1993, to 4 months' imprisonment, 4 months' of home confinement, 2 years' probation, and ordered to pay \$4,000 in fines. He was to report for incarceration on April 14, 1993. Altizer had been indicted in October 1992, at Charleston, West Virginia, on charges of mail fraud, filing a false statement, acceptance of gratuities, and conspiracy to solicit gratuities.

The OIG investigation disclosed that Altizer received a four-wheel drive, all terrain vehicle valued at approximately \$4,000 from a mine operator. It also revealed that he solicited gratuities, including a job for his daughter, from various operators over a period of more than 5 years. In addition, the investigation uncovered evidence that Altizer also concealed income from his photography business, and work he performed for various coal mine operators.

On January 22, 1993, a jury returned a guilty verdict against James Davis, also a former MSHA coal mine inspector and Altizer's co-conspirator, for conspiracy and making false statements before the grand jury. Davis' indictment and conviction resulted from his conspiracy with Altizer to solicit employment for Altizer's daughter from a coal mine operator and making false statements before the grand jury to conceal his involvement. Davis was scheduled to be sentenced on April 5, 1993.

U.S. v. Altizer and Davis (S.D. West Virginia)

- In another employee integrity investigation, on November 24, 1992, a four-count indictment was returned against Lawrence L. Layne, a former 28-year Federal employee and MSHA supervisory coal mine inspector. The indictment, returned by a Federal grand jury in the Northern District of Alabama, charged that Layne submitted travel vouchers in 1991 which contained false claims for expenses. The claims, which exceeded \$5,000, were in connection with a Government-paid relocation of Layne from a Kentucky duty station to an Alabama duty station. On January 12, 1993, Layne executed an agreement for pre-trial diversion. He accepted responsibility for these acts and the Government deferred prosecution for a 12-month period, provided Layne abides by certain conditions of the program. Should Layne comply with the conditions, the indictment will be dismissed. *U.S. v. Layne* (N.D. Alabama)
- On March 24, 1993, Thomas Jones, a former Wage & Hour Division compliance officer, was sentenced to 2 years' probation, and ordered to pay a fine, restitution, and a special settlement totaling over \$2,600. On December 11, 1992, in the Eastern District of Texas, at Beaumont, he pled guilty to embezzlement. Between December 1989 and May 1991, Jones used his position to obtain money from Lufkin, Texas business people who wrote

checks payable to the "U.S. Department of Labor/Thomas Jones," to cover alleged "fines" which had been "assessed" by Jones for back wages, overtime, and child labor law violations. Jones improperly collected the funds and converted them to his own use. *U.S. v. Jones* (E.D. Texas)

COMPLAINT ANALYSIS OFFICE ACTIVITIES

Breakdown of Allegation Reports by Source

Walk-in	0
IG Hotline	6
Letters from Congress	1
Letters from individuals or organizations	194
Letters from DOL agencies	14
Letters from Non-DOL agencies	0
Incident Reports from DOL agencies	11
Reports by Special Agents and Auditors	1
Referrals from GAO	<u>2</u>
Total	229

Breakdown of Allegation Reports by Referral:

Referred to Office of Audit	3
Referred to Office of Labor Racketeering	0
Referred to Office of Investigation	
Regional Offices	37
Referred to DOL program management	89
Referred to other agencies	31
No further action required	2
Pending disposition at end of period	<u>67</u>
Total	229

APPENDIX
Office of Investigations Financial Accomplishments

<u>CATEGORIES</u>	<u>AMOUNT</u>
Recoveries: (Expenditures to be recovered and/or reprogrammed. This includes the dollar amount of management's commitment to seek recoveries and adjustments. This is a quantification of an agency's action in response to the Inspector General's recommendation to recover funds and/or to make adjustments.)	\$1,235,913
Cost Efficiencies: (The one-time and/or per annum dollar amount/value or management's commitment to more efficiently utilize the Government's resources. This category is a quantification of management's action in response to the Inspector General's recommendation to prevent improper obligations or expenditures of agency funds or to improve agency systems and operations, thereby avoiding further unnecessary expenditures.)	1,340,874
Restitutions: (The dollar amount/value of restitution ordered. This category reflects restitutions ordered as a result of Inspector General investigative activities.)	990,867
Fines/Penalties: (The dollar amount/value of fines and penalties assessed. This category reflects fines and penalties assessed as a result of criminal and civil action instituted as a result of the Inspector General's investigation.)	23,892
Civil Monetary: (The dollar amount/value of settlements and judgements rendered as a result of civil actions.)	994,818
Forfeiture/Court Costs: (The dollar amount/value of forfeiture and court costs assessed as a result of criminal and civil action instituted as a result of the Inspector General's investigations.)	<u>3,358</u>
Total	\$4,589,722

OFFICE OF LABOR RACKETEERING

The mission of the Office of Labor Racketeering (OLR) is to identify and reduce labor racketeering and corruption in employee benefit plans, labor-management relations and internal union affairs.

Labor racketeering is the use of union or benefit plan power for personal benefit. The underlying concept is that a union (or a benefit plan) is organized for the benefit of its members, not its leaders. When racketeers take over, that relationship is inverted with the leadership reaping benefits by exploiting the members.

Investigative Priorities

1. Organized crime (OC) domination of labor unions and/or employee benefit funds.
2. OC influence over or manipulation of labor unions and/or employee benefit funds.
3. Non-OC but longstanding, abusive, and criminal domination of labor unions and/or their funds.
4. Non-OC but significant and orchestrated criminal abuse of non-union employee benefit funds, including Multiple Employer Welfare Arrangements (MEWAs).

Accomplishments achieved during this reporting period demonstrate a sharpened focus on priority work. This focus is evidenced by the indictment of nine New York-based Lucchese organized crime family members or associates and Painters Union officials on charges of murder conspiracy, racketeering, extortion, and labor payoffs. This indictment centered on the Lucchese organized crime family's control over the awarding of lucrative structural steel painting contracts.

Evolving Nature of Racketeering

While labor racketeering has traditionally involved the domination of labor unions by organized crime, in recent years, a second generation of sophisticated racketeers (including accountants, attorneys, fund managers, and plan administrators) has emerged, transforming the nature of labor racketeering. These new racketeers use the fountain pen and the computer rather than the baseball bat and gun as their weapons. Using inflated appraisals, phony assets, self-dealing, and a myriad of sophisticated schemes, these professional criminals ruthlessly loot pension and welfare funds -- union and non-union alike. OLR now investigates not only sweetheart contracts and extortion for labor peace, but sophisticated financial crimes as well.

While continuing on a downward trend in terms of size, OLR has continued an upward trend in terms of results obtained. During this reporting period, OLR cases resulted in 121 indictments,

92 convictions, and over \$3 million in monetary results (fines, restitutions ordered, forfeitures, et cetera).

Fraudulent Multiple Employer Welfare Arrangements

One specific species of fraud which the OIG has reported on previously and continues to pursue through criminal investigations is the fraudulent Multiple Employer Welfare Arrangement (MEWA). Originally conceived as a method by which members of an association of employers could provide reasonably priced health coverage to their employees, the MEWA has evolved into a commercial alternative to traditional insurance. With the rising costs of health insurance and the reduced availability of coverage -- even from the major insurance carriers -- many small employers have found that they are no longer able to obtain health insurance for their employees at a cost they can afford to pay.

MEWAs, organized by entrepreneurs, have stepped in to fill the market void for affordable health insurance. Small employers enter into these arrangements under the impression that the premiums they are paying provide bona fide health insurance for themselves and their employees. Our investigations have found, however, that a few unscrupulous operators ran their MEWAs like Ponzi schemes, paying small claims at the early stage while diverting premium dollars to their own accounts. These operations have inevitably gone bankrupt, leaving millions of dollars in unpaid claims.

As these arrangements faltered and ceased paying claims, participants complained to State insurance regulators. When the States attempted to investigate and regulate many of these arrangements, the MEWA operators claimed that the Employee Retirement Income Security Act (ERISA) preempted any such investigation or regulation. The basis for such claims was that the MEWAs were plans under ERISA, and ERISA preempts States from regulating employee benefit plans. While the courts and the Department of Labor have invariably found that such entrepreneurial MEWAs are not employee benefit plans, these claims have hindered State MEWA enforcement efforts.

OLR has investigated several dozen of these scams and has worked closely with both State and Federal regulators to focus needed attention on the problem. Several major health care-related fraud cases have been recently resolved. For example, the defendants in a case against the International Forum of Florida (a fraudulent MEWA) defrauded over 40,000 participants in excess of \$34,000,000. The defendants have agreed to make restitution in the amount of \$34,796,000. The Cabot-Day case, another previously reported fraudulent MEWA case, was brought to a conclusion with the guilty pleas of five defendants. This health insurance scam affected approximately 12,000 victim policyholders in 14 States, and resulted in \$5.5 million in unpaid claims.

While accurate figures on the amount of money and number of participants that are at risk do not exist, the impact of the fraudulent MEWA problem can be inferred from the cases cited in this

report. The two MEWA cases reported in this Semiannual Report represent 52,000 potential victims and in excess of \$55 million in unpaid claims. Because of their complex nature and geographic dispersal, MEWA cases are extremely expensive to investigate. OLR is attempting to address this real and immediate problem to the best of its ability with the resources allocated to it.

Bogus Labor Unions

A negative effect of the increased attention given to fraudulent MEWAs has been the creation of the bogus labor union. As State regulatory and enforcement efforts against fraudulent MEWAs have increased, operators have sought ways to avoid scrutiny. Like an evolving virus, some MEWAs were turned into "labor unions." In this manner, the operators attempt to position themselves under the broad preemption aspect of ERISA, thereby insulating themselves from State regulation. OLR has recently initiated several criminal investigations of such entities. Working with State insurance authorities, OLR has succeeded in bringing several of these scams to a halt at an early stage.

Total Quality Management

This reporting period marks one year of involvement in Total Quality Management (TQM) for OLR. A Quality Council, formed to give direction and leadership to the TQM effort, has, with the support of the Federal Quality Institute, undertaken a number of specific initiatives. The organizational mission has been revisited, a "vision" and supporting goals developed, and operational priorities totally reframed. These changes have increased efficiency by sharpening the focus of OLR's efforts. An organizational climate survey resulted in a variety of actions which have improved communications throughout the organization, including direct participation of special agents in the annual planning process.

Teams have been formed to identify and address problems and concrete results have been achieved. "Process Improvement Teams" at OLR headquarters have examined a number of processes, resulting in significant streamlining. Review of administrative procedures resulted in the identification of document logs being kept for no reason, files not organized to support decision making, and needlessly cumbersome reports. The resulting streamlining translates to a direct savings of time. Responsibility for development of training has been shifted from HQ to the field. Sources of cost-free training have been developed, resulting in significant savings of training funds. Improvements in equipment management, interoffice information sharing, and performance measurement have also been realized.

An active suggestion program resulted in the adoption OIG-wide of the "Time-Off Award" program, allowing cash-free recognition of outstanding effort. Another suggestion resulted in the acquisition of a national telephone directory on CD-ROM. This will not only provide better

information for investigative use, it will save several thousand dollars each year in purchase of individual city directories.

Because of OLR's geographical dispersion and limited funds for travel and training, implementation of TQM throughout the organization will not be achieved quickly. The Quality Council has, however, developed and is executing a strategic plan to institutionalize TQM within OLR. Subsequent Semiannual Reports will update our progress.

Narratives of our most significant cases follow.

EMPLOYEE BENEFIT PLANS

Four Floridians Plead Guilty in Massive Employee Health Benefit Fraud Scheme

George L. Doherty, Jr., chief trustee, and John Gazitua, consultant, to the International Forum of Florida Health Benefit Trust (IFFHBT), pled guilty on December 28, 1992, and March 8, 1993, respectively, to fraudulently collecting more than \$34 million in health care premiums from more than 40,000 Americans. More than \$50 million in medical claims by IFFHBT participants have not been paid.

Doherty and Gazitua pled guilty to operating the IFFHBT as a racketeering enterprise. They participated with others in a scheme to defraud health care participants by creating numerous fictitious corporations that posed as legitimate service providers to IFFHBT. The firms, in fact, were utilized to channel millions of dollars in IFFHBT funds to the defendants and others. Doherty and Gazitua also admitted they mailed false information to the State of Florida and to policy holders in the solicitation of health insurance business.

April Marie McGlawn, an IFFHBT service provider, pled guilty to conspiring with Doherty in defrauding the trust through embezzlements, kickbacks, and money laundering. Robert L. Searle, also a service provider, pled guilty to aiding in the preparation of a false corporate tax return. The false return related to fraudulently claiming deductions for kickbacks he made to obtain business from employee health plan officials. Searle also admitted conspiring with others to embezzle from the IFFHBT.

Doherty and Gazitua have agreed to make restitution to the victims in the amount of \$34,796,000, and Searle has agreed to \$300,422 in restitution. All four defendants have agreed to cooperate with the Government.

The defendants, along with Kenneth Rutter, another IFF service provider, were indicted in November 1992 on charges of racketeering, conspiracy, mail fraud, money laundering, embezzlement, and kickbacks. Rutter was acquitted of all charges at trial.

This investigation was conducted jointly by the OIG, the Internal Revenue Service, and the Department's Pension and Welfare Benefits Administration. *U.S. v. John L. Gazitua, et. al.* (M.D. Florida)

Top New York Garment Union Official and Contractors Charged For Illegal Labor Payments, Conspiracy, and Embezzlement; Garment Union Business Agent and Associates Plead Guilty in Ghost Employee Scheme

Michael Grimaldi, District Manager of the International Ladies Garment Workers Union (ILGWU) Nassau/Suffolk County, New York District Council was charged on December 12, 1992, with receiving illegal labor payments from an employer. The employer, John Casamento, is the owner of Nova Fashions, an Oceanside, New York-based garment contracting factory. Most Nova Fashions employees are members of ILGWU Local 129 which is one of three locals that make up the Nassau/Suffolk County District Council representing garment workers in Long Island.

Grimaldi was also charged with conspiracy and embezzling over \$10,000 from the ILGWU Coat and Suit Semi-Annual Work Bonus Fund by causing fund checks to be issued to ineligible persons. The fund is an employee benefit fund used to pay work bonuses to ILGWU workers.

In a separate but related indictment, Antonio Panepinto and Peter Nanfria, contractors who run the Brooklyn-based garment companies Bivona Coat & Suit, RO-IG Coat & Suit, and Valentino Via Venetto, were charged with mail fraud, falsifying contribution reports to the ILGWU funds, and embezzlement. Valentino and Nanfria allegedly falsified and mailed contribution reports that failed to report all reportable income to the funds. Under the terms of the collective bargaining agreement, all income received from work performed under the collective bargaining agreement must be reported to the ILGWU funds. Approximately \$800,000 in credits due the fund were used for other purposes.

Panepinto and Nanfria are also charged with bribing former ILGWU Local 89-22-1 business agent James Gurrieri by providing "no show" jobs to two of Gurrieri's sons. Gurrieri and his sons pled guilty to related charges on October 6, 1992, along with fifteen associates involved in the "no-show" scheme. Gurrieri used his influence as an ILGWU official to convince garment contracting firm owners in Brooklyn and Long Island to place relatives and associates in the no-show jobs. In return, Gurrieri received gifts, including cash and jewelry, from the no-show employees. These individuals remained on the payroll long enough to be eligible for union benefits and to collect unemployment insurance from New York State. The scheme resulted in the theft of over \$150,000 from ILGWU welfare funds and the New York State Unemployment Insurance Fund.

This investigation was conducted by the OIG with assistance from the U.S. Postal Inspection Service and the U.S. Department of Health and Human Services' Inspector General's Office. *U.S. v. Michael Grimaldi; U.S. v. Antonio Panepinto and Peter Nanfria; U.S. v. James Gurrieri* (E.D. New York)

Colorado Health Insurance Executives Plead Guilty In Multi-Million Dollar Fraud Scheme

Four executives and an escrow agent affiliated with the now defunct Denver, Colorado- based Cabot-Day Insurance Company, pled guilty in Federal district court in Philadelphia, Pennsylvania to racketeering charges. The pleas follow the defendants' January 1992 indictment in a health insurance fraud scheme.

Entering guilty pleas were Cabot-Day owner Frank L. O'Bryan, Englewood, Colorado, on November 18, 1992; legal counsel and president J. William Vanderveer, Castle Rock, Colorado, on March 16, 1993; former president Neil E. Smith, Aurora, Colorado, on October 23, 1992; vice president Robert M. Munroe, Aurora, Colorado, on November 18, 1992; and escrow agent Fred Dellorfano, Cohasset, Massachusetts, on February 19, 1993.

In their pleas, the defendants admitted that from October 1988 to August 1990, they defrauded nearly 12,000 medical insurance policy holders in fourteen States by using premium monies for their own personal expenses and paying expenses for other businesses owned or controlled by them. They caused in excess of \$5.5 million in premiums to be paid to them by policyholders and, of the approximately \$6.5 million in claims submitted, less than \$1 million in claims were paid.

Cabot-Day, which filed for bankruptcy in June 1990, was an offshore insurance company chartered in 1988 in Tortola, British Virgin Islands. However, neither it, nor its Denver- based holding company, Morgan-Puttnam Insurers, Ltd., was licensed to sell insurance in any State in the United States.

This investigation was conducted jointly by the OIG and the Postal Inspection Service with the assistance of the State insurance departments of Pennsylvania, Delaware, Texas, and Colorado. *U.S. v. Fred M. Dellorfano, Jr., et. al.* (E.D. Pennsylvania)

Former New York Union President and Secretary-Treasurer Indicted for Embezzling Union and Health Plan Funds

William Loeb, former president, and Helen Piasecki, former secretary-treasurer, of a New York union were indicted on October 20, 1992, for allegedly embezzling \$315,000 from the Consolidated Local Union 867, located in Jericho, New York, and its health plan for personal benefit. Also indicted was Peter Rezk, a San Francisco building contractor.

The indictment charged that between July 1988 and December 1990, Loeb and Piasecki embezzled more than \$165,000 from Local Union 867 and its health fund, using the money to buy a limousine, to pay a personal loan, and to pay gambling debts, personal travel expenses, and attorney's fees.

Loeb was also charged with embezzling \$50,000 from the Local Union 867 health plan to secure the extension of gambling credit from a casino in Puerto Rico. The indictment further alleged

Loeb and Rezk embezzled almost \$100,000 from Local Union 867's health fund by inflating the cost of renovating Local Union 867's office in Woodland Hills, California.

This investigation was conducted jointly by the OIG and the Department's Pension and Welfare Benefits Administration. *U.S. v. William S. Loeb, et. al.* (S.D. New York)

Two International Longshoremen's Association Administrators Sentenced in Benefit Fund Embezzlement Scheme

Ronnie A. Bell, former administrator of the International Longshoremen's Association (ILA) - Jacksonville Maritime Association Welfare and Pension Fund, and James E. Cushion, former assistant administrator of that fund, were sentenced on February 23, 1993, in Federal district court in Jacksonville, Florida on charges of conspiracy, embezzlement from an employee benefit plan, filing false reports with the Labor Department, and mail fraud. They were convicted in November 1992.

Bell was sentenced to 30 months' imprisonment and three years' supervised release. Cushion was sentenced to 25 months' imprisonment and three years' supervised release. Both defendants were ordered to make restitution of \$558,053 to the Container Royalty Fund and the ILA Welfare and Pension Fund.

The defendants embezzled \$278,622.32 from the welfare and pension fund. From approximately June 1983 to July 1989, Bell and Cushion had check signing authority and issued welfare and pension fund checks to themselves using a variety of methods, including unearned overtime and vacation pay, excessive retroactive raises, excessive and unauthorized bonuses, miscellaneous payments and salary advances.

Bell and Cushion also charged the fund certain travel expenses twice. Additionally, they issued unauthorized bonuses, excessive retroactive raises and salary advances to their staff. Both defendants took \$307,711.48 from the Jacksonville ILA Container Royalty Fund in a similar manner. The royalty fund is a supplemental income fund for the dock-workers who work 700 hours or more in the year on the docks.

Both men were fired in July 1989 for the mishandling of money belonging to the welfare and pension fund and the Jacksonville ILA Container Royalty Fund which the two also managed. According to the ILA representative, the embezzlement of the approximately \$307,000 by defendants Bell and Cushion over approximately six years resulted in the direct loss of between \$500 to \$600 to each qualified union member that worked the Jacksonville waterfront.

This investigation was conducted jointly by the OIG, the Federal Bureau of Investigation, and the Department's Pension and Welfare Benefits Administration. *U.S. v. Ronnie A. Bell, James E. Cushion* (M.D. Florida)

Kentucky Third Party Administrator Pleads Guilty in Insurance Fraud Schemes

Raymond A. Huelefeld, former president of Benefit Administrators, Inc., pled guilty on December 18, 1992, to charges of defrauding several Cincinnati-based employee benefit plans. His guilty plea to mail fraud is a result of two separate but related investigations.

In the first investigation, conducted by the OIG, Huelefeld pled guilty to a July 1992 indictment which charged that he fraudulently inflated the cost of stop-loss insurance premiums for employee benefit plans of four Cincinnati area businesses. Based upon Huelefeld's misrepresentations as to the true cost of the stop-loss insurance, the employer sponsors of the benefit plans provided approximately \$830,000 in excess payments to Huelefeld's company. Huelefeld converted the inflated amount to his own use.

In a separate investigation, conducted jointly by the Office of Labor Racketeering and the Department's Pension and Welfare Benefits Administration, Huelefeld pled guilty to a criminal information charging him with mail fraud. Huelefeld admitted he received in excess of \$60,000 in insurance premiums from the Farmers Group Medical Insurance Trust, a Birmingham, Michigan-based multiple employer welfare arrangement, yet failed to purchase insurance. *U.S. v. Raymond Anthony Huelefeld* (S.D. Ohio)

Labor-Management Relations

Lucchese Organized Crime Members and Painters Union Officials Indicted on Racketeering, Murder Conspiracy Charges

Nine individuals, including members of the Lucchese organized crime family, associates, and New York-area painters union officials were charged on October 30, 1992, with murder, racketeering, extortion, labor payoffs, money laundering, and conspiracy to defraud the Internal Revenue Service. The indictment charged several defendants with conspiring to murder James Bishop on May 17, 1990. Bishop was an official of New York City-based Painters Union District Council 9.

The indictment alleged that between 1978 and 1990, the New York metropolitan area painting industry was dominated by a Lucchese organized crime family enterprise. It controlled the awarding and performance of lucrative structural steel painting contracts through bid-rigging, illegal labor payoffs and extortion. The awards involved contracts such as those by the New York City Transit Authority. The indictment alleged this activity netted over \$4 million in kickbacks.

The defendants included: Edward Capaldo, Lucchese associate and former official of Painters Local Union 1486; Frank Arnold, Lucchese associate and painting contractor; Corrado "Dino" Marino, Lucchese associate; Paul Kamen, former official of Painters District Council 9; Daniel Rech, Lucchese associate and painting contractor; Robert Capaldo, son of Edward Capaldo and

currently an official of Local Union 1486; Joseph Costa, a current official of Local Union 1486; and Lucchese soldiers Richard Pagliarulo and Michael DeSantis.

The Racketeer Influenced Corrupt Organization (RICO) indictment filed in the Eastern District of New York is the result of a year-long investigation conducted jointly by the OIG, the New York County District Attorney's Office, the Federal Bureau of Investigation, the Internal Revenue Service, and the New York City Police Department. Assistance was also provided by the New York Metropolitan Transportation Authority. *U.S. v. Capaldo, et. al.* (E.D. New York)

Labor Racketeering Sting Nets Former Boston Teamster Official

James M. Moar, former vice president of Boston, Massachusetts-based Local Union 25 of the International Brotherhood of Teamsters (IBT), was arrested on December 21, 1992, by special agents of the OIG and the Federal Bureau of Investigation. The arrest follows Moar's November 1992 sealed indictment by a Federal grand jury in Boston for conspiracy to receive a labor bribe and interstate transportation in aid of racketeering.

Moar was named in a superseding indictment to a July 1992 indictment which similarly charged reputed Patriarca organized crime family figures. The indictments followed a lengthy undercover probe code named "Dramex." Moar was a long-time IBT Local Union 25 vice president and business agent who was defeated for re-election in December 1991. One of Moar's principal duties was the supervision of IBT members assigned to work on movie and television productions.

The undercover probe, "Dramex," involved the operation of a notional movie production company with offices in Santa Monica, California. The "company" sought to shoot movies without utilizing union labor, thereby realizing millions of dollars in savings from reduced payroll costs and incurring no expense for pension and medical insurance coverage of its employees. "Dramex" sought to identify union officials and organized crime associates who would solicit bribes to permit non-union work.

The indictment charged that between March 1989 and June 1990, Moar and the other defendants conspired to bribe labor union officers in return for assurances that the undercover company could film movies in Boston, Massachusetts; Providence, Rhode Island; and Las Vegas, Nevada without union personnel.

Francis P. Salemme, Jr., reputed organized crime member, was indicted in July 1992. Salemme is the son of Frank "Cadillac Frank" Salemme, Sr., believed to be the leader of the Patriarca organized crime family.

This investigation was conducted jointly by the OIG and the Federal Bureau of Investigation. *U.S. v. Francis P. Salemme, Jr., et. al.* (D. Massachusetts)

Internal Union Affairs

Newspaper and Mail Deliverers Union Officials, Members and Associates Indicted in Scheme to Monopolize Deliveries; Organized Crime Members and Associates Plead Guilty in Newspaper Theft Scheme

The New York City-based Newspaper and Mail Deliverers Union (NMDU) and 16 individuals were indicted on November 24, 1992, for corruption and related crimes under the New York State Organized Crime Control Act. On January 13, 1993, Douglas LaChance, president of NMDU, together with four individuals and two corporations were indicted in connection with a scheme to control all non-union distribution of newspapers through the New York metropolitan area. Both indictments were handed down by the New York County Supreme Court.

In the first indictment, the union and present and past officers were charged with taking part in the affairs of a corrupt enterprise called the "Newspaper Delivery Mob" (Mob). According to the indictment, NMDU and its agents in the Mob allegedly provided NMDU membership to the Mob's affiliates, stole the seniority rights of NMDU members, arranged for no show and ghost employees to be placed on the payrolls of firms that held NMDU contracts, protected bootleg operations, stole newspapers to supply these operations, and stole several thousand dollars from a strike fund set up by the Allied Printing Trades Union.

Certain members of the NMDU were also charged with being members of the James Carmine Galante Delivery Crew that conducted rackets which preyed upon employees at the Metropolitan News Company, a New York City-based wholesale newspaper delivery company. These rackets included loan sharking, assaults, larcenies and other crimes. These charges superseded an indictment returned on July 7, 1992, against the Galante crew.

Under the first indictment, NMDU union officials and members are also charged with receiving commercial bribes, receipt of bribes by union officials, falsifying business records, criminal contempt for refusing to testify before a grand jury, and perjury before a grand jury. Further, the Government had also asked the court to appoint a receiver to oversee the day-to-day operation of the NMDU.

In the January 13, 1993, indictment, NMDU president Douglas LaChance was charged with entering into a corrupt agreement with Vincent Orlando, defendant and a principal in several non-union delivery companies, to corner the market in the non-union delivery of the New York Daily News, the New York Post and El Diario throughout the New York City area. The indictment alleged LaChance became a silent partner in Orlando's delivery companies, and the members of the conspiracy approached management officials at all three papers in order to coerce or induce them to switch from the delivery services they were then using to one of Orlando's companies. LaChance used his official position at the NMDU to threaten the papers with labor unrest if they did not comply with this demand.

In the case of El Diario, a more complex kickback and bribery scheme was employed. In that scheme, Victor Garrido, defendant and the director of circulation at El Diario, and Peter Davidson, the owner of El Diario, formed a "consulting" company, Karnak Consulting Company, Inc. To induce El Diario to switch distributors, Orlando's companies paid a kickback to Karnak for every newspaper delivered. Monies in turn were paid Garrido and Davidson, despite the fact El Diario lost money by changing companies.

In addition to using his union power to coerce or induce newspapers to switch distribution companies, LaChance and his co-defendants threatened competing companies. In one instance, Orlando threatened a competing distribution company that the union would put it out of business unless he was made a partner. After refusing Orlando's demand, the company was in fact driven out of business with LaChance's help.

The indictment also charged LaChance with receiving a bribe from a labor official, grand larceny, other larcenies, extortions, coercions, and with having a prohibited financial interest in Orlando's company. The other defendants were also charged with similar larcenies and coercion in connection with these schemes. All of the defendants were indicted for violation of the Donnelly Act, which is New York State's anti-trust law, and for conspiring to violate this Act. Under the Donnelly Act, fines may be imposed in an amount of up to three times the economic damage, in this case, potentially \$18 million.

In a separate but related case, four individuals including Alfred Embarrato, a Bonnano organized crime family captain, and a newspaper distribution company, pled guilty to racketeering and related charges on March 22, 1993. The four individuals and the distribution company along with nine others had been charged in a June 1992 enterprise corruption indictment which alleged the defendants controlled the systematic theft and sale of New York Post newspapers. The criminal enterprise exercised its control by infiltrating the NMDU and using its members to facilitate the enterprise's activities.

This investigation was conducted jointly by the OIG, the New York State Police, and the Manhattan District Attorney's Office. *New York v. Newspaper and Mail Deliverers' Union of New York and Vicinity*; *New York v. Douglas A LaChance, et. al.*; *New York v. Robert Perrino, et. al.* (Supreme Court County of New York)

Former Los Angeles Teamsters Official Convicted on Mail Fraud and Embezzlement Charges

Earl D. Bush, former secretary-treasurer of the Los Angeles, California-based International Brotherhood of Teamsters (IBT) Local Union 399 was convicted on January 22, 1993, in Federal district court in Los Angeles on charges of union embezzlement and mail fraud.

Bush was convicted on charges that, during the period 1987 through August 1989, he embezzled approximately \$63,740 from Local Union 399 and the IBT by engaging in a pattern of double

billing both union entities for travel expenses, automobile allowances, and social security taxes. Bush also billed the IBT for travel expenses he did not incur. Bush was also convicted on charges that he utilized the mails in furtherance of the scheme by mailing requests for reimbursement of the fraudulently claimed expenses to the IBT International.

This investigation was conducted jointly by the OIG and the Federal Bureau of Investigation. *U.S. v. Earl D. Bush* (C.D. California)

Rochester Painters Union Official Pleads Guilty to Embezzlement from Painters Union Benefit Funds

Calvin R. King, business manager, International Brotherhood of Painters and Allied Trades Local Union 150, pled guilty on February 17, 1993, in Federal district court in Rochester, New York to a criminal information charging he embezzled \$2,000 from Local Union 150's welfare fund.

According to the indictment, King was the business manager of Local Union 150 and chairman of its employee benefit funds since 1970. King was also the president of the Rochester Building Trades Council. King admitted he engaged in a series of embezzlements from the local's pension and welfare funds, by having checks written to himself and charging personal expenses to the funds. He agreed to make restitution of \$17,170 to Local Union 150's funds and resign from all union and fund positions.

This investigation was conducted jointly by the OIG, the New York State Police, the Internal Revenue Service, and the Federal Bureau of Investigation, with audit assistance from the Department's Office of Labor Management Standards. *U.S. v. Calvin R. King* (W.D. New York)

EXECUTIVE DIRECTION AND MANAGEMENT

OFFICE OF RESOURCE MANAGEMENT AND LEGISLATIVE ASSESSMENT

Section 4(a) of the Inspector General Act of 1978 requires the Inspector General to review existing or proposed legislation and regulations. The Act also requires the Inspector General to make recommendations in a semiannual report to Congress concerning the impact of these legislative and regulatory proposals on the administration of the Department's programs. The Office of Resource Management and Legislative Assessment reviews legislative and regulatory proposals, reports OIG findings and concerns to the Congress, and provides the general management and support activities necessary to achieve the mission of the OIG.

The following section summarizes several important legislative and regulatory items of concern to the OIG.

LEGISLATION AFFECTING THE OPERATION OF DOL PROGRAMS

Targeted Jobs Tax Credit Program (TJTC)

Legislation was recently introduced in the 103rd Congress to permanently extend TJTC, which expired June 30, 1992. The intent of the TJTC program, administered jointly by the Departments of Treasury and Labor, is to stimulate the employment of members of specified target groups by offering tax incentives to employers to hire them.

Congress intended the program to be a hiring incentive to employers, rather than a windfall. In 1981, this intent of the Congress was underscored when the Congress eliminated a provision allowing retroactive certification of individuals already on employers' payrolls.

However, the OIG believes that recent audit results raise serious questions about the viability of this program. An OIG audit of the State of Tennessee's TJTC program (highlighted in the last OIG Semiannual Report) disclosed that participants of that program were employed at low-skill, high-turnover jobs. Furthermore, a report issued by the General Accounting Office (GAO) in 1991 found that over half of the employers sampled made no special effort to hire target group members. GAO's results raise a question as to whether the program is an employment generator to the extent intended by Congress.

Similarly, the OIG is finding that many employers hire individuals without TJTC eligibility as a deciding factor, and that screening for TJTC eligibility typically takes place after the hiring decision is made. The limited hiring directly attributed to TJTC implies a low return on the investment of Federal dollars. **During the program's upcoming reauthorization deliberations, the OIG urges the Department and the Congress to carefully consider TJTC's ability to produce a positive return on investment.**

Trade Adjustment Assistance Program (TAA)

The TAA program, authorized by the Trade Act of 1974, as amended, is scheduled to expire September 30, 1993. The purpose of the TAA program is to assist individuals who lost their jobs due to increased imports, by returning them to suitable employment as quickly as possible. Section 236(e) of the Trade Act defines a "suitable" job as one that pays at least 80 percent of the weekly average wage of the individual's former job. The 1988 amendments to the Trade Act changed TAA's emphasis by requiring, unless specifically waived, that participants enroll and make satisfactory progress in approved training as a condition for receiving basic Trade Readjustment Allowance benefits.

In its last Semiannual Report, the OIG discussed a September 1992 audit report on the State of Wisconsin's TAA program, which found that the program fell short of reaching the objectives of the Act. Although the main objective of the TAA program is to return affected workers to suitable employment, the OIG found that only 26 percent of the sample participants had obtained employment meeting the criterion set forth by the Act. Moreover, 69 percent of the participants in the sample enrolled in training while only 11 percent of those who finished the training found suitable employment related to the training received.

Since that time, the OIG has completed an audit of the State of Texas' TAA program (page 23 of this Report). The OIG has also initiated a nationwide review of the TAA program. The objectives of the nationwide review are to determine whether the TAA program assisted participants in obtaining suitable employment and to assess how the Department's Employment and Training Administration and the States have managed the program to ensure that it achieves its objectives.

The report on the Nationwide audit, due out this summer, will address the question, "Has TAA effectively made the transition from a compensation program to a training program as contemplated by the 1988 amendments?"

Pension Plan Audit and Enforcement Enhancement Amendments

Since 1984, through Semiannual Reports and congressional testimony, the OIG has raised its concern that hundreds of billions of dollars in employee pension funds are not being adequately safeguarded by annual audits. Currently, the Employee Retirement Income Security Act (ERISA) of 1974 does not require audits of plan assets that have been invested in entities such as savings and loans, banks, and insurance companies, which are regulated by Federal or State Governments. While the Congress intended to reduce duplication of auditing effort by limiting the scope of the audits, this exemption has created a dangerous loophole that needlessly risks the assets of pension plan beneficiaries.

Although, it has been assumed that these "exempted" institutions have been receiving adequate audit coverage from the other regulatory agencies, in general, these audits are sporadic and are

not primarily designed to test for ERISA violations. As a result, this limited scope audit exemption may be placing at risk a significant portion of the more than \$2 trillion in pension fund assets. Moreover, this exemption places at risk the Federal Government's assets -- a risk which ultimately must be borne by the American taxpayer -- because the Government guarantees the payment of pension benefits for defined benefit plans.

To improve the quality of pension plan audits, the OIG has long recommended the elimination of ERISA's limited scope audit provision which allows funds held in federally regulated entities to escape scrutiny, and a requirement that independent public accountants (IPAs) undergo a peer review for their qualification to conduct ERISA-related audits. During this reporting period, the Department of Labor took no action to address this issue. **Active DOL support for repealing the limited scope audit exemption is essential for the protection of the pensions of the Nation's retirees.**

Employer-Sponsored Health Insurance Plan Fraud: Multiple Employer Welfare Arrangements (MEWAs)

The rising cost of health care has focused considerable national attention on the issue of health insurance. One of the facets of this national problem that has come to our attention has been the rapid growth of fraudulent employer-sponsored health care schemes. With the rising costs of health insurance and the reduced availability of coverage, many of the Nation's small employers have found that they are no longer able to obtain affordable health insurance for their employees. Small employers, who lack any "market clout" to negotiate lower rates on their own, frequently enter into Multiple Employer Welfare Arrangements, or MEWAs.

MEWAs are self-funded health care trust arrangements that pool together a number of small employers into a single group that shares both the health care premiums and the claims risks. Small employers frequently enter into these arrangements under the impression that the premiums they are paying provide bona fide health insurance for their employees. Criminal investigations by the OIG's Office of Labor Racketeering (OLR) have found, however, that some unscrupulous MEWA operators have paid small initial claims while diverting premium dollars to their own accounts. A number of these fraudulent operations have collapsed leaving tens of thousands of victims who thought that they had health insurance with tens of millions of dollars in unpaid claims. While not all MEWAs are fraudulent enterprises, the impact of a fraudulent MEWA scheme can be felt by thousands of people and their families.

Currently, the first line of defense against this type of insurance fraud has been State regulation. However, the OIG has found in many cases that when States have attempted to regulate these health care arrangements, MEWA operators have claimed that the Federal ERISA statute preempts any State regulation. In some instances, these fraudulent health insurance plans have been sponsored by "bogus" unions that have been created solely for the purpose of evading State regulators. In other cases, "employee leasing" schemes have been used to evade regulatory requirements. While the courts invariably have found that such entrepreneurial MEWAs are not employee benefit plans under ERISA, these ERISA preemption claims have greatly delayed, if

not entirely halted, State insurance enforcement efforts. ERISA preemption claims have allowed these schemes additional months to be marketed and to accumulate millions of dollars more in premiums.

In order to stem the growth of these fraudulent schemes that have victimized so many workers and their families, the OIG has long recommended legislative changes to ERISA that would:

- Clarify Federal and State regulatory authorities with respect to MEWAs;
- Require MEWAs to register with the Department of Labor annually;
- Require MEWAs to notify the State in which they intend to offer or provide benefits; and
- Grant the Secretary of Labor the authority to obtain court injunctions forcing MEWAs to cease operations in certain circumstances.

During this reporting period, the Department of Labor has taken no action to address this issue. The OIG was encouraged, however, by the introduction of H.R. 1272, a bill which defines and sets specific standards to which MEWAs and their operators must comply. **DOL support for such legislation is needed to appropriately address this problem.**

Occupational Safety and Health

The Department of Labor took no action during this reporting period to address the OIG's longstanding concern that the Department only minimally relies on criminal enforcement of worker safety and health laws. The former Inspector General, Julian W. De La Rosa, testified before the House Committee on the Judiciary, that an increased use of criminal penalties by the Occupational Safety and Health Administration (OSHA) is needed in cases of repeated, wilful violations of the laws that have been passed to protect the safety and health of American workers. In the view of the OIG, the use of criminal penalties -- when appropriate -- would strengthen OSHA's civil enforcement efforts and serve as a real deterrent to those who purposely disregard workers' safety.

The OIG is encouraged by the recent introduction of H.R. 1280 and S. 575, the "Comprehensive Occupational Safety and Health Act of 1993," as these companion bills incorporate the criminal sanctions that are necessary to protect our Nation's workforce. **However, active DOL support for such legislation is needed.**

Federal Employees' Compensation Act (FECA)

In its previous Semiannual Report, the OIG recommended that the Department pursue legislative changes to the Federal Employees' Compensation Act to provide the Office of Workers'

Compensation Programs (OWCP) with the authority to terminate Federal workers' compensation benefits being received by individuals incarcerated for committing FECA fraud or other unrelated crimes. This authority is not presently available under the existing workers' compensation statute. As a result, imprisoned individuals can continue to receive their benefits while they are in jail.

The OIG encourages the amendment of the FECA fraud statute (Title 18 United States Code, section 1920) to upgrade a conviction for defrauding the FECA program from a misdemeanor to a felony, and to change the wording in the statute so that it is clear that it covers any false statement made in connection with a claim for FECA benefits. The OIG also supports legislation to terminate the benefits of anyone convicted of fraud in connection with the application or receipt of FECA benefits. Likewise, OIG supports legislation to suspend FECA payments to all incarcerated FECA claimants. These changes would enhance the deterrent effect of the statute and the Government's ability to punish those who defraud the program. These positions are also supported by the Department's Employment Standards Administration and the Office of the Solicitor.

Enforcement of the Minimum Wage and Overtime Provisions of the Fair Labor Standards Act (FLSA)

Last year, the House Government Operations Committee and the Senate Appropriations Committee held hearings to review the enforcement of minimum wage and overtime provisions of the Fair Labor Standards Act (FLSA) by the Department's Wage and Hour Division (WHD). During those oversight reviews, both Committees referenced an OIG audit, issued in September 1991, which focused on the effectiveness of the WHD's enforcement of the FLSA. The audit report disclosed the need for improvements in WHD's detection of FLSA violations and management of its information system.

In his testimony before the Senate Appropriations Committee, the former Inspector General recommended improvements to the Act itself. Specifically, the IG called for changes in the FLSA to provide civil monetary penalties for not keeping accurate payroll records; to require that unclaimed back wages resulting from an administrative settlement be deposited in the U.S. Treasury; to require an increased use of criminal penalties for repeat violations of the FLSA minimum wage and overtime provisions; and to change the statute of limitations to prevent the amount of back wages owed from being eroded as a result of DOL inactivity or employer stalling tactics. **During this reporting period, the Department of Labor has taken no action concerning this issue. DOL support for such legislative changes is needed to appropriately address this problem.**

PRESIDENT'S COUNCIL ON INTEGRITY AND EFFICIENCY ACTIVITIES

The President's Council on Integrity and Efficiency (PCIE) was established by Executive Order in 1981. The PCIE is focused on two primary objectives: mounting collaborative efforts to address integrity, economy, and effectiveness issues that transcend the boundaries of individual Federal agencies; and increasing the professionalism and effectiveness of IG personnel throughout the Government.

The PCIE is chaired by the Deputy Director for Management of the Office of Management and Budget, and its members include the Controller of the Office of Federal Financial Management, the Associate Deputy Director for Investigations of the Federal Bureau of Investigation, the Director of the Office of Government Ethics, the Special Counsel of the Office of Special Counsel, the Vice Chair of the Executive Council on Integrity and Efficiency, the Deputy Director of the Office of Personnel Management, and the 26 Presidentially-appointed Inspectors General who must be confirmed by the Senate.

During this reporting period, former Inspector General Julian W. De La Rosa served as Vice Chair of the President's Council on Integrity and Efficiency. In his capacity as Vice Chair, Mr. De La Rosa assisted the Chair in carrying out the functions of the Council and served on many interagency committees, representing the interests of the Council. In addition, he represented the Council at many speaking engagements.

Task Force on Improved Financial Management and Implementation of the Chief Financial Officers (CFO) Act

The Chief Financial Officers (CFO) Act established audit requirements for the Inspectors General to ensure the audits of Federal financial statements. The IGs, through their audits of financial statements and related performance measures, will have a significant contribution to make to the overall goal of the Act, improved financial management for the Federal Government. The Task Force on Improved Financial Management and Implementation of the Chief Financial Officers Act was established in October 1991 to support the efforts of the Inspectors General to implement the CFO Act. Former Inspector General De La Rosa chaired this Task Group from August 1992 to March 1993.

The DOL OIG leads the preparation of the Final Report of the PCIE Task Force on Improved Financial Management and Implementation of the Chief Financial Officers Act. This report supports IG performance of CFO Act financial statement audits by offering recommendations on audit methodology and policy; using OIG staff versus independent public accountants; auditors' assistance to management; reporting on financial management audits; auditor training for CFO Act implementation; comments on proposed accounting and auditing standards; reporting on costs and benefits of the CFO Act; and auditing management's overview of the reporting entity, including performance management.

On March 17, 1993, the Department of Labor's OIG issued a PCIE Federal Financial Statement Audit Manual. This manual is the final product of the PCIE's Task Force on Improved Financial Management and Implementation of the CFO Act. The manual contains financial statement audit guidelines for IGs to use in formulating their individual financial audit policies. Additionally, the manual is designed to identify areas that should be addressed in a Federal financial statement audit. For each phase of a financial statement audit, the manual presents audit objectives, recommended policies, authoritative references, and suggested audit procedures.

SPECIAL PROJECTS OFFICE

Review of OSHA Region II Fatality Investigation Report No. 01-SPO-93-OSH; issued February 22, 1993

In response to congressional testimony critical of OSHA's investigation of a fatal New York City construction accident, the OIG's Special Projects Office conducted a review of that OSHA investigation. The OIG found no conclusive evidence to substantiate claims made on May 28, 1992, in a hearing before the Subcommittee on Crime and Criminal Justice of the House Committee on the Judiciary, that the employee's death resulted from a wilful violation of OSHA safety and health standards. Moreover, the OIG concluded that OSHA's investigation complied with the regulations and procedures in effect at the time of the accident. **The review recommended that OSHA strengthen its procedures relative to contacts with local authorities, clarify the definition of repeated violations, and improve its automated information system.**

Audit Schedules and Tables

Money Owed the Department of Labor For the Period October 1, 1992 - March 31, 1993

Program Name	Beginning Balance		Debt Established During Period	New Appeals	Collections During the Period			Write-offs			Adjustments Due to:			Ending Balance	
	In Collection	Under Appeal			Cash	Offset	Other	Compromise	Termination	Overturned	Appeals	Revised Management Decision	In Collection	Under Appeal	
ESA	19,657,211	6,604,910	10,974,701	6,593	7,274,891	0	152,820	745,247	510,578	0	1,334,649	9,434,953	11,172,181	6,611,503	
FECA Black Lung -Disability Trust Fund	4,072,647	100,683,069	9,882,049	(7,787,500)	5,839,517	0	0	3,872,482	7,033,118	0	0	4,997,079	0	92,893,569	
ETA	22,432,984	18,886,799	872,040	800,257	1,576,418	0	10,324	92,690	259,660	36,975	(150,869)	12,519,072	8,649,343	19,223,385	
CETA	15,008,485	22,939,988	5,391,305	14,421,380	3,167,514	5,482	374	0	292,285	219,396	788,064	663,053	2,538,732	35,884,274	
JTPA	37,928	8,141,892	2,697	0	2,697	0	0	0	11,044	0	59,921	0	0	8,108,855	
UI/SEA															
MSHA Assessments/Minor Operator Civil Penalties	16,145,923	12,521,399	13,983,306	0	9,010,516	0	0	2,654,117	0	0	0	13,593,027	3,195,299	14,177,669	
OSHA Civil Penalties -From Business -From State Grants	36,376,601	83,684,866	35,934,395	5,253,910	36,075,940	0	0	2,274,825	0	0	(400,000)	20,903,713	15,904,960	81,234,424	
BLS	123,717	0	244,338	0	278,684	0	0	0	0	0	0	33,121	56,250	0	
PWBA	1,007,009	0	35,639,465	0	32,573,500	0	0	0	0	0	2,223,000	1,267,970	182,004	0	
OASAM	222,386	0	230,327	0	234,117	0	0	0	0	0	0	217,849	747	0	
Total	115,084,891	253,462,923	113,444,109	12,694,640	96,743,280	5,482	10,374	9,639,161	8,106,685	256,371	3,854,765	63,629,837	41,699,516	258,139,679	

Explanations:

Figures provided by agencies are estimates and are unaudited.

Differences between beginning balances on this schedule and ending balances on the prior period schedule result from adjustments made during the period. Almost all delinquent debt has either been referred to DOJ for collection action or is in the process of referral.

Collections during the period includes: money which had been under appeal, subsequently had a debt established, and money collected.

Definitions:

Collections: Includes cash, offsets, property, repayment agreements; any amount more than 30 days overdue is delinquent

Under appeal: Formal process in which program recipient/auditee appeals program agency's determination; amounts are "contingent" receivables--not available for collection

Write-Offs: Result from agency administrative procedures to write off uncollectible receivables, a/k/a bad debt

Adjustments due to appeals: Adjustments of contingent receivables which result from Administrative Law Judge/Judicial process (includes agency actions overturned & compromises)

Adjustments due to audit resolution: Adjustments of contingent receivables which result from reclassification of disallowed costs based on documentation submitted after audit resolution

**Summary of Audit Activity of DOL Programs
October 1, 1992 - March 31, 1993**

Agency	Reports Issued	Grant/Contract Amount Audited ¹	Questioned Costs	
			Unsupported	Other ²
OSEC	4	\$ 0	\$ 0	\$ 0
ETA	161	584,771,172	3,593,448	7,096,894
ESA	2	111,352,953	0	0
MSHA	1	46,471	0	0
OASAM	9	359,983,331	535,597	51,936
SOL	1	0	0	0
OSHA	3	468,801	46,065	0
Multi-Agency	21	2,290,771,394	16,549,911	0
Totals	202	\$3,347,394,122	\$20,725,021	\$7,148,830

¹Grant/Contract Amount Audited are overstated because, in some cases, expenditures were audited at more than one level as funds were passed down from Department to program agency to program office to grantee/contractor to subrecipient.

²Other Questioned Costs include \$51,936 in Funds Recommended for Better Use as reported in Audit Reports 06-93-006-07-001, \$22,236 and 18-93-004-07-730, \$29,700.

Summary of Audit Activity of ETA Programs
October 1, 1992 - March 31, 1993

Program	Reports Issued	Grant/Contract Amount Audited	Questioned Costs	
			Unsupported	Other
ADMIN	1	\$ 0	\$ 0	\$ 0
UIS	5	19,703,788	164,784	4,753,359
OTAA	2	610,174	0	187,250
JTPA	24	389,336,786	2,669,904	1,878,508
CETA	2	14,977	0	0
OSTP	1	391,581	0	0
DINAP	88	34,661,795	284,316	277,744
DOWP	4	62,344,082	311,948	0
DSFP	24	38,840,963	9,232	33
OJC	8	37,582,929	148,223	0
OSPPD	2	1,284,097	5,041	0
Totals	161	\$584,771,172	\$3,593,448	\$7,096,894

**Summary of Audits Performed Under the Single Audit Act
October 1, 1992 - March 31, 1993**

Agency	Entities Audited	Reports Issued	DOL Grant/Contract Amount Audited	Questioned Costs	
				Unsupported	Other
ETA	73	131	\$ 529,275,434	\$ 351,111	\$33
MSHA	0	1	46,471	0	0
OSHA	2	2	129,147	0	0
Multi-Agency	8	21	2,290,771,374	16,550,061	0
Totals	83	155	\$2,820,222,446	\$16,901,172	\$33

Note: DOL has cognizant responsibility for specific entities under the Single Audit Act. More than one audit report may have been transmitted or issued for an entity during this time period. Reports are transmitted or issued based on the type of funding and the agency/program responsible for resolution. During this period, DOL issued reports on 83 entities for which DOL was cognizant; in addition, DOL issued 72 reports which included direct DOL funds for which DOL was not cognizant.

Summary of Audits Performed Under the Single Audit Act
Multi-Agency Program Reports
October 1, 1992 - March 31, 1993

Program	Number of Recommendations	Questioned Costs	
		Unsupported	Other
ETA:			
UIS	8	\$ 97,112	\$0
SESA	3	161,233	0
JTPA	12	16,233,205	0
DINAP	2	58,361	0
Totals	25	\$16,549,911	\$0

Note: Multi-Agency Program Reports relate to Single Audit reports. The report may be on a statewide audit where DOL has accepted "lead" cognizance or it may be on a single entity under the direct responsibility of DOL. If multiple DOL programs were audited, the multi-agency designation was used. Individual recommendations within the report designate which agency/program is responsible for resolution. Twenty-five recommendations are contained within the 21 multi-agency reports issued this period.

Audits by Non-Federal Auditors
PCIE Semiannual Reporting - Summary Results of IG Reviews
Six Months Ended March 31, 1993

	A-128/102-P Audits			A-133/110 Audits			Grand Total
	Independent Public Accountant	State & Local Auditor	Total	Independent Public Accountant	State & Local Auditor	Total	
1. Reports Issued Without Change or With Minor Changes							
A. Based on Desk Review	107	10	117	34	0	34	151
B. Based on QCR	2	0	2	0	0	0	2
Total Without Change or With Minor Changes	109	10	119	34	0	34	153
2. Reports Issued With Major Changes							
A. Based on Desk Review	0	0	0	0	0	0	0
B. Based on QCR	0	0	0	0	0	0	0
Total With Major Changes	0	0	0	0	0	0	0
3. Reports With Significant Inadequacies							
A. Based on Desk Review	1	0	1	0	0	0	1
B. Based on QCR	1	0	1	0	0	0	1
Total Reports with Significant Inadequacies	2	0	2	0	0	0	2
4. Number of Auditors Referred to State Boards/AICPA	0	0	0	0	0	0	0
5. Number of Auditors Which Other Sanctions Were Taken	0	0	0	0	0	0	0
6. Unsupported Costs in Reports With Direct Funded Findings	\$13,061,791	\$3,717,336	\$16,779,127	\$121,895	\$0	\$121,895	\$16,901,022
7. Sustained Unsupported Costs	\$471,981	\$14,394	\$487,375	\$967	\$0	\$967	\$488,342
8. Recovered Unsupported Costs	\$1,702,618	\$563,661	\$2,266,279	\$0	\$0	\$0	\$2,266,279
9. Other Costs Questioned in Reports With Direct Funded Findings	\$33	\$0	\$33	\$0	\$0	\$0	\$33
10. Sustained Other Questioned Costs	\$33	\$523,946	\$523,979	\$0	\$0	\$0	\$523,979
11. Recovered Other Questioned Costs	\$33	\$904	\$937	\$0	\$0	\$0	\$937

STATISTICAL TABLE

1. Reports Issued Without Change or With Minor Changes
 - A. Based on Desk Review
 - B. Based on QCR
- Total Without Change or With Minor Changes
2. Reports Issued With Major Changes
 - A. Based on Desk Review
 - B. Based on QCR
- Total With Major Changes
3. Reports With Significant Inadequacies
 - A. Based on Desk Review
 - B. Based on QCR
- Total Reports with Significant Inadequacies
4. Number of Auditors Referred to State Boards/AICPA
5. Number of Auditors Which Other Sanctions Were Taken
6. Unsupported Costs in Reports With Direct Funded Findings
7. Sustained Unsupported Costs
8. Recovered Unsupported Costs
9. Other Costs Questioned in Reports With Direct Funded Findings
10. Sustained Other Questioned Costs
11. Recovered Other Questioned Costs

**Summary of Audit Resolution Activity
Questioned Costs
October 1, 1992 - March 31, 1993**

Agency/ Program	October 1, 1992		Issued (Increases)		Resolved (Decreases)		Disallowed		March 31, 1993	
	Balance Unresolved Reports	Dollars	Reports	Dollars	Reports	Allowed	Disallowed	Reports	Balance Unresolved Reports	Dollars
OSEC	0	\$ 0	4	\$ 0	2	\$ 0	\$ 0	3	\$ 0	0
VETS	1	0	0	0	1	0	0	0	0	0
ETA:										
ADMIN	2	0	1	0	0	0	0	3	0	0
OFCMS	0	0	0	0	0	0	0	0	0	0
UIS	1	0	5	4,918,143	2	0	0	4	4,918,143	0
USES	1	0	0	0	1	0	0	0	0	0
FLC	0	0	0	0	0	0	0	0	0	0
SESA	0	0	0	0	0	0	0	0	0	0
OTAA	2	394,825	2	187,250	1	0	0	0	0	0
JTPA	27	18,415,392	24	4,548,412	27	1,038,415	1,505,712	24	20,448,228	582,075
CETA	2	285,934	2	0	4	0	285,934	0	0	0
OSTP	0	0	1	0	0	0	0	1	0	0
DINAP	19	305,547	88	562,060	86	2,468	303,097	21	562,042	0
DOWP	3	17,079	4	311,948	4	8,711	8,368	3	311,948	0
DSFP	4	755,005	24	9,265	22	66,602	688,436	6	9,232	0
OJFC	16	928,607	8	148,223	17	345,233	373,743	7	358,918	0
BAT	0	0	0	0	0	0	0	0	0	0
OSPPD	1	380,368	2	5,041	1	0	0	2	385,409	0
ESA	2	11,373	2	0	4	98	11,275	0	0	0
OLMS	0	0	0	0	0	0	0	0	0	0
MSHA	2	0	1	0	3	0	0	0	0	0
OASAM	18	11,997,560	9	535,597	7	446,063	453,808	20	11,633,286	0
SOL	0	0	1	0	1	0	0	0	0	0
OIG	0	0	0	0	0	0	0	0	0	0
OSHA	4	323,850	3	46,065	5	0	309,486	2	60,429	0
BLS	0	0	0	0	0	0	0	0	0	0
PWBA	0	0	0	0	0	0	0	0	0	0
Multi-Agency	23	12,567,635	21	16,549,911	30	11,762,031	690,817	14	16,664,698	0
Other Agencies	0	0	0	0	0	0	0	0	0	0
TOTAL	128	\$46,383,175	202	\$27,821,915	217	\$13,669,621	\$4,630,676	113	\$55,934,408	

DOLLARS represent both unsupported (inadequately documented) costs and questioned (alleged violation of law, regulation, contract, etc.; or unnecessary or unreasonable) costs.

DISALLOWED COSTS includes \$20,383 of additional claim amounts. Additional claim amounts occur when the grant/contract officer disallows an amount in addition to the finding amount.

AUDIT RESOLUTION occurs when the program agency and the OIG agree on action to be taken on reported findings and determinations. Thus, this table does not represent any activity subsequent to management's final action such as results of the appeals process or program agency debt collections. Information such as this may be found in the Secretary's Report to Congress. See Financial Management Section for discussion on revision of prior management decisions.

DIFFERENCES between the beginning balance of this schedule and the ending balance of the previous Semiannual Report result from adjustments during the period.

Summary of Audit Resolution Activity
Unsupported Costs
October 1, 1992 - March 31, 1993

Agency/ Program	October 1, 1992		Issued (Increases)		Resolved (Decreases)		March 31, 1993	
	Balance Unresolved	Reports	Reports	Dollars	Allowed	Disallowed	Reports	Dollars
OSEC	\$0	0	0	\$0	\$0	\$0	0	\$0
VETS	0	0	0	0	0	0	0	0
ETA:								
ADMIN	0	0	0	0	0	0	0	0
OFCMS	0	0	0	0	0	0	0	0
UIS	0	0	1	164,784	0	0	1	164,784
SESA	0	0	0	0	0	0	0	0
OTAA	1	93,572	0	0	0	0	1	93,572
JTPA	13	7,948,327	9	2,669,904	819,670	237,663	15	9,560,898
CETA	2	285,934	0	0	0	285,934	0	0
DINAP	8	305,547	10	284,316	2,468	303,097	9	284,298
DOWP	2	17,079	2	311,948	8,711	8,368	2	311,948
DSFP	2	755,005	1	9,232	66,602	688,403	1	9,232
OJC	10	911,593	3	148,223	328,219	373,743	4	358,918
OSPDP	1	380,368	1	5,041	0	0	2	385,409
ESA	0	0	0	0	0	0	0	0
MSHA	0	0	0	0	0	0	0	0
OASAM	11	11,953,822	4	535,597	446,063	453,808	12	11,589,548
OIG	0	0	0	0	0	0	0	0
OSHA	1	14,364	1	46,065	0	0	2	60,429
Multi-Agency	11	12,006,533	9	16,549,911	11,724,875	166,871	10	16,664,698
Other Agency	0	0	0	0	0	0	0	0
TOTAL	62	\$34,672,144	41	\$20,725,021	\$13,396,608	\$2,517,887	59	\$39,483,734

These unsupported costs are incorporated into the "Summary of Audit Resolution Activity" schedule on the previous page. They are broken out as required by P.L. 100-504.

Summary of Audit Resolution Activity
Funds Put to Better Use
October 1, 1992 - March 31, 1993

Agency/ Program	October 1, 1992		Issued (Increases)		Resolved (Decreases)		March 31, 1993	
	Balance Unresolved		Dollars		Management		Balance Unresolved	
	Reports	Dollars	Reports	Dollars	Disagreed	Agreed	Reports	Dollars
OSEC	0	\$ 0	0	\$ 0	\$0	\$ 0	0	\$ 0
ETA:								
DSFP	0	0	0	0	0	0	0	0
OJC	0	0	0	0	0	0	0	0
ESA	0	0	0	0	0	0	0	0
OASAM	2	41,810,479	2	51,936	0	622,759	3	41,239,656
TOTAL	2	\$41,810,479	2	\$51,936	0	\$ 622,759	3	\$41,239,656

¹ Management Agreed Costs includes \$65,680 of additional claim amounts. Additional claim amounts occur when the grant/contract officers agrees to an amount in addition to the finding amount.

**Unresolved Audits Over 6 Months
October 1, 1992 - March 31, 1993**

Agency	Program	Audit Report Number	Name of Audit/Auditee	No of Rec	Questioned Costs
Under Litigation:					
ETA	JTPA	04-92-014-03-340	DENNIS AND ASSOCIATES - SC	4	\$ 2,774,604
ETA	JTPA	04-92-030-03-340	DENNIS AND ASSOCIATES, INC	4	120,491
ETA	JTPA	05-91-012-03-340	SEATTLE KING CO OJT BROKER	2	29,221
ETA	JTPA	05-91-046-03-340	LOS ANGELES OJT PLACEMENTS	4	884,778
MULTI	ALLDOL	03-89-083-50-598	COMMONWEALTH OF PA	1	78,270
MULTI	ALLDOL	03-91-012-50-598	COMMONWEALTH OF PA	1	29,539
Awaiting Resolution:					
ETA	ADMIN	12-92-021-03-001	UNEMPLOY TRUST FUND FY 91 ¹	5	0
ETA	ADMIN	12-92-022-03-001	ETA FY 91 FIN STMTS ²	7	0
ETA	JTPA	05-91-054-03-330	SEL ELEM OF TAA ADMIN BY MESC ³	12	394,825
ETA	JTPA	04-92-021-03-340	FL UNRESTRICTED FND BAL/COMP ⁴	4	4,742,947
ETA	JTPA	05-92-012-03-340	BALTIMORE CLASSROOM TRNG ⁵	5	38,907
ETA	JTPA	06-91-013-03-340	NATIONAL ALLIANCE OF BUSINESS ⁶	1	0
ETA	JTPA	06-91-019-03-340	DENVER SDA ⁷	2	572,400
ETA	JTPA	06-92-010-03-340	EAST TEXAS CNCL OF GOVERN ⁵	13	5,780,925
ETA	DOWP	18-92-031-03-360	NATL PACIFIC/ASIAN RESOURCE ⁸	4	0
ETA	OJC	18-92-034-03-370	NATL MARITIME UNION ⁹	5	0
ETA	OSPPD	02-92-256-03-380	WATERBURY, DEPT OF EMP ¹⁰	7	380,368
OASAM	ADMIN	12-91-009-07-001	FY 90 CONSOLIDATED FIN STMTS ¹¹	15	0
OASAM	ADMIN	12-92-002-07-001	FY 91 CONSOLIDATED FIN STMTS ¹¹	23	0
OASAM	OA	12-92-027-07-711	PREMIUMS REMIT TO HEALTHPLUS ¹²	1	0
OASAM	OA	12-92-029-07-711	ACCOUNTS PAYABLE, UNDELIVER ¹¹	4	0
OASAM	OPS	12-92-015-07-754	MERIDIAN RESEARCH, INC ¹³	21	492,097
OSHA	OSHAG	18-92-021-10-101	JOHN GRAY INSTITUTE ¹⁴	1	0
Pending Indirect Cost Negotiations:					
OASAM	OPGM	05-90-049-07-735	ILLINOIS CMS, BCCS ¹⁵	1	7,917,169
OASAM	OPGM	18-91-007-07-735	TAG - INDIRECT COSTS ¹⁵	4	43,738
OASAM	OPGM	18-91-024-07-735	NATL GOVERNORS ASSOCIATION ¹⁵	3	646,002
OASAM	OPGM	18-91-035-07-735	OIC OF AMERICA DIRECT & IND ¹⁵	13	481,785
OASAM	OPGM	18-91-042-07-735	HOME BUILDERS INSTITUTE ¹⁵	13	285,112
OASAM	OPGM	18-92-013-07-735	HTB, INC - DMJM/HTB JOINT VEN ¹⁵	1	213,905
OASAM	OPGM	18-92-016-07-735	NTL ASSOC OF COUNTIES ¹⁵	3	694,785
OASAM	OPGM	18-92-024-07-735	NTL CONF OF BLACK MAYORS ¹⁵	12	194,850
OASAM	OPGM	18-92-026-07-735	TECH ASST GROUP ¹⁵	4	131,144
ETA	OJC	18-92-027-03-370	LEO A. DALY FY 87 ¹⁵	2	210,695
TOTAL AUDIT EXCEPTIONS:				202	\$27,138,557

Notes are located on the following page.

Notes to "Unresolved Audits Over 6 Months Precluded From Resolution"

¹Management took exception to our recommendations. We are pursuing management's position during the FY 92 audit.

²Management did not respond to two recommendations. Management is exploring alternative corrective action for the remaining two recommendations.

³ETA issued a formal notice to the Michigan Employment Security Commission on March 20, 1992, in accordance with the TAA regulations at 20 CFR 617.52(c). ETA completed a desk review of MESC's response and a field review. They recommended that a new or revised notice be issued to MESC.

⁴The initial determination was withdrawn following our objections to methodology ETA used to determine allowable costs. Subsequently, ETA issued a revised determination which allowed approximately \$2.7 million of the \$4.7 million questioned in our audit report. We are reviewing documentation submitted by the auditee and considered by ETA in preparing the revised determination.

⁵The States have 180 days to issue a Final Management Decision. Program Agencies and OIG have an additional 180 days to accept the State-level decision.

⁶As indicated in the previous semiannual report, page 37, OIG considers this report unresolved.

⁷OIG disagreed with ETA's decision and notified ETA of the disagreement. OIG and ETA will meet to resolve the issue or elevate.

⁸Resolution action on this report is being coordinated with a related report issued in December 1992.

⁹ETA is preparing a response to the OIG.

¹⁰An initial determination will be issued by April 21, 1993.

¹¹Resolution of these reports will depend on the results of the current year projects in these areas.

¹²Although management concurred with the condition identified, they have not proposed a viable corrective action plan.

¹³Management provided an additional response subsequent to the end of the period. We have reached agreement in principle.

¹⁴OSHA is preparing a response to the OIG.

¹⁵OMB Circular A-50 does not require resolution within 180 days.

**Summary of Final Action Activity
Disallowed Costs
October 1, 1992 - March 31, 1993**

Agency Program	October 1, 1992		Resolved (Increases)		Reports		Final Action (Decreases)		Recovered		March 31, 1993	
	Balance No Final Action Reports	Disallowed Dollars	Reports	Disallowed Dollars	Reports	Write-Offs Dollars	Reports	Write-Offs Dollars	Reports	Dollars	Balance No Final Action Reports	Dollars
OSEC	2	\$ 36,148	1	\$ 0	2	\$ 0	0	\$ 0	0	\$ 0	1	\$ 36,148
VETS	4	539,828	1	0	2	0	0	0	1,638	0	3	538,190
ETA:												
ADMIN	8	0	0	0	1	0	0	0	0	0	7	0
OFAM	3	1,615,010	0	0	0	0	0	0	0	0	3	1,615,010
UIS	11	55,125,459	2	0	2	0	0	0	0	0	11	55,125,459
USES	0	0	1	0	1	0	0	0	0	0	0	0
SESA	17	11,266,539	0	0	7	0	0	0	5,369,218	0	10	5,897,321
OTAA	1	1,911,839	1	0	1	0	0	0	0	0	1	1,911,839
JTPA	44	67,255,160	27	1,505,712	24	48,064	892,475	0	0	0	47	67,820,333
CETA	31	27,537,686	4	285,934	7	53,376	532,676	0	0	0	28	27,237,568
OSTP	7	1,095,222	0	0	3	87,068	700	0	0	0	4	1,007,454
DINAP	93	8,324,543	86	303,097	83	1,444,780	122,047	0	0	0	96	7,060,813
DOWP	8	426,139	4	8,368	4	9,199	33,702	0	0	0	8	391,606
DSFP	26	3,805,989	22	688,436	21	8,994	10,927	0	0	0	27	4,474,504
O/C	54	2,471,938	17	373,743	13	2,050	84,301	0	0	0	58	2,759,330
OSPPD	6	118,323	1	0	1	0	0	0	0	0	6	118,323
ESA	10	0	4	11,275	4	0	0	0	0	0	10	11,275
OLMS	0	0	0	0	0	0	0	0	0	0	0	0
MSHA	0	0	3	0	1	0	0	0	0	0	2	0
OASAM	19	13,622,606	7	453,808	3	0	2,039	0	0	0	23	14,074,375
SOL	1	0	1	0	0	0	0	0	0	0	2	0
OIG	0	0	0	0	0	0	0	0	0	0	0	0
OSHA	8	90,760	5	309,486	4	0	309,486	0	0	0	9	90,760
BLS	0	0	0	0	0	0	0	0	0	0	0	0
PWBA	2	0	0	0	0	0	0	0	0	0	2	0
Multi-Agency	72	12,991,543	30	690,817	19	0	151	0	0	0	83	13,682,209
Other Agency	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL	427	\$208,234,732	217	\$ 4,630,676	203	\$ 1,653,531	\$ 7,359,360	\$ 7,359,360	\$ 7,359,360	\$ 7,359,360	441	\$203,852,517

AGENCY FINAL ACTIONS: An audit report is considered closed when management completes all actions necessary with respect to the audit findings and recommendations and reports that action to the OIG. If management concludes that no action is necessary, final action occurs when a management decision is made.

Section 106(b) of the Inspector General Amendments of 1988 (P.L. 100-504) requires that the Secretary of Labor report semiannually on the status of final actions on OIG recommendations for which management decisions have been made.

Recovered costs contain authorized repayment agreements totalling \$397,657 in report 06-91-011-03-340.

In a separate report, management will report to the Congress actions taken based on management decisions on OIG reports, on questioned costs, and recommendations that funds be put to better use. Management will also include statements on audit reports on which decisions were made but for which final actions are still incomplete after one year.

Differences between the beginning balance of this schedule and the ending balance of the previous *Semiannual Report* result from adjustments during the period.

**Summary of Final Action Activity
Funds to Be Put to Better Use
October 1, 1992 - March 31, 1993**

Agency Program	October 1, 1992		Resolved (Increases)		Final Action (Decreases)		March 31, 1993	
	Balance No Final Action Reports	Value	Reports	Mgmt Agreed	Not Implmtd	Implemented	Balance No Final Action Reports	Value
OSEC	0	\$ 0	0	\$ 0	0	\$ 0	0	\$ 0
ETA:								
UIS	1	99,314,000	0	0	27,900,000	71,414,000	0	0
SESA	1	296,000,000	0	0	0	0	1	296,000,000
CETA	1	634,746	0	0	0	0	1	634,746
DSFP	0	0	0	0	0	0	0	0
OJC	1	547,984	0	0	0	0	1	547,984
ESA	1	3,116,539	0	0	0	3,116,539	0	0
OASAM	0	0	1	622,759	0	0	1	622,759
Multi-Agency	1	54,000	0	0	0	0	1	54,000
TOTAL	6	\$399,667,269	1	\$ 622,759	2	\$27,900,000	5	\$297,859,489

Final Audit Reports Issued
October 1, 1992 - March 31, 1993

Audit Report Number	Agency	Program	Date Sent to Program Agency	Name of Audit/Auditee
02-93-232-03-001	ETA	ADMIN	11-FEB-93	NYSDOL JTPA Audit Resolution
02-93-201-03-315	ETA	UIS	13-OCT-92	MA UI Automation Support Account
02-93-208-03-340*	ETA	JTPA	15-DEC-92	Right to Employment Administration - SA
02-93-209-03-340*	ETA	JTPA	15-DEC-92	Right to Employment Administration - SA
02-93-210-03-340*	ETA	JTPA	15-DEC-92	Right to Employment Administration - SA
02-93-211-03-340*	ETA	JTPA	15-DEC-92	Right to Employment Administration - SA
02-93-217-03-340*	ETA	JTPA	23-DEC-92	PR Office of Economic Opportunity - SA
02-93-222-03-340*	ETA	JTPA	23-DEC-92	Governing Board Educ & Employment - SA
02-93-243-03-340	ETA	JTPA	01-FEB-93	Project Rebound
02-93-203-03-345	ETA	CETA	19-NOV-92	County of Essex - SA
02-93-225-03-345	ETA	CETA	17-DEC-92	City of Elizabeth, New Jersey - SA
02-93-237-03-350*	ETA	OSTP	05-JAN-93	Center for Practical Solutions, Inc - SA
02-92-254-03-355*	ETA	DINAP	05-OCT-92	Amer Indian Community House, Inc - SA
02-93-219-03-355*	ETA	DINAP	10-NOV-92	Amer Indian Community House, Inc - SA
02-93-221-03-355	ETA	DINAP	19-NOV-92	Seneca Nation of Indians - SA
02-93-223-03-355*	ETA	DINAP	24-NOV-92	Powhatan Renape Nation - SA
02-93-226-03-355	ETA	DINAP	08-JAN-93	RI Indian Council, Inc - SA
02-93-227-03-355*	ETA	DINAP	22-JAN-93	RI Indian Council, Inc - SA
02-93-234-03-355*	ETA	DINAP	03-FEB-93	Tribal Governors, Inc - SA
02-93-244-03-360	ETA	DOWP	03-MAR-93	State of Connecticut Dept on Aging - SA
02-92-247-03-365*	ETA	DSFP	06-OCT-92	Rural Opportunities, Inc & Affiliates - SA
02-93-249-03-365*	ETA	DSFP	16-MAR-93	New England Farm Wrkrs Cncl, Inc - SA
02-93-240-03-370	ETA	OJC	09-FEB-93	Cassadaga Job Corps Center
02-93-202-50-598	MULTI	AL/DOL	06-OCT-92	State of Vermont - SA
02-93-205-50-598*	MULTI	AL/DOL	02-NOV-92	Training and Development Corp - SA
02-93-206-50-598	MULTI	AL/DOL	10-NOV-92	RI & Providence Plantations - SA
02-93-212-50-598*	MULTI	AL/DOL	10-NOV-92	Training and Development Corp - SA
02-93-213-50-598	MULTI	AL/DOL	24-NOV-92	State of New Jersey - SA
02-93-214-50-598	MULTI	AL/DOL	10-NOV-92	Virgin Islands - SA
02-93-235-50-598*	MULTI	AL/DOL	03-FEB-93	Tribal Governors, Inc - SA
03-93-003-01-010	OSEC	ASP	13-NOV-92	BRB Organizational and Management Review

**Final Audit Reports Issued
October 1, 1992 - March 31, 1993**

Audit Report Number	Agency	Program	Date Sent to Program Agency	Name of Audit/Auditee
03-93-006-03-315	ETA	UIS	19-MAR-93	WV UI Automation Support Account
03-93-001-03-340	ETA	JTPA	31-MAR-93	Montgomery Co Trng & Emp Prog
03-93-002-03-340	ETA	JTPA	16-OCT-92	Delaware CO PA Summer Youth
03-93-005-03-340	ETA	JTPA	25-JAN-93	MCTEP AT&T Natl Reserve Grant
03-93-015-03-340*	ETA	JTPA	21-JAN-93	Human Resource Develop Inst - SA
03-93-016-03-340*	ETA	JTPA	21-JAN-93	Human Resource Develop Inst - SA
03-93-021-03-340	ETA	JTPA	22-JAN-93	Cities in Schools, Inc - SA
03-93-020-03-360*	ETA	DOWP	19-JAN-93	Natl Council of Senior Citizens, Inc - SA
03-93-018-04-432	ESA	DLHWC	15-MAR-93	LSHW Comp Act Special Fund
03-93-019-04-432	ESA	DLHWC	15-MAR-93	DC Workmens Comp Act Spec Fund
03-93-004-50-598	MULTI	AL/DOL	26-OCT-92	Commonwealth of VA - SA
03-93-017-50-598*	MULTI	AL/DOL	21-DEC-92	State of West Virginia - SA
04-93-008-03-340*	ETA	JTPA	19-NOV-92	TN Opportunity Programs, Inc - SA
04-93-011-03-340*	ETA	JTPA	18-DEC-92	KY Domestic Violence - SA
04-93-015-03-340*	ETA	JTPA	04-FEB-93	TN Opportunity Inc, Programs - SA
04-93-019-03-340*	ETA	JTPA	10-FEB-93	Centro Campesino Frmwrkrs Cntr Inc - SA
04-92-051-03-355	ETA	DINAP	15-JAN-93	Eastern Band of Cherokee Indians - SA
04-93-001-03-355	ETA	DINAP	07-OCT-92	Seminole Tribe of FL - SA
04-93-003-03-355*	ETA	DINAP	29-OCT-92	FL Governors Cncl on Ind Affairs - SA
04-93-004-03-355*	ETA	DINAP	29-OCT-92	FL Governors Cncl on Ind Affairs - SA
04-93-005-03-355*	ETA	DINAP	29-OCT-92	Miccosukee Corp - SA
04-93-006-03-355*	ETA	DINAP	22-FEB-93	MS Band of Choctaw Indians - SA
04-93-007-03-355	ETA	DINAP	04-NOV-92	Poarch Band of Creek Indians - SA
04-93-016-03-355*	ETA	DINAP	04-FEB-93	Association for Indian People, Inc - SA
04-93-018-03-355	ETA	DINAP	04-FEB-93	Miccosukee Corp - SA
04-93-010-03-365*	ETA	DSFP	16-DEC-92	KY Farmworker Programs, Inc - SA
04-93-014-03-365	ETA	DSFP	15-JAN-93	FL Nonprofit Housing, Inc - SA
04-93-025-03-365*	ETA	DSFP	17-MAR-93	Telamon Corp - SA
04-93-002-06-601	MSHA	GRTEES	20-OCT-92	Midlands Tech College - SA
04-93-009-10-101*	OSHA	OSHAG	03-DEC-92	FL AFL-CIO United Labor Agency, Inc - SA
04-93-017-10-106*	OSHA	CONVLC	10-FEB-93	Owensboro Daviess Lbr Mgmt Comm Inc - SA

**Final Audit Reports Issued
October 1, 1992 - March 31, 1993**

Audit Report Number	Agency	Program	Date Sent to Program Agency	Name of Audit/Auditee
04-93-012-50-598	MULTI	AL/DOL	23-DEC-92	State of Florida - SA
05-93-002-03-315	ETA	UIS	24-MAR-93	IN Dept Employ & Trng Serv UIASA
05-93-003-03-315	ETA	UIS	29-MAR-93	OH Bureau Employ Services UIASA
05-93-001-03-340	ETA	JTPA	24-FEB-93	1992 SYETP
05-93-103-03-355*	ETA	DINAP	18-NOV-92	American Indian OIC, Inc - SA
05-93-104-03-355*	ETA	DINAP	25-NOV-92	American Indian OIC, Inc - SA
05-93-105-03-355*	ETA	DINAP	20-NOV-92	American Indian OIC, Inc - SA
05-93-108-03-355*	ETA	DINAP	23-DEC-92	American Indian Council, Inc - SA
05-93-110-03-355*	ETA	DINAP	22-JAN-93	Milwaukee Area Amer Ind Mpwr Cncl - SA
05-93-112-03-355*	ETA	DINAP	22-FEB-93	American Indian OIC, Inc - SA
05-93-113-03-355*	ETA	DINAP	18-MAR-93	Minneapolis Amer Indian Cntr Inc - SA
05-93-202-03-360	ETA	DOWP	19-MAR-93	IN Dept of Human Services - SA
05-93-101-03-365*	ETA	DSFP	26-OCT-92	Homes/Casas, Inc - SA
05-93-106-03-365*	ETA	DSFP	04-DEC-92	Nebraska Assoc of Frmwkrks, Inc - SA
05-93-109-03-365*	ETA	DSFP	21-JAN-93	SER Corporation - SA
05-93-111-03-365*	ETA	DSFP	27-JAN-93	Illinois Migrant Council - SA
05-93-102-50-598*	MULTI	AL/DOL	12-NOV-92	IL Dept of Employment Security - SA
05-93-107-50-598*	MULTI	AL/DOL	22-DEC-92	IN Dept of Employ & Trng Services - SA
05-93-114-50-598*	MULTI	AL/DOL	26-MAR-93	MI Employment Security Commission - SA
05-93-201-50-598	MULTI	AL/DOL	25-FEB-93	State of Ohio - SA
05-93-203-50-598	MULTI	AL/DOL	29-MAR-93	State of Missouri - SA
06-93-003-03-330	ETA	OTAA	24-MAR-93	Texas Trade Adjustment Asst Prog
06-93-001-03-340	ETA	JTPA	07-DEC-92	Permian Basin SDA OJT
06-93-005-03-340	ETA	JTPA	23-MAR-93	Middle Rio Grande Council
06-93-100-03-355*	ETA	DINAP	05-OCT-92	Inter-Tribal Council of Louisiana, Inc - SA
06-93-102-03-355*	ETA	DINAP	04-NOV-92	Indian Center Employment Services - SA
06-93-103-03-355*	ETA	DINAP	04-NOV-92	Indian Training & Education Center - SA
06-93-104-03-355*	ETA	DINAP	16-DEC-92	American Indian Center of Arkansas - SA
06-93-105-03-355*	ETA	DINAP	16-DEC-92	American Indian Center of Arkansas - SA
06-93-106-03-355*	ETA	DINAP	17-DEC-92	Dallas Inter-Tribal Center - SA
06-93-107-03-355*	ETA	DINAP	17-DEC-92	Dallas Inter-Tribal Center - SA
06-93-113-03-355*	ETA	DINAP	01-MAR-93	United Urban Indian Council, Inc - SA
06-93-200-03-355	ETA	DINAP	06-OCT-92	Ponca Tribe - SA

**Final Audit Reports Issued
October 1, 1992 - March 31, 1993**

Audit Report Number	Agency	Program	Date Sent to Program Agency	Name of Audit/Auditee
06-93-201-03-355	ETA	DINAP	06-OCT-92	Kiowa Tribe - SA
06-93-202-03-355	ETA	DINAP	14-OCT-92	Northern Cheyenne Tribe - SA
06-93-203-03-355	ETA	DINAP	14-OCT-92	Crow Tribe of Indians - SA
06-93-204-03-355	ETA	DINAP	03-NOV-92	Pueblo of Zuni - SA
06-93-205-03-355	ETA	DINAP	04-NOV-92	Ute Indian Tribe - SA
06-93-206-03-355	ETA	DINAP	09-NOV-92	Cheyenne River Sioux Tribe - SA
06-93-207-03-355	ETA	DINAP	05-NOV-92	Oglala Sioux Tribe - SA
06-93-208-03-355	ETA	DINAP	05-NOV-92	Muscogee Creek Nation - SA
06-93-209-03-355	ETA	DINAP	05-NOV-92	Devils Lake Sioux Tribe - SA
06-93-210-03-355	ETA	DINAP	12-NOV-92	Seminole Nation of Oklahoma - SA
06-93-211-03-355	ETA	DINAP	12-NOV-92	Ysleta Del Sur Pueblo - SA
06-93-212-03-355	ETA	DINAP	16-NOV-92	Chippewa Cree Tribe - SA
06-93-213-03-355	ETA	DINAP	24-NOV-92	Chickasaw Nation - SA
06-93-214-03-355	ETA	DINAP	24-NOV-92	Tonkawa Tribe of Oklahoma - SA
06-93-215-03-355	ETA	DINAP	25-NOV-92	Sisseton-Wahpeton Sioux Tribe - SA
06-93-216-03-355	ETA	DINAP	25-NOV-92	Comanche Indian Tribe - SA
06-93-217-03-355	ETA	DINAP	04-DEC-92	Choctaw Nation - SA
06-93-218-03-355	ETA	DINAP	08-DEC-92	Osage Nation - SA
06-93-219-03-355	ETA	DINAP	08-DEC-92	Devils Lake Sioux Tribe - SA
06-93-220-03-355	ETA	DINAP	14-DEC-92	Northern Cheyenne Tribe - SA
06-93-221-03-355	ETA	DINAP	21-JAN-93	Otoe-Missouri Tribe - SA
06-93-222-03-355	ETA	DINAP	21-JAN-93	Southern Ute Indian Tribe - SA
06-93-223-03-355	ETA	DINAP	21-JAN-93	Inter-Tribal Council, Inc - SA
06-93-224-03-355	ETA	DINAP	21-JAN-93	Ute Indian Tribe - SA
06-93-225-03-355	ETA	DINAP	18-FEB-93	Shoshone and Arapaho Tribes - SA
06-93-226-03-355	ETA	DINAP	18-FEB-93	Inter-Tribal Council, Inc - SA
06-93-227-03-355	ETA	DINAP	19-FEB-93	Blackfeet Indian Tribal Corp - SA
06-93-228-03-355	ETA	DINAP	08-MAR-93	Cheyenne-Arapaho Tribes - SA
06-93-101-03-365*	ETA	DSFP	03-NOV-92	NW Comm Action Programs of WY - SA
06-93-108-03-365*	ETA	DSFP	14-JAN-93	Home Education Livelihood Program - SA
06-93-109-03-365*	ETA	DSFP	14-JAN-93	San Patricio Com Youth Ed & JB OPP - SA
06-93-111-03-365*	ETA	DSFP	18-FEB-93	Rural Employment Opportunities, Inc - SA
06-93-112-03-365*	ETA	DSFP	18-FEB-93	Arkansas Human Development Corp - SA
06-93-114-03-365*	ETA	DSFP	31-MAR-93	ORQ Development Corp - SA
06-93-006-07-001	OASAM	ADMIN	26-MAR-93	DOL Personal Parking
06-93-110-50-598*	MULTI	AL/DOL	22-JAN-93	Arkansas Employment Security Dept - SA
09-93-200-03-330	ETA	OTAA	19-MAR-93	TAA Special Request

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Audit Report Number	Agency	Program	Date Sent to Program Agency	Name of Audit/Auditee
09-93-005-03-340	ETA	JTPA	01-MAR-93	Solano County JTPA Program
09-93-201-03-340	ETA	JTPA	31-MAR-93	JTPA Program Outcomes
09-93-528-03-340*	ETA	JTPA	11-FEB-93	San Diego PIC - SA
09-93-500-03-355*	ETA	DINAP	21-OCT-92	Bristol Bay Native Assc - SA
09-93-501-03-355*	ETA	DINAP	21-OCT-92	Bristol Bay Native Assc - SA
09-93-502-03-355*	ETA	DINAP	21-OCT-92	Bristol Bay Native Assc - SA
09-93-503-03-355	ETA	DINAP	21-OCT-92	Kootenai Tribe of ID - SA
09-93-504-03-355	ETA	DINAP	21-OCT-92	Salt River Pima-Maricopa Indian Comm - SA
09-93-505-03-355	ETA	DINAP	21-OCT-92	Shoshone-Paiute Tribes Duck Valley - SA
09-93-506-03-355	ETA	DINAP	21-OCT-92	Tule River Tribal Council - SA
09-93-507-03-355*	ETA	DINAP	27-OCT-92	Native Amer for Community Action - SA
09-93-508-03-355*	ETA	DINAP	27-OCT-92	ALU Like, Inc - SA
09-93-509-03-355*	ETA	DINAP	05-NOV-92	Kawerak, Inc - SA
09-93-511-03-355*	ETA	DINAP	16-NOV-92	Candelaria Amer Indian Cncl - SA
09-93-512-03-355	ETA	DINAP	05-NOV-92	Assoc of Village Council Presidents - SA
09-93-513-03-355	ETA	DINAP	04-NOV-92	Metlakatla Indian Community - SA
09-93-514-03-355	ETA	DINAP	04-NOV-92	Metlakatla Indian Community - SA
09-93-515-03-355	ETA	DINAP	04-NOV-92	Metlakatla Indian Community - SA
09-93-517-03-355	ETA	DINAP	05-NOV-92	Kootenai Tribe of Idaho - SA
09-93-524-03-355	ETA	DINAP	16-NOV-92	White Mountain Apache Tribe - SA
09-93-527-03-355*	ETA	DINAP	17-DEC-92	Phoenix Indian Center - SA
09-93-532-03-355*	ETA	DINAP	12-JAN-93	American Indian Comm Center Assoc - SA
09-93-534-03-355*	ETA	DINAP	24-FEB-93	Southern CA Indian Center - SA
09-93-535-03-355	ETA	DINAP	24-FEB-93	Lummi Business Council - SA
09-93-536-03-355	ETA	DINAP	24-FEB-93	Navajo Nation - SA
09-93-539-03-355*	ETA	DINAP	24-FEB-93	Indian Human Resource Center - SA
09-93-540-03-355	ETA	DINAP	18-MAR-93	Puyallup Tribe of Indians - SA
09-93-541-03-355	ETA	DINAP	19-MAR-93	Colorado River Indian Tribes - SA
09-93-521-03-365	ETA	DSFP	06-NOV-92	Housing Authority of Santa Cruz Co - SA
09-93-522-03-365	ETA	DSFP	06-NOV-92	Housing Authority of Santa Cruz Co - SA
09-93-523-03-365*	ETA	DSFP	29-DEC-92	Center for Employment Training - SA
09-93-525-03-365	ETA	DSFP	18-NOV-92	Marion County Housing Authority - SA
09-93-529-03-365*	ETA	DSFP	29-DEC-92	Central Valley Opportunities Center - SA
09-93-531-03-365*	ETA	DSFP	11-JAN-93	Self-Help Enterprises - SA
09-93-533-03-365*	ETA	DSFP	25-JAN-93	Proteus, Inc - SA
09-93-538-03-365*	ETA	DSFP	24-FEB-93	Office of Rural and Frmwkr Housing - SA
09-93-543-03-365*	ETA	DSFP	18-MAR-93	Center for Employment & Training - SA
09-93-537-03-370*	ETA	OJC	24-FEB-93	YWCA of Greater Los Angeles - SA

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09-93-526-03-380*	ETA	SPPD	10-DEC-92	City of Los Angeles - SA
09-93-002-07-751	OASAM	OFMS	31-JAN-93	Imprest Fund Verification
09-93-516-50-598	MULTI	AL/DOL	05-NOV-92	State of Nevada - SA
09-93-518-50-598	MULTI	AL/DOL	06-NOV-92	Republic of Palau - SA
09-93-519-50-598	MULTI	AL/DOL	06-NOV-92	Republic of Palau - SA
09-93-520-50-598	MULTI	AL/DOL	06-NOV-92	Trust Territory of the Pacific - SA
09-93-530-50-598	MULTI	AL/DOL	11-JAN-93	Republic of the Marshall Islands - SA
12-92-024-03-370	ETA	OJC	20-OCT-92	Results of Follow up - Cost Analysis
12-92-025-03-370	ETA	OJC	20-OCT-92	Results of Follow up - Cost Analysis
12-93-004-03-370	ETA	OJC	25-JAN-93	JC Transportation System Internal Control
12-93-013-03-370	ETA	OJC	19-MAR-93	Joint Action in Community Serv, Inc
12-93-014-03-380	ETA	SPPD	30-MAR-93	Cosmos Corporation
12-93-012-07-001	OASAM	ADMIN	24-MAR-93	PCIE Payroll Functions
12-93-016-07-001	OASAM	ADMIN	26-MAR-93	Comb Sched Net Advcs Pblc, Grnts & Cntrctr
12-93-007-07-735	OASAM	OPGM	24-NOV-92	Aurora Assoc Inc DCAA Indirect
12-93-015-10-107	OSHA	TRGTHA	31-MAR-93	National Constructors Association
17-93-002-01-010	OSEC	ASP	29-MAR-93	DOL Academy Effect in Mngng Trng Act
17-93-005-01-010	OSEC	ASP	18-NOV-92	Followup of Review of ILABS Comp
17-93-006-01-010	OSEC	ASP	24-MAR-93	Womens Bureau Special Review
17-93-001-03-315	ETA	UIS	12-NOV-92	VA UI Automation Account
17-93-004-07-751	OASAM	OFMS	05-FEB-93	Eval Approp of Exec Staff
17-93-003-08-001	SOL	ADMIN	05-FEB-93	Eval Approp of Exec Staff Pol Travel
18-93-003-03-340	ETA	JTPA	23-NOV-92	Natl Tooling & Machining Assoc
18-93-002-03-355	ETA	DINAP	23-DEC-92	Delaware Valley Indians
18-93-005-03-355	ETA	DINAP	18-DEC-92	Candelaria PY 90
18-93-010-03-355	ETA	DINAP	04-MAR-93	Northern CA Indian Develop Council
18-93-006-03-360	ETA	DOWP	18-DEC-92	NATL Pacific Asian Resource Center

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Audit Report Number	Agency	Program	Date Sent to Program Agency	Name of Audit/Auditee
18-93-007-03-370	ETA	OJC	01-MAR-93	UAW-Labor Employ & Trng Corp
18-93-008-03-370	ETA	OJC	01-MAR-93	UAW-Labor Employ & Trng Corp
18-93-004-07-730	OASAM	DAPP	04-DEC-92	Friends of DOL & Labor Hall of Fame
18-93-001-07-735	OASAM	OPGM	09-OCT-92	Epilepsy Foundation
18-93-009-07-735	OASAM	OPGM	18-MAR-93	Natl Council on the Aging

*DOL has cognizant responsibility for specific entities under the Single Audit Act. Reports listed and asterisked above indicate those entities for which DOL has cognizance. More than one audit report may have been issued or transmitted for an entity during this time period. Reports are issued on the type of funding and the agency/program responsible for resolution.

**Copies of this report may be obtained
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Office of Inspector General,
Room S-5508
200 Constitution Ave., N.W.
Washington, D.C. 20210**

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