Semiannual Report of the Inspector General

U.S. Department of Labor
Office of Inspector General

October 1, 1983—March 31, 1984

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J. Brian Hyland
Inspector General

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PREFACE

This is the eleventh semiannual report of the Department of Labor's Office of Inspector General. The accomplishments cited in this report continue to demonstrate that there are serious fraud and management problems affecting programs and resources administered by or through the Department of Labor (DOL) and that there are significant instances of organized crime and labor racketeering in the labor management field. A particularly noteworthy accomplishment was the recent landmark court decision rendered in February 1984, in Newark, New Jersey, which removed officers of an International Brotherhood of Teamsters local union from their posts for corrupt activities. This action resulted from the use of the civil provisions of the Racketeer Influenced and Corrupt Organizations statute. Also during this reporting period, our investigative efforts have resulted in 195 indictments and 174 convictions, the issuance of 645 audit reports, and the resolution of $125.2 million from prior audit work.

Statistical accomplishments alone do not convey the extent of our efforts to work with DOL program agencies to resolve systemic deficiencies and to *prevent* future problems. In this latter regard, I am pleased that we have been actively involved in the design of an integrity awareness training program to be given for all employees in the Federal Employees' Compensation Act program. This is one example of pursuing prevention through a cooperative venture. I am sure it will result in improved program effectiveness and integrity and long term positive benefits. I am especially hopeful that this approach to the prevention issue can be applied to a wide variety of other DOL programs.

Our work over the past six months in three program areas deserves highlighting in this message. The first is the Unemployment Insurance (UI) program. In our last semiannual report, we discussed a major audit effort in the UI benefit payment control area. During this reporting period, we completed a number of studies related to UI tax revenue operations. This body of work points to serious internal control problems at several levels within the Federal-state UI system that result in inefficiencies and lost interest earnings. Also, we are

very concerned that UI funds in most states are not keeping pace with current and projected benefit payment levels. Aggressive action by the DOL and the individual states is required to resolve these problems. This poses a special problem in the context of New Federalism and changing views about effecting accountability.

Our Office of Investigations is giving particular attention to the UI program that has resulted in several significant investigations, especially in fictitious employer schemes. We are currently making personal contact with each state UI agency to enhance the overall investigative effort in the program. As we continue our heavy audit and investigative efforts in this area, we will work closely with the Employment and Training Administration and the other involved parties to define these problems in more detail and to identify workable solutions.

The second program area is that of labor management standards and pension and welfare benefit programs. This is a very complex area and one which is involved in major departmental structural change. During this reporting period, we conducted a survey of the Department's Labor-Management Services Administration (LMSA) that identified a series of enforcement and resource issues. On January 20, 1984, Secretary Donovan announced a reorganization of LMSA that transferred the Pension and Welfare Benefit Programs area from LMSA and constituted it as a separate DOL Agency. To facilitate the transition, the Secretary established a Reorganization Task Force on which I serve. In addition, an enforcement task force has been established to evaluate enforcement needs and resource requirements of both LMSA and the new Office of Pension and Welfare Benefit Programs. Deputy Inspector General Raymond Maria is a member of this task force; his participation will help ensure that the issues identified in our survey work will be adequately addressed.

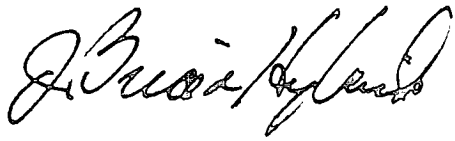
The third major area that deserves special highlighting is the Job Corps program. During this reporting period, we conducted an extensive number of audits of the centers and found major weaknesses in the procurement practices as well as serious problems with the placement figures. In addition, we also identified weaknesses in financial management systems and in the qualifications of individuals responsible for center operations.

This OIG continues to play an active role in the work of the President's Council on Integrity and Efficiency (PCIE). With Richard Kusserow, HHS' Inspector General, I co-chair the PCIE Long-Term

Computer Matching Project. Among the efforts completed by the Project during this reporting period is a report identifying incentives and disincentives to the use of computer matching applications in public programs. A variety of recommendations was made in a number of areas, including the need for a permanent national focal point for computer matching, improving planning and evaluation of computer matches, strengthening information access and exchange of data, and standardization of verification and other matching activities.

This office has actively participated in a number of other PCIE committees, including prevention and executive development efforts, and we have provided staff support to the PCIE Computer Audit Committee.

As I review our accomplishments during the past six months, I realize they reflect the contributions of many people. I particularly wish to express my appreciation for the staunch support of the OIG mission by Secretary Donovan and other senior officials in the Department and for the continued hard work and dedication demonstrated by the employees in the Office of Inspector General.



J. BRIAN HYLAND
Inspector General

PART I

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

EMPLOYMENT AND TRAINING ADMINISTRATION

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

The Federal funds involved in ETA programs comprise the majority of the Department's expenditures. For Fiscal Year 1984, ETA's budget was $38.6 billion. Of that amount, $5 billion was for the CETA and JTPA programs and $16.5 billion was for the Unemployment Trust Fund. ETA programs are characterized by a large decentralized program delivery system except for those programs, like the Job Corps, that are administered nationally. The Employment Service and Unemployment Insurance programs are operated by State Employment Security Agencies in the 50 states, the District of Columbia, Puerto Rico and the Virgin Islands. During Fiscal Year 1984, these state agencies were funded at the same level of effort as in 1983. The CETA program was operated by more than 470 different local

governments, known as prime sponsors; under JTPA, the primary program agents are 57 states and entities. The states and entities have subgranted with approximately 550 service delivery areas that plan and operate programs.

During this reporting period, OIG activities related to ETA programs continued to be preventive in nature and oriented to evaluation of systems. Substantial deficiencies in various major internal control and management systems were identified in both the Unemployment Insurance program and the Job Corps program. Many recommendations were proposed that, if implemented, could substantially improve the economy, efficiency and effectiveness of these major programs. Further, we have continued our efforts to assure an orderly phasedown of the multi-billion dollar CETA program and an orderly start-up of the new JTPA program.

Unemployment Insurance Program

The Unemployment Insurance (UI) program is a unique Federal-state partnership established in this country under the Social Security Act. Under this Federal-state system, each individual state has been able to develop programs that are adapted to conditions prevailing within its jurisdiction. As a result of this, no two state laws are alike. The UI program is administered at the state level by State Employment Security Agencies (SESA) in the 50 states and three other entities (the District of Columbia, Puerto Rico, and the Virgin Islands). Throughout this report, the term "state agency" refers to the 50 states and these three entities.

In Fiscal Year 1983, nearly $23 billion was paid in state unemployment benefits and Federal-state extended benefits. In addition, SESA collected $13.4 billion in unemployment insurance tax revenues and the Department of Labor advanced Federal funds to states as loans in the amount of $7.8 billion.

During prior reporting periods, we concentrated our efforts on benefit payments because of the high unemployment and resulting increases in program expenditures. During this reporting period, however, we adopted a more balanced approach by emphasizing tax revenue operations while continuing our effort in benefit payments.

Our emphasis on tax revenue operations resulted in audit reports covering five major tax systems (i.e., cash management, reim-

bursable employers, status determination, field audit, and delinquency control) and a historical profile of tax receipts and benefit expenditures over a 10 year period.

Our continuing efforts on benefit payments resulted in two reports. One report covered the savings that could be attained by converting from a weekly to a biweekly payment system. The other covered the results of a computer matching program that was performed to determine whether Federal employees were receiving unemployment compensation in violation of Federal or state laws. In addition, we continued to track ETA's efforts to implement recommendations resulting from our prior review of benefit payment controls.

Unemployment Insurance Tax Operations

During this reporting period we issued reports on several major areas of UI tax operations. These reports reflect the results of our reviews of critical tax operations systems as they existed in twelve States — Alabama, Arizona, Florida, Illinois, Louisiana, Massachusetts, Michigan, New Jersey, Pennsylvania, Virginia, Washington, and Wisconsin. The critical UI systems reviewed were:

- Cash Management
- Reimbursable Employers
- Status Determinations
- Field Audits and
- Delinquency Controls.

In addition, we prepared a historical profile of states' UI program operations from 1972 through 1982 and made some conclusions and recommendations from this profile.

Each of the above areas, including the historical profile, are discussed below.

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

The Secretary of the Treasury invests those funds that are not required to meet current benefit payment demands. Interest earned on a state's

trust fund account is credited to the state's account. The states withdraw funds from the Unemployment Trust Fund to pay benefits.

During Fiscal Year 1982, the states deposited approximately $13 billion in employer taxes into the Unemployment Trust Fund. Interest earnings on the Trust Fund for this period were approximately $1.2 billion. The primary purpose of our audit was to determine the effect of cash management practices on the earnings of the Unemployment Trust Fund.

Cash Management Practices Effect on Earnings — We estimate that $25 million in interest was not earned by the Unemployment Trust Fund during Fiscal Year 1982 because of inefficient state agency cash management policies and practices in the following three areas of cash managment.

(1) Deposits into the Clearing Account — Some states' deposits of employer contributions to the clearing account were not always timely. The average processing time from receipt of an employer tax contribution to deposit in the clearing account in the states reviewed was 2.31 days. We estimate the Unemployment Trust Fund in Fiscal Year 1982, would have earned approximately $5 million additional interest if all tax contributions had been deposited within one day after receipt. Two major reasons for the delay in depositing tax receipts were: (1) state adherence to ETA's desired level of achievement for depositing tax contributions, which only specifies that 90 percent of tax dollars be deposited within three days of receipt; and (2) state performance of extensive audits of tax returns prior to the deposit of tax receipts.

(2) Transfer of Clearing Account Funds to the Trust Fund — Some states maintained excessive balances in the clearing account. We estimated that approximately $2.5 million in potential interest earnings were lost because states maintained more than one day's deposit on hand in the clearing account. Excessive cash balances were caused by: (1) following ETA's minimum criteria, which allows two days for transfer to the Trust Fund; (2) including other state offices, such as the State Treasurer, in the transfer process; and (3) maintaining bank collected funds to compensate the banks for services.

(3) Funds Maintained in the Benefit Payment Account — We estimate that between July 1, 1981, and June 30, 1982, as much as $17.9 million in potential interest earnings was lost on funds in

these accounts in excess of immediate bank needs to clear benefit checks. These excessive balances were caused by:

- state legal and administrative requirements that funds be on deposit in the benefit payment account before checks are written;
- state procedures that allowed drawdown of funds in excess of immediate needs;
- compensating bank balances required by the bank to cover bank services that were not competitively procured; and
- state investment of UI funds with interest earnings benefiting the state's general revenue, not the UI program.

If all states had competitively obtained bank services and paid unemployment benefits biweekly, we estimate that $25 million projected interest earnings could have been obtained with bank costs of $7.4 million between July 1, 1981, and June 30, 1982. Interest earnings and bank costs will fluctuate depending on the level of unemployment.

Recommendations to Increase Interest Earnings — We recommended that ETA sponsor Federal legislation to:

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

We also recommended that ETA take adminstrative action to:

- revise its policies regarding desired levels of achievement to provide better efficiency in cash management;
- encourage states to improve agency processing procedures to meet revised desired levels of achievement; and

- encourage states to remove state legal and administrative requirements that promote inefficient cash management.

ETA's Corrective Actions and OIG's Conclusions — ETA, in general, concurred with our findings and indicated, to the extent resources were available, full cooperation in correcting deficiencies noted on our draft report.

Specifically, ETA had implemented, prior to OIG final report, corrective actions to:

- expedite deposit of state unemployment compensation revenues into the Unemployment Trust Fund and restrict withdrawals to amounts necessary for immediate benefit obligations; and
- assist state unemployment compensation program administrators in their efforts to remove legal and administrative barriers to efficient cash management.

ETA further responded that our legislative recommendations entailed considerations beyond those necessary for administrative actions. Also, further study of the report's recommendation regarding the overnight investment of balances in state unemployment fund bank accounts was necessary to ensure its conformity with Federal law and with ETA's position in cases where states are improperly investing and utilizing earnings from unemployment funds.

We agree with ETA's comments concerning our recommendations for legislative change. However, in our opinion, legislative changes are necessary to ensure states implement corrective actions. Although some states will comply with adminstrative corrective action plans, legislative changes are necessary to ensure compliance by all states.

Regarding overnight investment of fund balances, our recommendation did not intend that the states invest all their state tax collections — only the residual funds that remain in the bank accounts on a daily basis. The states should, as previously recommended, immediately transfer all tax collections to the Unemployment Trust Fund and withdraw funds only as needed.

Apparently ETA's position is also that, under the Social Security Act, the Secretary of the Treasury has sole investment authority of state UI funds; and, therefore, states may not invest such funds overnight. We do not think that the states' investment of such funds is inconsistent with the Social Security Act. If interest earned on state investment of

these funds is used to pay unemployment benefits, the treatment of funds will be consistent with treatment in the Unemployment Trust Fund where interest earned is also used to pay unemployment benefits.

Reimbursable Employer Systems — The 1970 and 1976 amendments to the Federal Unemployment Tax Act (FUTA) extended UI coverage to employees of nonprofit and state and local government employers and their instrumentalities. The law gave these employers the option to reimburse the state, through payments in lieu of contributions, for unemployment benefits paid to their former employees, or to pay tax contributions the same as other employers.

Employers eligible to elect the reimbursable payment system for financing unemployment benefits are exempt from paying the Federal employer tax required by FUTA. This exemption from the FUTA tax applies regardless of whether the employer actually elects reimbursable status. This tax, which currently is 0.8 percent on the first $7,000 of an individual's wages, is used to pay both the Federal and state administrative costs of the UI program. It is also used to reimburse states for 50 percent of extended benefits (except for State and local governments), and provide a loan fund for states lacking funds to pay UI benefits. During calendar year 1982, the 53 SESAs paid approximately $792 million of unemployment benefits to former employees of nonprofit organizations, State and local governments, and their instrumentalities.

The purpose of our review was to determine the effect of the reimbursable employer system on interest earnings of the Unemployment Trust Fund and to determine the effect of the FUTA tax exemption for reimbursable employers. We also looked at the adequacy of security deposits from reimbursable employers, and in some states, the accuracy of states' billing for the Federal share of extended benefits.

Effect of Reimbursable Employer System on Interest— Although State and local government and nonprofit employers are required to reimburse the state for benefits chargeable to them, we estimate that approximately $37 million of potential interest earnings were lost to the Unemployment Trust Fund during Calendar Year 1982, because UI taxes paid by contributory employers were used to finance benefits to former employees of reimbursable employers.

States withdraw funds from their accounts in the Unemployment Trust Fund to pay unemployment compensation to former employees

of reimbursable employers. From the time reimbursable benefits are paid until reimbursed by the employer, contributory employers' tax contributions are used to finance reimbursable benefit payments. Consequently, the Unemployment Trust Fund loses the investment potential of these funds for substantial time periods.

The time between payment of benefits and receipt of reimbursements varied among the states. Some states used a monthly billing cycle (30 to 60 days of lost interest); however, the majority used a quarterly cycle (60 to 150 days of lost interest). One state allowed school districts, community colleges and political subdivisions, even though billed quarterly, to wait until 30 days after the beginning of the entity's next fiscal year to reimburse the state for benefit charges accrued over the prior fiscal year. This procedure alone resulted in lost interest of about $5 million to the Unemployment Trust Fund.

One state in our review had an advance payment system for state and local governments rather than allowing these employers to reimburse the state. This state lowered its interest loss per dollar of reimbursable benefits to 0.6 cents, which is considerably lower than the average of 4.7 cents for the 12 states in our review.

Recommendation for Advance Payments — We recommended that ETA sponsor Federal legislation requiring states to implement an advance monthly or quarterly payment system for all reimbursable employers. The advance payments would be based on the employer's most current benefit payment history.

ETA's Corrective Actions and OIG's Conclusions — ETA indicated corrective actions are being taken to expedite reimbursement to state unemployment funds of benefit payments attributable to reimbursing employers.

ETA also stated that Congress has demonstrated a great unwillingness to add to the present financial burdens of state and local governments and not-for-profit agencies. Furthermore, to single out reimbursable employers for advance billing could be discriminatory and would likely result in strong opposition from the state and local governments, and presumably, from Congress as well. ETA also noted that current law provides an advance payment option.

Our recommendation does not single out reimbursable employers for advance billings. UI tax paying employers pay UI taxes in advance to offset future benefit charges. Nor does the recommendation require

reimbursable employers to pay more benefits than are now chargeable to them under the law. We only recommend that states be required to use an advance payment system to prevent a drain on the interest earnings of the Unemployment Trust Fund. If a reimbursable employer experienced no compensated unemployment during its most recent benefit period, that employer would not be required to submit advance payments for the next period.

Until states implement an advance payment system for reimbursable employers, the Unemployment Trust Fund will continue to lose millions of dollars of interest earnings annually.

Effect of FUTA Tax Exemption — Because nonprofit employers and state and local governments do not pay any FUTA tax, they do not help fund the administrative costs of SESAs.

We determined that approximately $0.05 in UI administrative costs is incurred for each benefit dollar paid. Applying this rate to $792 million in benefits paid nationwide to former employees of nonprofit and State and local government employers, results in approximately $40 million in annual UI administrative costs attributable to reimbursable employers. This $40 million was funded by contributory employers' FUTA taxes.

Nonprofit employers receive further benefit from the FUTA tax on contributory employers because they reimburse the state for only 50 percent of extended benefits. The remaining 50 percent is funded by the FUTA tax. Other reimbursable employers are required to reimburse the state 100 percent of extended benefits.

Recommendations Related to FUTA Tax — To reduce the burden on contributory employers who presently fund all FUTA taxes, we recommended ETA propose Federal legislation to:

1. Require nonprofit and state and local government employers to help fund the UI administrative costs. The administrative costs for these employers should be based upon a cost allocation plan identifying UI administrative costs for each service provided and distributing a fair share of those costs to those employers on whose behalf the services were provided. If each state agency established its own cost allocation plan, the reimbursable employers in each state would pay only their share of administrative costs, and

2. Eliminate the 50 percent Federal reimbursement for extended

benefits paid to former employees of nonprofit organizations.

ETA's Corrective Actions and OIG's Conclusions — ETA's response to our report did not indicate that any action would be taken on the above FUTA tax issues. ETA responded that the original Department of Labor proposals to the Congress that led to mandated coverage of state and local government and nonprofit employers included provisions that administrative grants under Title III of the Social Security Act would not be available for costs of administration for employers not subject to FUTA. This proposal was eliminated early in the congressional process. ETA did not consider this a propitious time for proposing additional costs for public and nonprofit employers.

ETA also stated that the current time is not good to raise the issue of eliminating the 50 percent Federal share of extended benefits attributable to nonprofit employers. ETA indicated the issue would probably generate considerable opposition from supporters of nonprofit agencies and could possibly lead to unrelated and undesirable changes in the extended benefits programs. ETA further indicated that this proposal had been considered and rejected by the Congress in the past. ETA also noted that EB is a much less significant issue at this time.

While we realize that reimbursable-type employers are currently enduring considerable financial burdens, private-for-profit employers are also experiencing financial difficulties. With reimbursable benefits mostly for state and local Governments (not Federally funded) now representing a significant percentage of total benefits paid, it seems inequitable for private-for-profit employers to totally fund the administrative costs of SESAs and to also fund the 50 percent Federal share of extended benefits chargeable to nonprofit organizations.

Of the 0.8 percent FUTA tax, 0.2 percent goes toward repayment of funds borrowed by the Extended Unemployment Compensation Account (EUCA) to pay extended benefits. Since 50 percent of extended benefits chargeable to nonprofit employers are paid from EUCA, employers paying FUTA taxes are paying 25 percent of their Federal tax to repay EUCA borrowings, which also funded extended benefits chargeable to nonprofit employers. In our opinion, private-for-profit employers' funding of benefits chargeable to nonprofit employers places an unfair burden on these tax paying employers.

Accuracy of State Billings for the Federal Share of Extended Benefits — The Federal-State Extended Unemployment Compensation Act, Section 204(a)(3), as amended, specifically denies 50 percent Federal reimbursement for extended benefits attributable to employment with state and local governments. However, some states incorrectly billed the Federal Government for 50 percent of extended benefits paid to former employees of state and local governments.

The incorrect billings to EUCA resulted from billing systems or procedures that did not separately identify extended benefits chargeable to nonprofit organizations from those chargeable to state and local governments.

Recommendation to Improve Billings Accuracy — We recommended that ETA require state agencies to adequately identify state and local government extended benefit charges to ensure proper billing to the EUCA for the Federal share of extended benefits. States with improper billings should be considered not in compliance with the Social Security Act and subject to administrative sanctions.

Our recommendation concerning the disposition of previous overbillings is reserved pending completion of an OIG planned audit of the Extended Benefits program.

ETA's Corrective Actions and OIG's Conclusions — ETA agreed with this recommendation but responded that such requirements seem to be implicit now. They further responded that the only purpose served by adding it to the Federal law requirements would be to apply the full weight of Federal law sanctions to any state that failed to bill the Federal Government accurately. ETA thought it inherent in UIS/ETA Federal responsibilities to insist on proper accountability and accurate billing for the Federal share of all extended benefits, not singling out those based on service with reimbursing employers for special effort. ETA currently has underway a review of payments of the Federal share for extended benefits for all employers including state and local governments.

The OIG agrees that proper accountability and accurate billings of Federal charges are required by law. However, as disclosed by this report, some state agencies are not in compliance. ETA has taken positive steps toward ending these overbillings by initiating reviews in all state agencies of charges attributable to the extended benefits program.

Adequacy of Security Deposits from Nonprofit Reimbursable Employers — Because reimbursable benefits are initially paid from the Unemployment Trust Fund, the Trust Fund incurs a dollar for dollar loss on reimbursable benefits that become uncollectible. Security deposits could reduce these potential losses and provide some assurance of the nonprofit reimbursable employer's ability to reimburse the state for unemployment benefits paid to its former employees. Five of the 12 states (42 percent) in our review did not have legislation requiring employers to file a security deposit with the agency when making the election to become a reimbursable employer. Another state did not require security deposits even though its state law allowed such safeguards. Four of these six states had uncollectible accounts receivable (written off or old) from reimbursable nonprofit organizations totaling approximately $1.85 million.

Recommendation for Security Deposits — We recommended that ETA sponsor Federal legislation requiring that all states provide reasonable safeguards (e.g., security deposit) to ensure that nonprofit organizations electing reimbursable status will make required payments.

ETA's Corrective Actions and OIG's Conclusions — ETA responded that states now have the right to ensure that organizations electing to reimburse will make the payments required under the state law. ETA further responded that to mandate such a requirement would doubtless be perceived by the states as an undue Federal intervention in the states' administration of their UI laws since their own legislative processes are sufficient to provide such measures if desired.

We agree that the states have the right to ensure that reimbursable employers reimburse the state for their share of benefits. However, many states do not. It is apparent from our review, that if not Federally mandated, these safeguards will not be universally implemented by the states.

Status Determination Systems — To levy unemployment taxes against employers, the states must first make a determination of employer liability under their laws. Many employers do not realize their UI tax responsibilities; others intentionally avoid paying UI taxes. Therefore, state agencies must attempt to identify liable employers through various techniques. There are no requirements specifying methods states must use to locate liable employers.

Failure to register all liable employers results in losses to the state

unemployment fund. A loss of tax dollars and interest earnings occurs because taxes are not collected from these employers. Also, benefits chargeable to employers that go out of business prior to registration by the state agency result in a dollar loss to the fund.

We made a review to determine if the status determination systems in 12 states were sufficient to ensure employers' compliance with the tax provisions of the states UI laws. We found many states were not taking advantage of techniques available to identify new employers.

Procedures in Use to Locate New Employers — Many states are only identifying new employers by procedures common to all employment security agency status units, including:

- employers voluntarily contacting the agency, and
- agency investigation of benefit claims filed against employers that are not on the agency's records.

Use of Federal Employer Identification Number — Only four of the twelve states audited were using the Internal Revenue Service's (IRS) quarterly computer tape of newly issued Federal Employer Identification Numbers (FEIN's) to identify new employers. It appears states were not using this source to identify new employers because of prior unsuccessful results with untimely information previously provided by the Social Security Adminstration. However, since IRS has been responsible for this tape, it has been timely.

Coordination With Other State Departments — Some state agencies were matching their employer lists with employer registrations and taxation lists maintained by other state departments. The state agencies are performing these matches manually rather than using computer techniques. Such matches can be an effective means for identifying new employers. Computer matching can be quicker and more efficient.

Employer Reporting Services — None of the state agencies were actively using an employer reporting service. To evaluate the effectiveness of states procedures in registering all new liable employers, we contracted with Dun and Bradstreet to obtain its biweekly sales lead service, which provides a listing of businesses recently registered by Dun & Bradstreet. We compared 9,181 recently listed businesses to employers listed with the state agencies. We identified 310 liable employers from the 5,121 employers whose status we were able to evaluate.

In our opinion, many of the remaining 4,060 employers may be liable for UI because:

- most of these employers had not responded to agencies' requests for employer information indicating indifference to the states' UI laws; and
- agencies performed little, if any, follow-up on employers who failed to respond to the agencies' first request for information.

Recommendations to Identify Liable Employers — We recommended that ETA do the following:

- Require *all* state agencies to maintain FEIN as part of the applicable state agency's employer record;
- Encourage the state agencies to again use the timely IRS quarterly tape of new FEIN's to attempt to identify nonregistered liable employers;
- Issue recommendations to state agencies to obtain reciprocal agreements with the state officials responsible for business taxation and registration to provide for computer crossmatch of employer files; and
- Consider obtaining a national contract with Dun and Bradstreet to give the states an alternative source for identifying new employers.

ETA's Corrective Actions and OIG's Conclusions — ETA indicated that completeness of state crossmatching capability with state employer identification systems will be included in the state reviews it will be undertaking.

Concerning the use of FEIN's to identify new employers, ETA's response dealt with the annual wage certification to IRS for FUTA tax purposes rather than the *quarterly* IRS tape of new FEIN's. We continue to strongly recommend the use of this quarterly tape to identify new employers. Feedback from the states should be requested to determine reasons for nonuse.

ETA does not intend to contract for the Dun and Bradstreet sales lead service because of the inconclusive results from our audit. We believe the Dun and Bradstreet service has good potential to identify new employers. The inconclusive results from our audit were caused by (1) states not following up on employer non-responses; (2) states not processing employer responses on a timely basis for completion

of statistics by the audit team; and (3) state indifference to the Dun and Bradstreet leads.

Since we continued to provide the Dun and Bradstreet service results to the states long after the audit field work concluded, we believe ETA should contact those states in our review to determine the success the states had in their final evaluation of its leads. If the service was successful, ETA should reconsider its position regarding contracting for the Dun and Bradstreet service.

Field Audit Systems — Once employer liability has been established, it is the responsibility of SESA to ensure employers' future compliance with the law. One mechanism used is the employer field audit program. The state agencies use the field audit function to perform a variety of functions, including auditing of employers' records to ensure they pay the proper amount of UI taxes.

Audits are classified as either verification or request audits. Generally, verification audit assignments are selected randomly or because of certain group characteristics, i.e., size of payroll, number of workers, geographic location, type of industry, and liability within a specific time frame. Request audits are initiated by central or district office action based on a known or suspected problem.

We made a review to determine whether state agency management of the field audit function was sufficient to ensure employer compliance with the tax provisions of states' UI laws.

We found that improvements are needed in auditee selection methods, systems to evaluate audit program effectiveness, systems for central office control of audits, and documentation of audit quality.

Auditee Selection Methods — Since it is impossible to annually audit every employer subject to states' UI laws, employers must be audited on a sample basis. This sample should be selected from the universe of all covered employers in the states. Because of the various methods used by the states to select employers for audit, many employers, especially large employers, have a minimal chance of being audited. Employers with annual taxable payrolls of less than $50,000 received 79 percent of the state audit coverage, yet these employers represented only 10.5 percent of the state taxable payrolls.

These small employers were audited to enable the states to meet ETA's criteria of annually auditing four percent of the states' tax paying employers. Also, small employer audits resulted from auditors' converting routine assignments, such as collection of delinquent tax reports, into audits. Lack of computer software programs necessary to audit large employers also resulted in large employers being excluded from the auditee selection process.

Systems to Evaluate States' Audit Program Effectiveness — Not only were the states auditing small employers, they also had no formalized systems to evaluate the results of their field audit programs to determine effectiveness.

Some states established auditee selection criteria that they felt identified high risk employers; however, without a system to evaluate the results of their audits, the effectiveness of their selection criteria remains unknown.

An effective field audit management system would require computer analysis of audit results. It appears such systems have not been developed because other UI functions requiring EDP resources are given higher priority than the field audit function.

Systems for Central Office Control of Field Audit Assignments — Control over audit assignments is crucial to monitoring the completion of audits and the quality of work performed.
Because some agencies maintained very limited control of field assignments at the central office level, they were not assured that:

- assignments were completed on a timely basis;
- audit quality was standardized statewide;
- audits of particular employer groups were cost beneficial; and
- employer files were updated to reflect audit results.

Also, local SESA offices were allowed to determine which employers should be audited. In some cases, individual auditors within the local offices made this decision. Also, non-audit assignments were converted to audit assignments without documented justification.

Documentation of Quality of Field Audit Work — One of our audit objectives was to evaluate the quality of the state field audit programs as evidenced by field audit reports and supporting workpapers. Our review disclosed that detailed audit guides were not used in any of the 12 states reviewed; there was an overall lack of audit workpapers

to support the work performed; and supervisory reviews, if any, were not documented.

Often there was no documentation of how an audit was conducted; what audit procedures were followed; what records were examined; nor what rationale was used for the number of, and particular, quarters audited.

This lack of workpaper documentation prevented the agency from determining if the audits were properly completed and if the reported results were accurate.

Recommendations to Improve Audit Quality — We recommended that ETA change the four percent audit penetration criterion to include a combination of a percentage of state taxable wages and a percentage of state contributory employers. We further recommended that ETA encourage states to do the following:

- Select verification audits by random sample of *all* employers, stratified by levels of taxable payroll, combined with a variety of selection indices, including those criteria currently included in the ES Manual. Subsequent to audit of targeted employers, the additional tax yield generated should be evaluated to determine if audit costs justify continued concentration on these indices.
- Separate the field audit function from other field service functions so that adequate resources can be allocated to audits by audit staff.
- Obtain computer software audit programs that can facilitate the performance of large employer audits.
- Centralize their control over field audit assignments, including automation of field audit assignments.
- Require documentation to support assignments not completed.
- Develop for mandatory use by field auditors, a standard audit guide to direct audit effort and make its use mandatory.
- Require adequate workpaper support for audit reports.
- Require documented supervisory review of completed audits to ensure that work performed is adequate to support conclusions presented in audit reports.

ETA's Corrective Actions and OIG's Conclusions — ETA generally agreed with our findings and recommendations and indicated that appropriate staff have been instructed to develop corrective actions

addressing some of the OIG recommendations.

ETA responded that UI staff are currently reviewing the field audit program and will include consideration of payroll size and reported taxable wages in the selection formula. The changes should be reflected in new desired levels of achievement and will be included in a tax operations handbook scheduled for completion in December 1984.

ETA stated a Field Audit Selection system, in the developmental stage in a state agency, contains a process for audit selection on the basis of the risk of noncompliance. Further, a recently developed large employer audit program is now operational in three states; ETA has encouraged all states to adopt the program.

Reviews of state agency operations in the ETA corrective action plan are scheduled to begin in March 1984. The review formula will be patterned in large part on procedures used by OIG in the 12-state audit. The reviews will emphasize, as recommended, strengthening audit activities.

It appears that ETA is taking, or plans to take, action to improve state agencies' selection of employers for field audit through improved selection criteria and revised desired levels of achievement. However, ETA's response did not deal with the other significant field audit program deficiencies disclosed in the audit report.

Delinquency Control System — All employers subject to state UI laws are required to submit quarterly UI tax contribution reports along with any contributions due. All reports or contributions not received by the due date are considered delinquent and are subject to the interest and penalty provisions of the state law.

We made a review to determine if state agency management of the delinquency control function was sufficient to ensure employer compliance with the tax provisions of states' UI laws.

Procedures To Assess Taxes on Delinquent Employers — State UI laws allow state agencies to estimate (assess) employers' UI taxes when employers fail to submit the required tax reports. However, only one of the twelve states audited had computer prepared tax assessment notices automatically prepared for all employers who did not submit tax reports within a prescribed time period after the report due date.

Most state agencies in our review waited to assess taxes until after field auditors' collection procedures failed. These assessments were prepared by the field auditors. The use of field auditors to assess taxes, which could be automatically assessed by computer based on historical employer data, is an inefficient use of resources that could be used to audit employer records.

Incentives for Employers to Pay Taxes on a Timely Basis — States assess interest and penalties against delinquent employers as a deterrent to employers becoming delinquent. States retain interest and penalty dollars collected and use them at their discretion. Most states do not use penalty and interest collections to fund either UI benefits or administration costs.

During our audit period, the states were charging interest rates below current market rates. Also some of the states did not provide adequate administrative penalties on employers' delinquent tax contributions. Since the agencies' interest rates were below market, employers could improve their overall interest costs by paying other liabilities rather than UI taxes.

For the states to provide adequate incentives for timely payments, both interest rates charged and penalties assessed must be flexible enough to respond to varying economic conditions. Interest rates need to be competitive with the market rates to discourage employers from voluntarily withholding contributions in favor of paying below market interest rates.

Penalties providing equal incentives to both large and small employers are also necessary to ensure timely payments. Such penalties could include maximum experience rates combined with a percentage of the contributions due without a maximum penalty.

Controls Over Collection Activities — Our review disclosed several weaknesses that adversely affect the effectiveness of state collection procedures.

- Some states did not issue cumulative monthly statements to employers with delinquent accounts receivable or delinquent reports.
- Several states did not have formal procedures for performing and documenting personal and telephone contacts with delinquent employers.
- Many states did not file timely tax liens against employer property and had inadequate controls to ensure that liens were filed at all.

- Most states did not seek information on employers filing for bankruptcy. Their primary sources for bankruptcy information was irregular correspondence from bankruptcy courts, employers, and agency field personnel.

Recommendations to Improve Tax Collections — ETA should encourage all states to do the following:

- Revise their interest rates on delinquent taxes in order to respond to varying market conditions.
- Change their penalty procedures to encourage timely payment of taxes.
- Issue cumulative monthly statements to employers with delinquent balances.
- Formalize delinquency follow-up procedures.
- Develop procedures to automatically file liens on delinquent employers.
- Expand procedures for identifying bankrupt employers to file proof of claims.

In addition, ETA should sponsor Federal legislation requiring interest collected on delinquent accounts to be used to fund either unemployment benefits, additional state administrative costs attributable to additional or improved delinquency collection procedures, or both.

ETA's Corrective Actions and OIG's Conclusions — ETA indicated that reviews of state agency operations in their corrective action plan will be patterned in large part on procedures used by OIG in its 12-state audit. The review will emphasize strengthening collection activities.

ETA in conjunction with the states is currently developing a corrective action plan in the 12 states OIG audited.

Historical Profile of States' Unemployment Insurance Program Operations From 1972 through 1982 — Although the Unemployment Insurance program was established as a Federal-state partnership, it has always been the states' responsibility to fund their benefit payments. Therefore, the states have the authority to establish their own program for financing state benefit payments and to establish the amount of benefits to which claimants are entitled.

We prepared an historical profile of the state UI programs from 1972 through 1982 to show what states have done, or have not done, to fund their increasing unemployment benefit costs.

Adequacy of Tax Revenues— Prior to the 1970's, states had basically funded their own UI programs with employer UI taxes. However, with the increasing unemployment benefit payments in the 1970's caused by the recession and the implementation of the extended benefits program, states have not increased their tax revenues at a rate sufficient to meet benefit payment needs.

The Employment Security Amendments of 1970 (PL 91-373) provide for payment of extended benefits over a period equal to one-half of the duration of regular benefits up to 39 weeks, with the costs of extended benefits shared equally by the states and the Federal Government. Between 1972 and 1982, 44 of the 53 states paid unemployment benefits of $20.9 billion in excess of tax collections. Of the $20.9 billion deficit in benefit funding, $5.9 billion (28.3 percent) was the states' share of extended benefits.

Since state Trust Fund reserves and tax collections did not fully fund benefit payment, 36 states used $14 billion of Federal advances, authorized by Title XII of the Social Security Act, to pay unemployment benefits from 1972 through 1982.

States have continued to increase the amount of benefits claimants are entitled to during periods of high unemployment without sufficiently increasing tax rates or individual taxable wage bases to fund these increased benefits. Of the 44 states that paid more benefits than they collected in taxes between 1972 and 1982, 23 (52 percent) had individual taxable wage bases in 1982 that were at the minimum allowed by Federal law. Of these 23 states, 18 (78 percent) changed their individual taxable wage bases between 1972 and 1982 only when required by Federal law.

In 1982, the nationwide ratio of taxable wages to total wages was 40.5 percent. This rate has been dropping consistently since 1940 as follows:

Time Period	Drop in Taxable Wage to Total Wage Ratio
1940-1949	92.3% to 81.3%
1950-1959	79.1% to 61.7%
1960-1969	61.1% to 49.7%
1970-1979	47.7% to 47.4%
1980-1982	44.7% to 40.5%

Also, 28 of the 53 states (53 percent) had employer minimum tax rates of less than 1 percent on taxable wages. The tax rates for these 28 states as of December 31, 1982, were as follows:

States with Minimum Tax Rate of Less Than 1 Percent

	0%	0.01 - 0.099%	0.1 - 0.49%	0.5 - 0.99%
Number of States	3	4	11	10
Percent of Total States	5.7	7.5	20.7	18.9
Cumulative Number of States	3	7	18	
Cumulative Percent of Total States	5.7	13.2	33.9	52.8

In one state with a zero minimum tax rate, 34 percent of the state's employers eligible for a tax rate based on experience rating had a *zero* tax rate. These employers represented 21 percent of the state's 1981 taxable payroll for all employers eligible to be experience rated. Although the UI program is an insurance program, these employers were not paying any "premiums" to offset future unemployment benefits that might be charged against them.

Recommendations — We recommended that ETA Support Federal legislation which allowed Federal advances only to states meeting the conditions that follow:

- The state sets its *minimum* individual taxable wage base at the *higher* of either the taxable wage base on which employers pay the FUTA tax, or the amount of base period wages that entitles a claimant to maximum benefits.

- The state can increase the weekly benefit amounts it allows claimants only if it can show that the prior year's collection of taxes resulted in a surplus of taxes over benefits, and that the state Trust Fund balance and prior year's tax collections, as an estimate of current years' collections, would fund the estimated current year's benefit payments with the weekly benefit amount increase. Or, the state can also increase the amount if it raises tax rates and/or the individual taxable wage base sufficiently to cover the increase.

- The state has a minimum tax rate of at least one percent.

- The state cannot lower tax rates unless it sufficiently increases the individual taxable wage base to offset the tax rate decreases.

We also recommended that ETA consider funding a study devoted to the concept of a Federal solvency standard (ratio of Trust Fund balances to benefit payments) not only to determine an appropriate standard, but also to see how it could be administered.

ETA has responded to the recommendations contained in this report. Since ETA's response was received late in the reporting period, we did not have sufficient time to analyze the response.

Unemployment Benefit Payments — During this reporting period we issued two reports regarding unemployment benefit payments. One discussed the savings that could be attained by converting from a weekly to a biweekly payment system; the second report was a summary progress report of the results of a computer matching program performed to determine whether Federal employees were receiving unemployment compensation in violation of Federal or state laws. In addition, we continued to track ETA's efforts to implement OIG recommendations made as a result of our previous review of benefit payment controls.

Unemployment Benefit Payment System - Biweekly Compared to Weekly — Twenty-four states or entities currently pay unemployment benefits biweekly; 29 pay benefits weekly. We performed a

review to determine the savings that could be achieved if benefits were paid biweekly, rather than weekly, in the 29 states.

Based on our review, we estimate annual savings of between $5.9 million and $14 million if the 20 states converted to a biweekly payment system. As shown in the following table, savings are available through increased trust fund interest and reduced administrative costs. Estimated, projected savings vary depending on the level of activity and prevailing interest rates.

Source of Savings	Potential Savings at Levels of Calendar Year 1982 U. I. Activity* 100%	75%	50%
	(Millions of Dollars)		
Trust Fund Interest at 12 Percent	$ 6.9	$ 5.2	$3.5
Administrative Costs:			
Postage	4.5	3.3	2.2
Bank Charges	1.0	.8	.5
Check Writing Cost	1.6	1.2	.8
Projected Savings at 12 Percent Rate	$14.0	$10.5	$7.0
Trust Fund Interest at 8 Percent	$ 4.6	$ 3.6	$2.3
Administrative Cost:			
Postage	4.5	3.3	2.3
Bank Charges	1.0	.7	.5
Check Writing Cost	1.6	1.2	.8
Projected Savings at 8 Percent Rate	$11.7	$8.8	$5.9

*Level of potential unemployment benefit activity compared to level of activity in Calendar Year 1982.

Trust Fund interest earned by states is increased under a biweekly system by allowing additional funds to remain in the interest bearing

trust fund an additional seven days. Adminstrative costs are saved under a biweekly system by reducing the number of checks written.

State agency officials sometimes mention barriers to converting to a biweekly system, for example, potential financial hardship to claimants and additional computer programming requirements. However, state agency officials in states that have already converted to biweekly systems indicate that the concern of hardship on claimants is overstated. Most of the biweekly states have provided special exceptions for true hardship situations.

Although conversion to a biweekly system will require reprogramming of state computer systems, the cost benefits would justify one-time programming costs. Further, this reprogramming would be done in most cases by existing staff, so there would probably be no additional costs incurred.

We recommend that ETA do the following:

- Increase its efforts to encourage states to adopt a biweekly system.
- Assist in removing artificial barriers to conversion by relating experiences of states that have already converted to biweekly payments.
- Provide the remaining 29 states with technical assistance on computer reprogramming developed by biweekly states. This will minimize the cost of reprogramming.
- Encourage all states to combine mailing of continued claims forms with benefit checks.

ETA has agreed to take positive action to implement the above recommendations.

Federal Employees Match With Unemployment Benefits — We matched payroll information for seven participating Federal agencies against unemployment benefit payments made by SESAs in 14 states for the period October 4, 1980, through October 2, 1982. Participating Federal agencies were the Departments of Agriculture, Commerce, Health and Human Services, Interior, Labor, Treasury (including IRS), the Tennessee Valley Authority, and the Veterans Administration. Participating states were selected based on the number of total and seasonal employees utilized by participating Federal agencies.

Our initial match identified 4,680 Federal employees in the seven agencies who apparently received both Federal pay and unemployment compensation during the same biweekly period. Our objective was to identify valid overpayments or fraud cases from these 4,680 so-called "raw hits." As of March 2, 1984, we determined that 466 employees received unemployment benefits totaling $270,390 in apparent violation of Federal and state law. Sufficient information was not provided to us by the Federal agencies to make a determination with respect to 1,822 employees who were initially identified as raw hits. Work is still in process on these Federal employees. Cases totaling 2,392 were determined to represent no violation of Federal or state law.

Under Federal unemployment regulations, SESAs are responsible for investigating cases of overpayments, determining whether criminal action is warranted, and collecting overpayments. Accordingly, we will forward documentation of these cases to each state.

Each apparent case of claimant fraud and misrepresentation, under this review only, is to be submitted to the investigative branch of each Federal agency. State or Federal prosecutions may be sought in some cases. The actions and results of these prosecutions will be coordinated with OIG's audit and investigative offices. To track terminations, suspensions, and reprimands, we are requesting that any administrative disciplinary action taken by the Federal agencies against offending employees be reported to OIG. In appropriate circumstances, cases will be referred to the U. S. Department of Justice, under this review only, by each agency for Federal prosecution.

Benefit Payment Controls — ETA continues to place a strong emphasis on preventing and detecting overpayments within the UI system and has recognized the need for enhanced quality control in both benefit payment and revenue management. The Assistant Secretary established an oversight committee to develop a comprehensive set of initiatives to improve UI program integrity through increased prevention, detection and recovery of overpayments.

To this end, it was agreed that the UI program needed a quality control system to assess state agency performance on an annual basis. Such a system would measure errors and identify their cause and the corrective actions needed to improve management. Many other Federally funded benefit programs have such systems. The OIG

supported the proposal that the quality control system be built in the Random Audit program.

The UI quality control concept was proposed by the Secretary of Labor and reviewed and approved in principle by the Office of Management and Budget.

ETA was charged by the Secretary of Labor to begin embarking on a new venture to improve program quality and reduce errors in the payment of program benefits. A task force was formed to carry out the initiatives of the Secretary. As part of the Department's 1985 budget request, ETA indicated that the nucleus of improving Trust Fund solvency and integrity would be the installation of a UI quality control system in states during 1985. The related efforts of the task force will include the refinement and expansion of error prone profiling; review of state policies and practices with respect to the UI work test; pilot testing of alternative systems of pre-checks for preventing overpayments; and continued testing of new approaches for increasing UI fraud prosecutions. Efforts will continue to assure that all state agencies comply with mandated UI legal and performance requirements for rendering required services to claimants and employers.

The Office of Inspector General will continue to be involved in overseeing ETA's actions in the unemployment benefit payment control area.

Job Corps

The Job Corps provides intensive programs of education, vocational training, work experience and counseling primarily on a residential basis, with some nonresidential training offered as well. The facilities and programs are available for training disadvantaged youth aged 16-21, who are out of work and who need additional skills to receive and hold meaningful employment. Budget authority for Fiscal Year 1984 is approximately $500 million. As noted in previous semi-annual reports, we undertook an extensive series of audits of the Job Corps program. These audits covered the following major areas of Job Corps operations:

- Outreach, Screening and Placement
- Job Corps Center Operations
- Architectural and Engineering Services

- Job Corps Center Contract Procedures
- Corpsmember Welfare Association Funds

The audits identified major deficiencies and significant problems in the operations of the Job Corps program while questioned costs and costs recommended for disallowance, were substantial in relation to the total amount of audited costs. Problems were identified with the adequacy of administrative and accounting internal controls. Our audits showed extensive management systems problems in every major facet of the Job Corps program reviewed.

It should be noted that all of the reports we issued covered activities that took place prior to the establishment of the current Job Corps management team. It should also be noted that, although we have not received formal responses to the reports, the new management team has clearly indicated that appropriate actions will be taken on the recommendations contained in the audit reports.

Outreach, Screening, and Placement

The Job Corps Regional Offices use screening and placement agencies, including SESA's unions, Job Corps Centers and nonprofit organizations to (1) select eligible applicants, (2) assign eligible applicants to Centers, and (3) place corpsmembers after they terminate from the Job Corps program.

We performed an audit to evaluate the economy and efficiency of outreach, screening, and placement activities. Our audit revealed that the Job Corps intake process is inadequate and needs improvement and the placement performance information reported by Job Corps was incomplete and inaccurate.

Intake Process — During Fiscal Year 1982, the Job Corps National Office set a national goal to enroll 74,983 eligible corpsmembers into the program. This enrollment is performed utilizing screening agencies who make the initial eligibility determinations by interviewing applicants, completing appropriate application forms, and verifying the application data. The final determination of eligibility is then made by the Job Corps Regional Offices (JCROs). The eligibility criteria are established by the Job Training Partnership Act. In addition, the Act authorizes the Secretary of Labor to prescribe additional standards for enrollment. Such additional standards have been adopted by Job Corps to target individuals living in undesirable

environments. Our review of a random sample of 1,000 of the 52,170 total corpsmembers enrolled during Fiscal Year 1982 disclosed the following deficiencies in the intake process:

- Job Corps Data Sheets were not properly completed in many cases.
- Screening agencies were not properly monitored by JCRO's, and JCRO's did not have adequate quality control procedures over eligibility determinations.
- Documentation supporting the verification or re-verification of information on the Job Corps Data Sheet was not retained.

These deficiencies resulted in the inability to determine the eligibility status of 49.3 percent of the corpsmembers tested based upon the criteria as set forth in the Act. Also, in the above sample, we could not test 30.9 percent of the sampled corpsmembers with the special environmental targeting criteria established by Job Corps. Thus, serious deficiencies exist in the internal controls over the eligibility determination process.

Placement Process — The Job Corps program does not have a placement reporting system that provides complete and accurate statistics on the status of all corpsmembers who terminated. Following is a summary of the significant weaknesses noted:

- *Placement Reporting* — The placement performance of the Job Corps program is officially reported in "The Employment and Training Report of the President." The reports for Fiscal Years 1981 and 1982 did not fully disclose the placement performance of the program. For example, Placement Assistance Records for 13,429 (22.3 percent) of the 60,155 corpsmembers who terminated during Fiscal Year 1982 were not recorded in the placement recording system. Therefore, the reported placement statistics for the Job Corps program could not be relied on to accurately reflect placement performance.
- *Placement Verifications* — The Job Corps National Office did not verify the accuracy of the 34,010 reported placements for FY 1982. As part of our review, 1,000 confirmation letters were sent to employers, schools, and the armed forces. These confirmations disclosed an error rate of 29.7 percent, which indicates that 29.7 percent of those claimed to be placed were not.
- *Placement Contracts* — Job Corps is presently reimbursing contractors the same amount for merely verifying that a corpsmember

placed himself or for actually assisting a corpsmember in finding a job. Equal reimbursement in these cases seems inequitable. However, the definition of a placement as contained in placement contracts provides reimbursement for such self-placements. The self-placement rate was 36.8 percent. We believe Job Corps should change the definition of placement to reimburse a lesser amount or to totally exclude reimbursement for mere verification of self-placement.

The reliability of reported statistical data is particularly significant in that our audit disclosed that the placement statistics reported in "The Employment and Training Reports of the President" for Fiscal Years 1981 and 1982 did not include all relevant data as to number of individuals available for placement. Specifically, the President's reports did not disclose the status of the corpsmembers who terminated and were classified as "not available for placement" or "cannot locate." The following table shows the effect of not disclosing all corpsmembers who terminated.

Placement Performance

	Corpsmembers Who Terminated the Program			
	Fiscal Year 1981		Fiscal Year 1982	
	Reported	Actual	Reported	Actual
Available for Placement	41,500	41,515	40,300	40,251
Not Available	—	4,059	—	3,611
Cannot Locate	—	9,766	—	8,295
Totals	41,500	55,340	40,300	52,157
Placed	35,800	35,800	34,010	34,010
Placement Rates (percentage)	86.3	64.7	84.4	65.2

As shown, by excluding corpsmembers who terminated and were not available for placement and those who cannot be located from reported placement computations, the reported placement rates are considerably higher (86.3 percent and 84.4 percent) than placement rates (64.7 percent and 65.2 percent) that include such corpsmembers. It should be noted that the above figures were taken from data entered into the system. Had all of the Placement and Assistance Records been entered into the system, the actual placement rates may have been affected even more than shown above. For example,

13,429 Placement and Assistance Records were omitted from the placement recording system in Fiscal Year 1982. The following schedule shows how the number of missing Placement and Assistance Records were identified.

Fiscal Year 1982 Terminations per Weekly Corpsmember Status Report		60,155
Less: Fiscal Year (FY) 1982 Placement and Assistance Records (PARs):		
Submitted in FY 1982	30,594	
Submitted in FY 1983	14,354	
Could not be matched	1,778	46,726
Fiscal Year 1982 Terminations for which PARs were not entered into the system		13,429

As indicated above, it is not clear what effect these missing records may have had on the placement statistics. However, it is clear that significant improvement is needed in tracking terminations.

Conclusion — We made a number of recommendations to Job Corps that we believe will eliminate the problems identified during the course of our audit of the outreach, screening, and placement process. These recommendations are geared to provide assurance that eligibility is being properly determined and to ensure that the placement performance of the Job Corps program is completely and accurately disclosed.

Job Corps Center Operations

In order to help prevent fraud, waste, and abuse within the Job Corps program, the operations of the Centers must have sound financial systems, as well as good systems relating to internal accounting, administrative and compliance controls. However, our audits of 77 Centers revealed serious problems relating to the procurement systems, financial management systems, and other internal control systems. In addition, of the $1.1 billion of audited costs we identified about $16.1 million in questioned costs and an additional $3 million in costs recommended for disallowance. Additional misexpenditures

due to compliance violations were statistically projected in the audit reports to assist management in assessing the impact of such violations, rather than to require repayment of such misexpenditures.

Procurement Systems — Sixty-five percent of the Centers audited had inadequate procurement systems. The breakdown in the systems was generally due to a lack of competitive bids, adequate procurement documentation, and DOL approval.

Financial Management Systems — About 85 percent of the Centers' financial management systems were inadequate. These inadequacies covered separation of duties, preparation of financial reports, supporting documentation, and unallowable costs.

Center Staffing — Our audits showed that the Centers were not placing top priority on the hiring and training of staff. Approximately 24 percent of the staff had qualifications less than those required. Unless staff are qualified, training provided to the corpsmembers could be insufficient or lacking in quality. As a result, corpsmembers could be ill-prepared for future job opportunities.

Indirect Costs — Thirty-two Centers did not have internal processing controls to ensure approved rates were used, the proper base was used in the calculating of indirect costs, the costs ceiling were being monitiored, and the final rates were submitted on a timely basis.

Government Transportation Requests, Enrollee Meal Tickets, Living and Readjustment Allowances — Centers were deficient in controlling Government transportation requests used to obtain tickets from common carriers to transport enrollees to and from Centers. Controls on meal tickets, which enrollees use to obtain meals when in transit to and from Centers, were similarly absent. Significant deficiencies were also noted in regard to controls on enrollee living and readjustment allowances. Improvements in these controls are needed because substantial funds ($84.7 million in Fiscal Year 1984) are budgeted for enrollee transportation and allowances.

Enrollee Services — Centers often failed to deliver (or at least failed to document delivery of) required services in accordance with contract terms. The services range from planned health sessions (medical and dental) to recreational/vocational programs and counseling sessions. Ten percent of corpsmembers enrolled in the Job Corps program did not receive the services or did not receive them on a timely basis.

Conclusion — We made a number of recommendations to Job Corps to improve the systemic weaknesses noted during our audits. We plan to perform follow-up audits on Job Corps operations during Fiscal Year 1984. These audits will include financial and compliance audits of the Centers and program results audits of Government transportation requests and living and readjustment allowances. Follow-up audits will also be performed on the audit recommendations made during the last year especially those recommendations pertaining to on-site monitoring by Job Corps. We strongly believe that had sufficient and quality monitoring been undertaken by Job Corps, a number of the deficiencies noted during the current series of audits on the operations of the Centers would have been reduced or eliminated.

Architectural and Engineering Services

Three contractors acted as authorized Job Corps representatives in developing and managing architectural and engineering (A&E) services for the construction and rehabilitation of Job Corps facilities. The total amount of the three contracts was $28 million, while the remaining amount spent by the Job Corps for construction and rehabilitation projects, during the audit period, was $32.1 million. We performed a review of these three Job Corps A&E support contracts.

Procurement Practices — Our review disclosed the following procurement deficiencies:

- Inclusion of cost-plus-a-percentage-of-cost payment provisions in the contracts;
- Questionable use of sole source procurement on one of the awards;
- Failure to require cost or pricing data supporting proposed contract rates, to obtain the related certificate of cost or pricing data, and to conduct adequate negotiations for contract price.

In addition, we found that some of the work activities included in the A&E contracts appeared to be in violation of the Brooks Act procurement requirements for A&E services. The A&E contractors performed procurement and administation functions that were outside the scope of the A&E functions.

Conclusion — We made a series of recommendations to correct the above deficiencies noted during our audit. Our recommendations included the following:

- Job Corps review costs charged to the contracts and any excess compensation paid to the contractors should be recovered.
- Job Corps should consistently require accurate, complete, and current cost data, including certificates of cost and pricing data.

Job Corps Center Contract Procedures

Regional Offices of Job Corps entered into cost and cost-plus-a-fixed-fee contracts with various contractors for the purpose of operating Job Corps Centers to provide job training and employment opportunities for economically disadvantaged, unemployed, or underemployed youth.

We undertook an audit of these contracts because the General Accounting Office found that "Job Corps Regional Offices seem to be administering contracts for Center operations as cost-plus-a-percentage-of-costs rather than cost-plus-fixed-fee."

Costs-plus-a-percentage-of-cost contracting is prohibited by the Federal procurement regulations that provide ". . . the fixed fee once negotiated does not vary with actual costs, but may be adjusted as a result of any subsequent changes in work or services to be performed under the contract. . . ."

Job Corps Center Contract Modifications — We performed an audit of 226 Job Corps Center contract modifications with fixed fee changes during the period January 1, 1981, through December 31, 1982. Our audit disclosed 41 modifications that increased the fixed fee by $419,613 but did not increase the scope of work or services to be performed under the contract. These modifications represent a cost-plus-a-percentage-of-cost contracting method, which is prohibited under Federal procurement regulations. Therefore, the entire amounts were recommended for disallowance.

Conclusion — We recommended that Job Corps establish procedures whereby contracting activities assigned to the regions are monitored on an ongoing basis to ensure that no cost-plus-percentage-of-cost contracting is performed. In addition, all Job Corps Center contract modifications, with fixed fee changes, executed since December 31, 1982, should be reviewed to determine if

the procurement was performed in accordance with Federal procurement regulations. Amounts that represent cost-plus-percentage-of-cost contracting should be recovered from the contractors. It should be noted that Job Corps did issue an order in the spring of 1982 to stop the practice.

Corpsmembers Welfare Association Funds

Job Corps regulations establish the need for a Corpsmember Government and Welfare Association and provide that each Center Director set up a welfare association fund to be managed and controlled by the association council. The regulations provide that no Federally appropriated funds are to be used to operate the associations' activities.

We performed an audit of 65 Corpsmember Welfare Association Funds (CWAF's). The total assets held by the 65 CWAF's were valued at $539,000 and the total revenues and expenses audited were $4.5 million and $4.3 million, respectively.

Internal Control Weaknesses — Although the above amounts are relatively minor when compared to total Center operations, CWAF's warrant more attention in light of the weaknesses noted during the audit. For example, of the 65 CWAF's audited:

- 30 Funds had weaknesses in internal controls;
- 43 Funds inadequate by maintained accounting records;
- 14 Funds had inadequate or lacked preparation of financial statements;
- 7 Funds lacked compliance with the welfare association plan; and
- 14 Funds had weaknesses in stores control and/or inventory.

Generally, the weaknesses were caused by insufficient supervision and guidance of the CWAF financial activities. As a result of the exceptions noted, we rendered six qualified opinions, 23 unqualified opinions, 26 disclaimers of opinion and seven adverse opinions. For three audits, no financial statements were prepared, thus, no opinion was issued.

Conclusion — We recommended that Job Corps should require corrective action from the Center contractors regarding the audit findings. Contractors should provide guidance in establishing and

improving the system for accountability and safeguarding of funds. The contractors should also monitor the Association's financial activities periodically to ensure that policies and procedures are being followed.

We also recommended that Job Corps require the contractors to perform internal audits of CWAF's immediately. The results of these audits should clearly indicate the follow-up procedures required to correct weaknesses noted in our audits.

Comprehensive Employment and Training Act

On October 1, 1984, the Comprehensive Employment and Training Act (CETA) was replaced operationally by the Job Training Partnership Act (JTPA). However, funding for prime sponsor administrative activities related to CETA closeout can continue through July 31, 1984.

Because of the large amount of funding and the large number of grantees that operated CETA programs during its ten-year history, the closedown of CETA has been an enormous undertaking. As noted in prior semiannual reports, ETA has taken several actions to help ensure a successful closeout of the CETA program. These actions included developing and providing closeout guidance to prime sponsors. The actions also included providing training to ETA field personnel and prime sponsor representatives regarding the orderly closeout of the CETA program.

As noted in prior semiannual reports, we assisted ETA in the CETA closeout training by providing technical assistance on audit matters and the safeguarding of assets. We also coordinated with ETA to ensure that prime sponsors made appropriate audit arrangements during the final year of CETA operations.

As a continuation of our efforts to assure a smooth closedown of the CETA program, we have performed phasedown reviews of 107 prime sponsors and have kept ETA informed of the results of these reviews. In addition, we have assumed an active advisory role in ETA's CETA closedown activities.

Phasedown Reviews

Our special purpose reviews were designed to identify and verify asset, liability and fund account balances of selected prime sponsors

and their sub-recipients. Specifically, our objectives were to determine if grantees are following closeout procedures prescribed by ETA; identify excess cash; identify selected unrecorded liabilities and receivables; identify CETA-purchased property for recovery by the Department of Labor or transfer to the JTPA program; and provide information to ETA regarding the selected prime sponsors' audit resolution activity.

We have issued a summary progress report to ETA reflecting the current status of our reviews. To date our reviews have disclosed significant problems in the following areas:

• Excess Cash	$ 13,298,431
• Unrecorded Property	1,106,570
• Unlocated Property	183,931
• Unrecorded Receivables	716,793
• Unrecorded Payables	554,192
• Other Potential Assets	5,945,553
• Other Potential Liabilities	37,217,402
• Unresolved Prior Audit Findings	113,676,532

As a direct result of the reviews, prime sponsors have voluntarily returned $820,204 of cash to DOL. Also, auditors have taken exception to $17,172,690 of charges to the CETA program as being questionable or unallowable expenditures. The charges were identified during the limited testing performed on selected asset and liability accounts.

Because of the significance of the findings in our summary progress report to ETA, we have recommended that ETA do the following:

- Issue guidance to Regional ETA Offices to require CETA prime sponsors to provide a listing of all unresolved sub-recipient audits in the closeout documentation.
- Issue procedures to ensure that ETA Regional Offices establish a receivable for each prime sponsor based on the amounts shown on the listing of unresolved sub-recipient questioned costs.
- Issue a letter to the prime sponsors reminding them of the need to identify and recover all subgrantee advances prior to closeout.

- Ensure the prime sponsors have made arrangements to forward to DOL any CETA funds returned to their program after closeout.
- Establish procedures to ensure that the phasedown review reports are fully considered during the closeout process.

Our summary progress report and recommendations did not require a formal response from ETA. However, we understand ETA is taking actions to implement our recommendations.

Continuing OIG Advisory Role in CETA Closeout

Status reports prepared by ETA as of March 23, 1984, show an inventory of about 2,500 Master Plans and Annual Plan Subparts and about 800 audit reports. These documents are in various stages of settlement and resolution. The ultimate resolution of these matters will involve a major effort on the part of ETA.

To facilitate the closeout process, in addition to our phasedown reviews, we have assumed an active advisory role to assist ETA grant officers in closing and settling grants to CETA prime sponsors. By providing timely advice to ETA, we can substantially assist the closeout process, help ensure the integrity of CETA funds, and meet our audit resolution and follow-up responsibilities under OMB Circular A-50.

Our OIG advisory role will include reviewing audit reports, findings and determinations and related documentation, closeout documents, and any additional information deemed necessary to provide advice to the ETA Grant Officers.

To properly carry out the advisory function, additional audit work may be required in some instances. The scope of audit work and types of reports to be issued will vary depending on the individual circumstances. In most cases, the additional audit work will consist of limited scope, onsite reviews targeted at specific, identified problem areas. For example, based on our phasedown reviews, we have targeted about 50 prime sponsors for additional follow-up work. We will perform reviews at these prime sponsors to follow-up on findings and recommendations contained in the phasedown review reports. Fast reaction reports will be issued to ETA to advise the grant officer in preparing findings and determinations and closing the CETA grants expeditiously. We will also review a sample of CETA Balance of State prime sponsors, since such prime sponsors were not included in our initial phasedown review. In some cases, full scope audits of closeout packages may be necessary.

Our advisory role will continue until the final resolution of all outstanding closeout and audit matters.

Job Training Partnership Act

JTPA became operational on October 1, 1983. Budget authority for Fiscal Year 1984 is about $3.3 billion. As noted in prior semiannual reports, we have devoted considerable effort, even before the passage of JTPA, to help prevent recurrence of management problems and program abuses that plagued the CETA program.

Our efforts in the first six months of JTPA operations have again concentrated on the prevention of problems. We assisted in ETA's follow-up of our audit of systems development in the 57 states and entities receiving JTPA funds. The term "states" will include entities receiving JTPA funds — Puerto Rico, the District of Columbia, the Virgin Islands, Guam, American Samoa, Northern Mariana Islands and the Trust Territories of the Pacific Islands. Also, we have reviewed state cash management systems to determine whether cash management practices were effective in minimizing cash balances to avoid unnecessary interest costs.

Our future plans include an active OIG role in the oversight and evaluation of the JTPA program.

Follow-up on Systems Development Audit

As reported in the last semiannual report, both ETA and OIG recognized that to help prevent waste, fraud, and abuse from occurring in JTPA programs, JTPA must be launched from a solid base of sound financial and oversight systems. Therefore, at ETA's request, we made an audit to evaluate the adequacy of each state's development of critical internal control systems, and to provide ETA and the states with information about the status of such systems. It was our intention that this information be used by states to focus their efforts, where needed, to improve systems prior to October 1, 1983. We issued individual reports to each of the 57 entities and a consolidated report to the ETA National Office.

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

Our review indicated that only four of the 57 states reviewed were considered ready to effectively begin JTPA program operations. These states will receive nine percent ($264.1 million) of total Fiscal Year 1984 funding. Nine States, receiving three percent ($82.3 million) of total Federal funding, had made inadequate progress in developing systems. Forty-four states had made varying degrees of progress in developing necessary systems. These forty-four states will receive 88 percent ($2.4 billion) of Fiscal Year 1984 funding.

We recommended that ETA provide immediate technical assistance and guidance to the nine entities that had made slow progress in systems development. In addition, we recommended that ETA review all entities during the first few months of JTPA operations to determine whether draft and planned procedures and controls were adequately completed and whether all necessary systems were effectively implemented.

In response to our report, many ETA Regional Offices immediately began making visits or otherwise contacting states to determine the progress being made on systems development. In December 1983, the ETA National Office formally instructed each Regional Office to follow-up on state systems development. In many cases OIG staff accompanied the ETA team on the on-site follow-up visits to the states. The OIG role was to provide technical assistance to the ETA team.

ETA has submitted an individual report on the follow-up results to each of the states. The reports indicate that nearly all critical systems have now been developed.

JTPA Cash Management

The cost of borrowing money is a significant portion of the total Federal budget, and Federal grant costs have a large impact on Treasury financing costs and the level of public debt. During fiscal year 1984, states will receive about $2.8 billion of JTPA funds. States will distribute most of these funds to about 572 Service Delivery Areas (SDAs), that will in turn distribute significant amounts to numerous service providers.

Since administration of the JTPA program can involve the movement of substantial amounts of Federal funds through several recipient and sub-recipient levels, the potential exists for incurring substantial, unnecessary interest costs unless cash management practices mini-

mize cash balances. To evaluate whether systems that would minimize JTPA cash balances had been implemented, we reviewed the cash management practices at a statistical sample of states and SDAs. We have issued a draft report reflecting the results of our review.

From our review, we statistically estimated that state and SDAs' cash management practices have resulted in interest costs nationwide of $1.9 million to $2.2 million during the first three months of JTPA operations. State average daily cash (book) balances were equal to four days of average daily disbursements, and SDAs' daily cash balances were equal to 32 days of average daily disbursements. Unless conditions change, $7.5 million to $8.7 million of interest costs could be incurred annually.

In addition to the $7.5 million to $8.7 million of interest costs, additional interest costs are incurred because of transit time in mailing and processing checks. For the first three months, we statistically estimated that for each day checks were in transit from states or SDAs until presented for payment at the bank, interest costs of $80,000 to $195,000 were incurred nationwide. Unless conditions change, annual interest costs of $322,000 to $780,000 could be incurred for each day checks are in transit.

Unnecessary or excessive cash balances were caused by a number of factors. Our review disclosed the following causes:

- The average days between request and receipt of funds by SDA's was 13.
- Some 84 entities operated under restrictive state or local laws, regulations and policies that impeded or prevented minimizing cash balances.
- Before requesting additional funds, 110 entities did not prepare accurate forecasts of cash needs.
- Rather than returning funds in excess of current JTPA needs to the Department of Labor, 53 entities transferred balances of CETA funds to the JTPA program.
- Unrequested PIC grant funds were received by 41 entities.
- Non-JTPA programs received loans from JTPA funds from two entities.
- Eleven entities did not write checks on the days originally planned.

Both the JTPA and implementing regulations stress the importance of good cash management practices. In recognition of the importance of cash management, ETA is developing a cash monitoring guide, which they plan to use for on-site monitoring visits starting later this year.

To make reviews of cash management practices more efficient and comprehensive, as well as to provide a more accurate picture of an entity's cash management practices for all Federal grants, we recommended that ETA coordinate with other Federal agencies in making entity-wide reviews of cash management practices. We also recommended coordination with other Federal agencies to utilize techniques contained in Treasury regulations that would simplify letter-of-credit funding through consolidation and centralization within Federal and state agencies.

We made a number of other recommendations to ETA to improve the effectiveness of cash management, including recommendations that ETA:

- assist states and SDA's in gaining relief from state and local laws, regulations and policies that inhibit or prevent entities from using innovative cash management techniques or from otherwise minimizing daily cash balances;
- coordinate a test by a sample of states and SDA's to determine the feasibility and cost benefits of having banks use the letter-of-credit to draw funds as needed to honor checks presented for payment; and
- assist the states in establishing statewide electronic fund transfer (EFT) systems for transferring funds to SDAs. (Through the efforts of ETA, EFT systems have already been established in Louisianna, New Mexico and California. Arkansas is scheduled to implement the system on July 1, 1984.)

ETA has not had time to formally respond to our draft report and specific recommendations. ETA has, however, shown considerable interest in taking actions that would improve cash management in the JTPA program.

Inspector General's Role and Responsibilities under JTPA

The Inspector General has a responsibility under the Inspector General Act to perform audits of Department of Labor programs for the purpose of preventing and detecting fraud, waste and abuse. Such responsibility was undiminished by the enactment of JTPA. In fact the enactment of JTPA imposed additional responsibilities on the Office of Inspector General to ensure that this major, new program contained safeguards adequate to prevent fraud, waste, and abuse. These responsibilities are consistent with OMB guidelines (Circular A-73), which emphasize the need for early audits of new programs. We intend to meet these statutory responsibilities.

The Act and implementing regulations also impose responsibilities on the states to assure that state and subrecipients are audited. The Office of Inspector General has a regulatory oversight role in this process.

To achieve the greatest impact in improving the economy and efficiency of the JTPA program and preventing program abuses, the Office of Inspector General believes that it is important to review JTPA operations from an overall, nationwide perspective. This seems especially appropriate under JTPA where the individual entity audits are the primary responsibility of the states. For these reasons, we plan to review major JTPA systems across the nation, using advanced statistical techniques, by sampling operations at states and subrecipients. By using this approach, we believe we can provide useful information to the Secretary of Labor and Congress in evaluating the JTPA program and in making any changes necessary to assure fiscal integrity and improve operational efficiency and effectiveness.

During Fiscal Years 1984 and 1985, we are planning reviews to determine adherence to JTPA eligibility requirements and JTPA funding restrictions (e.g., 70 percent minimum for training; 30 percent maximum for administration and supportive services).

In addition to our oversight activities, ETA has also planned oversight activities to meet the Secretary's statutory responsibilities for monitoring and evaluating JTPA programs. We have been advised by ETA that its long-term plans for oversight of JTPA will encompass about 19 separate areas of review.

We have agreed to review ETA's monitoring guides as they are developed and advise ETA as to any recommendations we have for improvement. As we develop our audits and reviews, we intend to consider ETA's monitoring guides and the results of any available ETA on-site reviews. This will be done to assure a coordination of oversight activity between OIG and ETA and prevent any unnecessary duplication.

Employment Standards Administration

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

During the past several years, the ESA program receiving the greatest OIG audit and investigative attention has been OWCP, especially OWCP's management of the Federal Employees' Compensation Act (FECA). FECA is again highlighted in this report, although work concerning both the Black Lung program and the Wage and Hour Division is also included in this chapter.

FECA Program

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

For Fiscal Year 1985, ESA has requested a nationwide staffing level for FECA of 928 and a budget of $46.9 million for program management. The request for the Employees' Compensation Fund totals $1.087 billion, of which $880 million represents reimbursement from other Federal agencies' appropriations or revenues. Approximately 45,500 claimants receive long-term benefits under FECA.

About 1.4 million compensation and medical payments are expected to be made in Fiscal Year 1985.

The last semiannual report discussed several ongoing projects, including audits of the FECA chargeback system (through which OWCP receives reimbursement from Federal employing agencies) and a computer crossmatch between payments made through the FECA program and the retirement system managed by the Office of Personnel Management (OPM). Also discussed were changes needed in program administration, including strengthening the role of employing agencies in FECA management; legislative reform; regulatory reform; and improvements in management systems.

This reporting period has seen progress in some areas and continued problems in others. One of the most notable areas of progress in the reporting period was a new joint ESA/OIG training program for FECA program employees to increase understanding of employee and systems fraud within individual district office operations. In January 1984, OWCP and OIG co-sponsored a two-day fraud awareness seminar for FECA Assistant Deputy Commissioners.

As a follow-up to that seminar, OWCP and OIG personnel are working together to develop a training program for all FECA program employees to increase their level of understanding and awareness of fraud, waste and abuse issues. Rather than focusing specifically on fraud, however, the training is designed to deal with the more positive aspects of ethics and integrity in the Federal workplace in general and the Department of Labor and FECA program in particular. Delivery of the course is scheduled to begin in May 1984 with pilot testing in several FECA district office cities. Following the initial run, the remaining regions will be given the entire training program for delivery in their offices. All training should be completed before the end of the fiscal year. Managers of both the Black Lung and Longshore programs in OWCP have also expressed interest in adapting this training program for their employees.

Other noteworthy areas of progress were the completion of work by the Employing Agencies Task Force and the award of a contract to implement a new automated data processing system for the FECA program (both topics are discussed later). Problems continue to exist through delays in promulgating regulations, ensuring the integrity of the FECA chargeback system, obtaining timely collections of prohibited dual benefit payments, and implementing certain earlier OIG recommendations.

The FECA section of this chapter is organized along major topic lines that reflect OIG concerns over the past several semiannual reports: (1) legislative and regulatory reform; (2) employing agencies and the FECA chargeback system; and (3) management systems.

Legislative and Regulatory Reform

In our last report, we made extensive comments in support of the comprehensive FECA legislative proposal developed by the Department of Labor. This proposal involved considerable work and extensive consultation by ESA with the employing agencies, Federal employee unions, OIG and other interested parties. The proposal was designed to apply benefits under the Act more equitably and significantly enhance management of the FECA program. Unfortunately, there has been little apparent Congressional interest in the reform legislation, and there is currently no sponsor for the bill.

Legislation, however, has not been necessary to implement many of the management reforms we have recommended. We have repeatedly urged OWCP to improve management of the FECA program, where possible, through regulatory, administrative and managerial channels. With Congressional consideration of the Department's FECA proposal unlikely, regulatory, administrative and managerial reforms take on added importance. OWCP has been incorporating many of the provisions from the legislative proposal into regulatory proposals where legislation is not required to effect change. Three separate regulatory proposals are involved.

Suspension and Debarment — We have strongly advocated that OWCP establish procedures to exclude from participation in the FECA program those providers of medical services or supplies who defraud the Government or who engage in certain abusive billing, treatment or reporting practices. OWCP published proposed suspension and debarment regulations in the *Federal Register* for public comment on October 18, 1983. Final regulations had not been published by the end of the reporting period.

The debarment regulations establish procedures to enable OWCP to exclude from the FECA program providers who: (1) were convicted under any criminal statute for fraudulent activities in connection with Federal or state programs for which medical payments are made (in which case exclusion will be automatic); (2) were excluded or suspended from any such Federal or state program; (3) misrepresented a material fact in connection with medical payments or

reimbursements; or (4) engaged in specified abusive billing and reporting practices. Excluded providers will be barred from seeking payment for services provided under FECA after the effective date of exclusion. The regulations provide both an informal and formal decision process, with the formal decision arising from a hearing requested by the provider. An excluded provider may apply for reinstatement, generally one year after the issuance of the exclusion order.

Medical Fee Schedules — The containment of medical costs through geographically differentiated schedules of maximum permissible fees for specific services has been a matter of prime interest to OIG for the past several years. Medical fee schedules could result in substantial savings and more consistent payments to different medical providers within single geographic regions.

While we are encouraged that publication of a proposed regulation appears likely in the near future, we are concerned that progress has been slower than expected. On February 24, 1984, OWCP forwarded to the Office of Management and Budget (OMB) a draft regulatory proposal providing for a system of medical fee schedules. OMB required OWCP to consult with the Department of Health and Human Services, which manages Medicaid and Medicare, in further preparation of the regulations prior to publication. Once OMB approval is received, the proposal will be returned for the Secretary's signature, and published in the *Federal Register* for a 60-day public comment period.

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

Procedural Regulations — In our last semiannual report, we noted that ESA anticipated publishing the proposed regulations in the *Federal Register* for public comment in early 1984. Yet, because of internal delays in OWCP, the proposal has been held up for several months. At the end of this reporting period, a draft was being cleared by the Office of the Solicitor, but had not yet been cleared by either the Department's senior managers or OMB. Publication of the proposal is, regrettably, several months away.

While a wide range of changes would be brought about by the revisions, those of greatest interest to OIG include provisions which would: (1) more clearly delineate the responsibilities of the employing agencies; (2) clarify the claims filing process; (3) clarify responsibilities for returning injured employees to work; and (4) clarify claimants' reporting requirements.

OWCP has been working on these three regulatory proposals for several reporting periods. Considering the long periods of time over which the issues addressed in these regulations have been receiving attention from OWCP and OIG, we are concerned that progress in implementing changes to the FECA regulations has been so slow. We had expected that all three proposals would have been published by this time. However, we recognize that OWCP is not entirely at fault in the delays associated with developing regulations; both the Office of Management and Budget and other Department of Labor Agencies and policy review bodies have review and clearance responsibilities prior to publication of regulations. We suggest that the Department of Labor Agencies involved, particularly ESA, put forth the effort necessary to promulgate these regulations as quickly as possible.

The Employing Agencies and the FECA Chargeback System

Under the Federal Employees' Compensation Act, the Department of Labor is responsible for administering a workers' compensation program for Federal workers who are injured on the job. However, while OWCP administers the FECA program, the Department of Labor does not generally pay for FECA claims (other than its own) from its own salary and expense budget. Payments made to or on behalf of FECA claimants come from the Employees' Compensation Fund. The Department of Labor annually bills the Federal employing agencies for the FECA benefits expended on their behalf during the year. The agencies, for the most part, request the Congress to include FECA costs in their annual appropriation. The system is thus known as the "chargeback" system, since Labor "charges back" compensation payments to the appropriate employing agency. Thus, for Labor's efforts to be successful and cost effective, the Department must work closely with the Federal employing agencies. The Federal employing agencies have a vital role in managing their individual compensation programs; a central element of that role is the chargeback system. Both the general matter of the employing agencies' role in FECA management and the specific matter of the chargeback

system are discussed below.

FECA program costs have been of great concern to both the employing agencies and OIG. The Fiscal Year 1983 chargeback bill of over $853 million is almost $33 million higher than that for Fiscal Year 1982. Total Fiscal Year 1984 obligations for FECA benefits may exceed one billion dollars, a 12 percent increase over the Fiscal Year 1983 obligation.

Concerns over the costs of the FECA program and the role that employing agencies could play in reducing costs led to the 1981 formation of an interagency working group, under the auspices of the President's Council on Integrity and Efficiency (PCIE), to study the role of the employing agencies and to recommend ways in which they could participate more actively in management of the FECA program. As a result of the study, the Secretary of Labor established the Employing Agencies Task Force, comprised of representatives from the various employing agencies and the pertinent components of the Department of Labor (OIG, ESA and OWCP). The Task Force was asked to consider the recommendations of the report and to make recommendations for FECA reform, including legislative and regulatory changes, the role of the employing agencies, and administrative and managerial changes.

The Employing Agencies Task Force has substantially completed action on the recommendations in the PCIE report. As reported in the last semiannual report, the Task Force participated in the preparation of the FECA legislative reform proposal and addressed recommendations leading to pending regulatory changes.

During the last six months, the Task Force has issued papers containing its recommendations in the areas of: (1) FECA program missions and functions; (2) employing agency training in Federal employees' compensation; (3) light duty assignments; and (4) reemployment of injured employees with permanent partial disabilities.

Discussed in the last semiannual report was the need for detailed information to assist employing agencies in developing model compensation programs. In response to this need, the Task Force developed a compendium of FECA program missions and functions to aid employing agency compensation program managers in considering alterations to their existing workers' compensation systems. The compendium will be useful in preparing position descriptions,

planning program development, designing career development paths, and training personnel.

The PCIE report also identified a need for increased and more structured training for employing agency compensation personnel. Recognizing the importance of improving training, the Task Force reviewed training programs and needs for compensation personnel and made recommendations for mandatory, recommended and optional training programs. These training recommendations are intended to provide detailed information about Federal employee compensation law and procedures to meet the needs of supervisors, compensation claims service specialists and other involved employees. OWCP has informed us that it is revising existing training and developing new training as recommended. In cooperation with OPM, these courses will be incorporated into OPM training courses, which will be available nationwide.

The need for procedures to identify light duty assignments and to make them available to recovering injured employees has been recognized, not only in the PCIE report, but also by several Federal agencies. These agencies have increased their efforts to help reduce their chargeback costs by returning recovering workers to light duty assignments. In this regard, the Task Force developed light duty assignment guidelines to assist employing agencies in returning workers with minor disabling injuries to work as soon as possible after injury.

In addition to developing guidelines for light duty assignments, the Task Force responded to other PCIE recommendations by developing procedures for the reemployment of injured employees with permanent partial disabilities. These procedures provide a system for rehabilitating the injured employee through a cooperative effort with the employee, the employing agency and OWCP. Rehabilitation of injured workers is essential if the Government is to retain these employees and reduce the cost of FECA compensation. Studies have shown that the longer a worker is on the FECA compensation rolls, the less likely that worker is to return to full employment.

The Task Force has proven to be an excellent vehicle for OWCP, OPM and the employing agencies to address mutual concerns. Since the Task Force has essentially completed the work with which it was charged by the PCIE report, ESA has decided to continue the interagency forum by reconvening a larger, more informal interagency group on a quarterly basis.

The chargeback system forms a central element to any role that the employing agencies may play in management of the FECA program. Yet most employing agencies have had little incentive to minimize costs incurred through chargeback billings. While it is true that FECA costs are "charged back" to employing agencies, costs incurred by most agencies (those that receive their funding through appropriated funds) are met from a special allocation contained within the benefits portion of the agency's salary and expense appropriation, not from operating expenses or base salaries. In effect, appropriated fund agencies do not have to divert operating funds to pay their chargeback bill.

One agency, the Department of Defense (DOD), has gone a step further. For Fiscal Year 1984, as for the past several years, DOD has had a ceiling placed, through its appropriations legislation, upon the amount of money it is required to reimburse the Department of Labor through the chargeback fund. (DOD has requested a supplemental appropriation of $60.9 million toward payment of its full share of its chargeback bill for Fiscal Year 1982.) This ceiling has resulted only in savings to the DOD budget, not the Federal budget, since the Department of Labor must pick up any compensation costs which exceed DOD's ceiling amount.

In contrast, agencies which receive income from operating revenues (non-appropriated fund agencies), such as the U.S. Postal Service (USPS) and Tennessee Valley Authority (TVA), actually have to pay FECA benefits out of funds otherwise available for operations. These agencies also have to pay a portion of program administrative costs; appropriated fund agencies do not pay any portion of administrative costs. Thus, for non-appropriated fund agencies, higher FECA costs divert funds from other uses.

An accurate chargeback bill is a key factor in persuading employing agencies to accept responsibility for managing their workers' compensation programs and paying their full portion of chargeback billings. We believe that an accurate bill depends, in part, upon OWCP routinely reconciling its chargeback records to U.S. Treasury disbursements. To further ensure the accuracy of chargeback billings (which are approaching $1 billion annually) and to instill confidence in the employing agencies that the chargeback billings are correct, we believe there is also a need for a Certified Public Accounting (CPA) firm to certify the accuracy of the annual chargeback bill. When the annual FECA chargeback bill is submitted with the certifi-

cation of its accuracy, there should be no justification for continuing Congressional ceilings on chargeback obligations.

As a step toward ensuring that the chargeback system is accurate, OWCP and three of the employing agencies are conducting separate chargeback audits. Both USPS and OIG have contracted with CPAs to perform audits of the FECA chargeback system. In addition, the Departments of Defense and Agriculture have also been conducting chargeback audits. During this reporting period, Agriculture and USPS completed their audits.

OIG Audit — OIG has entered into a contract with a CPA firm to conduct an audit to determine the: (1) accuracy of the annual FECA chargeback bills to the employing agencies and to reconcile the billings to disbursements made through the U.S. Treasury; (2) deficiencies in the chargeback system and problems in accounting for disbursements and receipts; and (3) weaknesses in internal controls of the chargeback system which might provide opportunities for fraud, waste and abuse. The review will contain recommendations for appropriate corrective actions in any of the three above areas.

In our previous semiannual report, we reported that the auditors were performing a preliminary survey and reconciliation of the Fiscal Year 1982 chargeback. We reported that: (1) reconciliation of chargeback bills to Treasury disbursements indicated that employing agencies were underbilled by more than $30 million; (2) payment histories failed to reflect all payments made and recoveries received; and (3) weaknesses were identified in internal controls.

The auditors are now reviewing the Fiscal Year 1983 chargeback system, and have determined that the billings are understated by a net amount of $9.7 million. The auditors are focusing their efforts upon identifying the problems responsible for the chargeback variances, and determining the causes of the problems so that corrective actions can take place. They are also determining specifically whether the problems identified in the Fiscal Year 1982 survey were corrected as promised.

Preliminary field work has been performed in district offices located in Kansas City, New York, Philadelphia, Honolulu, Boston and Washington, D.C. In addition, the auditors have completed reconciliation, by types of transactions, of the total amount paid by the Treasury during Fiscal Year 1983 against the total amount entered into the chargeback system for the Kansas City district office. They are

in the process of identifying individual errors and, where possible, their causes.

Assuring the accuracy of the chargeback billing depends, in part, upon a reconciliation of records kept by OWCP and those kept by the Government's disbursing agent, the U.S. Treasury. The reconciliation process in Kansas City disclosed that the Fiscal Year 1983 chargeback billing was overstated by a net $30,862 (meaning that Kansas City billed the employing agencies a net of $30,862 more than they should have been billed).

However, the net variances can be deceptively small, hiding much larger errors in individual types of transactions. For example, cash receipts transactions (one of the five above-mentioned components of the net $30,862 variance) yielded its own net understatement of $20,705. That net $20,705 figure comes from the difference between two figures—one an overstatement and the other an understatement. The understatement was made up of 206 cash receipt transactions totaling $182,326 that were not recorded in OWCP's records in the chargeback system. The overstatement was made up of 125 cash receipt transactions totaling $161,621 that were not properly documented. To further illustrate the extent of errors, those 331 transactions (125 plus 206) that were not properly recorded represented 55 percent of the 603 cash receipts transactions.

We anticipate reporting the results of this audit in our next semiannual report.

USPS Audit — The objectives of the USPS audit were to determine the: (1) validity of the claims data provided to USPS through the chargeback system; (2) effect of data errors on USPS's ability to accurately predict its long-term FECA liability; and (3) reasons for the significant decline in active USPS compensation cases in 1982. The CPA firm issued its report to USPS on December 23, 1983.

Errors or difficulties found in the audit included: cases in OWCP files which could not be located at the time of the auditors' visit (48, or 2.2 percent of those requested); insufficient documentation in the file to support certain payments included in the chargeback bill (128 cases, or 6.9 percent of the 1851 cases tested); payments charged to the wrong case (37 cases, or 2 percent of those tested); and payments which appeared in case files but which did not appear on the chargeback account (130 cases, or 7 percent of those tested). As a result of certain errors, USPS was incorrectly charged for individual

cases. The result of all of these chargeback errors was a combined net overcharge to USPS of $89,719 for the 1851 cases examined that appeared in the chargeback listings for Fiscal Years 1980 through 1983. (Since the auditors examined only USPS cases, there could be USPS FECA cases charged to other employing agencies that would offset part or all of this overcharge.)

The auditors stated that some of the errors detected were systemic, while others were isolated occurrences. Many of the errors were due to: (1) data errors made when OWCP converted to computerized systems; (2) data posting backlog resulting in chargeback billing delays; (3) lack of proper data entry and other reconciliation procedures; and (4) backlogs in case processing. OWCP has notified us that they are taking corrective actions.

Department of Defense Audit — The Department of Defense is continuing a DOD-wide audit of FECA administration, including an analysis of chargeback listings for selected installations. Defense is analyzing these listings to verify claimants as either present or former Defense employees. The objectives of Defense's audit are to determine whether: (1) internal controls have been established to prevent fraud and abuse in Defense's FECA program responsibilities; (2) management controls are needed to lower the cost of Defense's FECA program; and (3) opportunities exist at Defense to bring more long-term disability compensation claimants back to work to reduce program costs. We have been informed that field work has been completed and that draft reports are being issued to all of the Services. DOD anticipates issuing a draft summary report soon.

Department of Agriculture Audit — The Department of Agriculture has checked its chargeback billings for Fiscal Years 1981 and 1982 to ensure that all injured employees listed in the agency's chargeback billings are present or former Agriculture employees. This audit stemmed not just from concerns over rising chargeback billings, but also from inadequacies in the agency's cost distribution system. These inadequacies prevented Agriculture from determining where injuries are prevalent within the agency, so that individual managers could be apprised of FECA costs within their span of control, and so that reemployment and rehabilitation could be more actively promoted.

The audit had several objectives: (1) to develop a FECA program data base and reconciliation system; (2) to establish a FECA program cost distribution system; (3) to provide managers with information

through an automated system; and (4) to promote, through these efforts, rehabilitation and reemployment.

We have been informed that the Department of Agriculture has established an historical personnel data base and an inquiry system for field managers, has verified whether over 24,000 FECA claimants are or were Agriculture employees, and is designing and will implement a rehabilitation program. Agriculture is also working with OWCP to reconcile its 1983 chargeback listing.

We will continue to follow these developments closely, taking particular interest in the accuracy of OWCP's billings to the individual agencies.

Management Systems

In the past several semiannual reports, we discussed problems in three OWCP management systems: (1) ADP, (2) medical review and (3) case management. We shall address the status of work in each of these areas.

ADP Systems — In past semiannual reports, we have stated that, in our view, the automated systems FECA has attempted to establish have been inadequate. ESA is now acquiring a major new ADP system for OWCP, termed the Federal Employees Compensation System (FECS) Level II, to enhance program management. On January 27, 1984, the Department awarded an eight-year contract of up to $101 million to Martin Marietta Data Systems to provide computer hardware and software support to the FECA program for the development and implementation of the FECS Level II automated system. In the previous semiannual report, we stated that we would commit resources to monitoring the development of FECS Level II.

We have begun our review of the initial system design set out in the Request for Proposal to assure that the problems and issues documented by numerous reviews in the past are addressed and resolved, either through the automated Level II system or through manual procedures. Our review will also enable us to: (1) develop expertise in the use of the Level II system; (2) perform independent testing of the various software "modules"; (3) identify internal controls to ensure that they are in place and operating; (4) document problems or deficiencies which will need to be addressed after implementation of the system; and (5) establish an internal OIG approach through policy and procedures for monitoring ADP system development

efforts within the Department of Labor.

Medical Review System — An essential element of the FECA program is a system of medical review to determine whether claimants are entitled to benefits. Good management of the medical review system requires that medical advice be readily available and acquired in a manner that is both cost-efficient and objective. In district offices with no medical officers on their staffs, OWCP is dependent upon paid outside medical advice. However, a past OIG audit report noted that OWCP had not complied with applicable Federal and Department of Labor procurement regulations in its acquisition of medical advice and rehabilitation services.

After receipt of an opinion from the Solicitor of Labor sustaining our position, ESA requested and obtained policy guidance from the Comptroller of the Department on the procurement of medical services. On September 29, 1983, ESA obtained delegation of authority and responsibility for procuring medical services necessary for the adjudication of FECA claims. On January 31, 1984, ESA issued its latest instructions to its district offices on procuring medical opinions. ESA is now preparing instructions on procuring rehabilitation services, scheduled to be issued no later than September 1984.

A recent audit covered another aspect of the medical management of cases—ensuring that all providers of medical services for FECA beneficiaries are qualified under the Act. Section 8101(2) of the Act defines a physician to be a medical practitioner "as defined by State law." Generally, state laws require physicians to be licensed in the state in which they practice. Thus, medical practitioners need to be licensed to provide medical services under FECA.

Concern over whether all FECA medical providers were, in fact, licensed led OIG to conduct a survey in Colorado and the District of Columbia. The purpose of the survey was to determine if FECA medical providers paid by OWCP during Fiscal Years 1981 to 1983 were licensed as required. Our survey of a statistically valid sample of FECA medical providers in Colorado and approximately 1,280 FECA medical providers in the District of Columbia metropolitan area revealed no medical providers who were not qualified under their respective state laws.

Case Management Systems — We have previously discussed at length problems encountered in OWCP's management of cases, particularly management of long-term compensation cases (known

as "periodic roll" cases because of the regular issuance of compensation payments to long-term FECA recipients). We reported that OWCP had drafted and would implement improved procedures for the comprehensive management of disability cases. OWCP issued new case management procedures in November 1983, and has provided training on these procedures to appropriate district office personnel.

The case management procedures address primarily the medical management of FECA claims. The procedures clarify a number of problematic matters, including requirements for obtaining independent medical examinations and weighing medical evidence. The procedures also provide guidance for the consideration of emotional conditions attendant to some long-term disability claims. Most significant is the categorization of disability cases into three categories according to the severity of the condition and the nature of the findings relating to the condition. Specific case management procedures are incorporated for each category. We believe that these procedures will assist in improving OWCP's management of FECA disability cases.

Two other areas of case management—reporting of earnings by recipients and receipt of duplicate benefits—received attention during this reporting period. In past semiannual reports, we have discussed the need to make revisions to certain forms used in the FECA program, particularly form CA-1032, the primary regular report of earnings which a FECA recipient files. Filed annually, the CA-1032 is the long-term recipient's affidavit of earnings and the status of dependents. The information requested on the CA-1032 is important in determining whether the claimant's eligibility for compensation has changed because of the claimant's capacity to work. Failure to periodically verify earnings and dependent status can result in overpayments. From an investigative viewpoint, the CA-1032 is a key evidential document for prosecutions in FECA claimant fraud cases.

During this reporting period, OWCP—in consultation with OIG—completed needed revisions to the CA-1032. The revised form contains clarified language covering employment, dependent status, dual benefits and other matters. The form also contains a warning that false statements, omissions and misrepresentations made by the claimant could lead to prosecution. OWCP has notified us that they will fully implement use of the revised form after completing programming of their computer system to enable it to generate the revised form. OWCP should complete this endeavor as quickly as

possible so that the enhanced CA-1032 can be used for all long-term FECA recipients.

We also continued follow-up work on a computer crossmatch, mentioned in past semiannual reports, that was conducted in conjunction with OWCP and the Office of Personnel Management (OPM). During this reporting period, we continued follow-up on cases relating to the matches (known as "raw hits") to verify whether individuals were concurrently receiving FECA disability or death benefits and OPM retirement or survivor annuities. FECA prohibits the concurrent receipt of these dual benefits.

The computer crossmatch originally identified 1,124 "raw hits," of which—according to OWCP's status report of February 29, 1984—438 cases had received prohibited dual benefits. OWCP's review of case files and documents from the computer runs determined that no prohibited dual benefits had been paid in the remaining 686 cases. (These figures have not been verified by OIG.) OIG has reviewed 215 of the 438 cases; our review to date provides the following breakdown of these cases:

Category	Total Cases	Cases with Computed Overpayments	Overpayments Due	Overpayments Collected
Cases not Reviewed by OIG:				
OPM Responsible for Collecting Overpayments	199*	55	$1,727,183	N/A**
OWCP Cases that OIG did not Review During Follow-up	24	—	—	—
Cases Reviewed by OIG:				
Finding of Dual Benefits Not Sustained by Follow-up	107	—	—	—
OWCP Responsible for Collecting Overpayments	43	43	833,849	$26,723
OPM Responsible for Collecting Overpayments	10	10	197,976	N/A

Category	Total Cases	Cases with Computed Overpayments	Overpayments Due	Collected
Review in Progress	14	—	—	—
Cases for Which OWCP Has Not Established Either the Agency Responsible for Collecting Over-payments or Amount of Overpayments	41	—	—	—
Totals	438	108	$2,759,008	N/A

*OIG has received no information to date from OPM on 144 of the 199 cases.

**N/A = Not available

Two items in the table should be noted. The first comprises the 43 cases OIG reviewed for which OWCP is responsible for collecting overpayments resulting from prohibited dual payments. The dollar figures in this entry indicate that, although over one year has elapsed since we advised OWCP of our match results, OWCP has recovered less than 4 percent of the $833,849 due. However, preliminary review disclosed that in 18 of these cases—totaling $414,984 of the amount due—OWCP has been precluded from pursuing collection either because of claimants' appeals or non-receipt of claimants' responses to OWCP's letter of preliminary findings. Collection of overpayment, equaling $639, was waived in one case because of the claimant's death.

The second item comprises those 41 cases we reviewed for which OWCP has not established either the agency responsible for collecting overpayments or the amount of the overpayments. We are continuing our review to determine the causes of these delays and the extent to which they may be avoided.

An issue similar to that involved in dual payments is the improper collection of benefits by temporarily totally disabled FECA recipients. In the last semiannual report, we discussed a computer crossmatch, combined with the sending of "warning letters" to identified FECA recipients. OWCP, on our recommendation, has performed a pilot crossmatch in Pennsylvania, New York, Ohio and Missouri. The match is of unemployment insurance rolls and wage data with those

portions of the FECA rolls containing information on claimants who are temporarily totally disabled. The purpose of the crossmatch is to determine if the claimants are reporting all wages to OWCP as required (important in the FECA program, since the receipt of earned income can alter a claimant's benefit status).

In conjunction with OWCP's crossmatch, OIG also sent a "warning letter" to selected FECA claimants residing in Pennsylvania. The "warning letter" reminded claimants of their obligations to report wages, informed them of the crossmatch, and instructed them to contact OWCP if they had failed to report any earnings or benefits which could affect their FECA compensation.

Results from the crossmatch and "warning letter" have been mixed. The Pennsylvania crossmatch resulted in the opening of one case for investigation. In New York, one case was referred to the appropriate agency for administrative handling. The crossmatches in Ohio and Missouri yielded no cases. We received a large number of inquiries from recipients of the "warning letter," and some of these indicated possible problem cases; OWCP is following up on those problem areas now.

Even though the initial results of the pilot project appear small, the potential dollar recovery or loss prevention gains from even a small number of cases, combined with the low cost of running computer crossmatches and sending the "warning letter," is leading the Office of Investigations to consider further crossmatches, incorporating both the "warning letter" and the revised CA-1032. Such a project would test the effectiveness of the revised form in encouraging FECA recipients to honestly and fully report earnings which could affect their FECA compensation.

Finally, we completed audits of the FECA automated bill payment systems in Chicago, Cleveland, Dallas and Denver. The automated bill payment system is designed to pay for medical services, either by direct payment to the medical provider or by reimbursement to the claimant. These audits were performed because of OIG's continuing concern over employee malfeasance. One aspect of the payment systems that makes detection difficult is their size; the systems will generate about 1.4 million compensation and medical payments in Fiscal Year 1985. Successfully prosecuted employee malfeasance detected in several OWCP district offices, previous OIG audits and loss vulnerability assessments, and Congressional interest have made OWCP aware of the necessity of improving internal controls to detect

and prevent employee malfeasance.

The purposes of these audits were to determine: (1) if the systems of internal controls were adequate to safeguard Federal funds; (2) if fraudulent claims could be detected; and (3) the status of district office implementation of previous OIG recommendations.

Our reviews of bill payment internal controls disclosed that they have improved, but that some weaknesses remained. Included in these were instances in which some payments were supported only by photocopies of the original invoices or a listing of payments; some invoices did not receive required supervisory approval for payment; and separation of duties of a systems manager were inadequate, enabling the systems manager to process an invoice through the payment system without involving any other person. We found no instances of fraudulent payments.

In our follow-ups of implementation of recommendations made in our 1981 loss vulnerability assessment report, we found that the district offices had implemented most of the recommendations for which they were responsible. The Cleveland and Denver districts had substantially implemented all pertinent recommendations. The Dallas district had not fully implemented a requirement to perform a weekly audit of a 10 percent sample of bills. The Chicago district office had not fully implemented several of the recommendations or promised corrective actions.

Our reviews of FECA program issues do indicate progress in several areas, as well as continued cooperative efforts between OWCP and OIG. Nevertheless, we continue to be concerned about the slow pace of change in the regulatory and managerial areas we have discussed in this chapter, and we will continue monitoring developments.

Black Lung Program

We have become increasingly concerned by significant evidence of employee fraud in the Black Lung program. An OIG investigation of corruption in the Charleston Black Lung office in West Virginia uncovered a scheme to defraud the Black Lung Trust Fund. Three Federal employees issued fraudulent benefits checks to accomplices who then cashed the checks and kicked back a sum to the claims examiners. Edward Workman, a former claims examiner, pled guilty to two counts of accepting bribes, and was sentenced to a 6-month

prison sentence to be followed by 5 years' probation. He was also sentenced to an indefinite period of social service work after his release from prison, and was ordered to make restitution to the Federal Government of $8,500.

John Scott, a claims examiner who pled guilty to one count each of conspiracy and lying before the grand jury, was sentenced to 5 years in prison and 5 years' probation, during which he is to perform public service work of 1 to 6 days' per week. He was also ordered to repay $53,000 plus 10 percent interest from the day he illegally acquired the money. Melissa Lewis, a claims examiner who pled guilty to one count each of false claims and bribery, was sentenced to 10 years' probation and was ordered to repay $13,500 plus 10 percent interest from the day she illegally acquired the money. During probation, she is to perform I day of public service work per week as long as she continues to make restitution payments; if she fails to make payment, her public service work can jump up to 6 days per week.

Three of the accomplices who received the checks, cashed them and kicked back amounts to the Government employees were Sharon Redman, Harvey Royal and Elaine Thompson. They each pled guilty to one count of false claims; they were sentenced to 5 years' probation and ordered to repay $8,766, $6,502 and $17,096, respectively, with 10 percent interest from the day they illegally obtained the money. Redman must also perform 150 days of public service work. Royal and Thompson must perform public service work I day per week during probation. If they fail to make restitution payments, their public service work can increase to 6 days per week.

Victor Thompson entered a pre-trial diversion program with 12 months of supervised probation for charges of accessory after the fact and failure to report a felony. Deborah Mosley pled guilty to one count of aiding and abetting the bribery of a public official; her sentence was pending at the close of the reporting period. Torji Smith pled guilty to one count of fraud, was sentenced to five years' probation, and was ordered to make restitution of $3,700 plus 10 percent interest. Meanwhile, the investigation continues.

In response to the Charleston case, OWCP took immediate administrative action against the employees involved, sent 4,500 files from the Charleston office to Washington for further review, began a review of the systemic weaknesses which allowed the fraud to occur, alerted all other Black Lung district offices to the fraud and requested that they take remedial actions. The Black Lung program has also

enhanced the staff resources of their unit responsible for accountability and enforcement. Both OWCP and OIG will be continuing inquiries into problems in the Black Lung program, and these will be the subject of upcoming semiannual reports.

Wage and Hour Division

The Wage and Hour Division is responsible for the administration of a wide range of labor standards laws, including the Fair Labor Standards Act (FLSA)—the country's principal minimum wage and overtime standards law. In April 1980, we issued a review of selected operations of the Wage and Hour Division which concentrated on the internal control and cash management functions associated with the collection and distribution of back wages owed by employers for violations of FLSA. The 1980 review found numerous employer delinquencies in making back wage payments. The review found deficiencies in the Wage and Hour Division's system for collecting back wages and in the system of internal controls. The review also found that Wage and Hour Regional Offices were performing unnecessary payroll functions in back wage collections, were making untimely deposits of cash receipts, and were issuing misleading results reports in the Division's management information system.

During the past year, we evaluated the effectiveness of corrective actions taken by Wage and Hour management regarding the findings of the April 1980 report, and issued our follow-up review in March 1984. The review was conducted at four regional and 14 area offices. Again we focused on the internal control and cash management functions associated with the collection and distribution of back wages owed by employers for violations of FLSA.

We noted that improvements have been made since our last review. Among the improvements is the fact that the overstatement of Wage and Hour activities in the management information system has been corrected as part of the conversion to new automated reporting procedures. We also noted that there has been partial improvement in internal controls, as well as in the timely deposit of cash receipts. However, the review found that additional changes are needed in the following policies and procedures to provide greater control and consistency in the processing of back wages. The most significant of these spoke to the retention of unclaimed back wages by employers and the lack of penalty provisions in FLSA.

We found that employers were allowed to retain approximately $4 million of the $86.9 million due as back wages to employees for Fiscal Year 1982. Employers retained these wages because the cases were administratively closed and the affected employees could not be located. As in our 1980 review, we found that Wage and Hour Division policy provides that while employers are not allowed to keep unclaimed back wages in litigated cases, they are allowed to retain unclaimed back wages when cases are settled administratively. This policy clearly weakens the incentives for employers to comply with FLSA, especially when coupled with the fact that employers face no penalties for violating FLSA. Indeed, a policy allowing an employer to retain unclaimed wages may act as a strong disincentive against the employer's making a conscientious attempt to locate employees to whom back wages are due.

We concluded that there is no legal reason why unclaimed back wages in administratively closed cases could not be deposited with the U.S. Treasury. We recommended that the Wage and Hour Division establish a policy requiring employers to return to the Department back wages due employees who cannot be located in administratively closed cases. Wage and Hour would then deposit such back wages in the U.S. Treasury. In response, the Wage and Hour Division agreed to reassess their position in consultation with the Office of the Solicitor.

The follow-up report found that even though cash management procedures have improved since our 1980 review, improvements are still needed in cash management, particularly the deposit into the U.S. Treasury of back wages due. We also found that back wage payments are poorly documented, and that Wage and Hour case files showed that no positive evidence of payment existed for 54.6 percent of the individuals in our sample. While still unacceptably high, this represents a slight improvement over the 64 percent of cases lacking such documentation in our 1980 review.

The follow-up review showed that while progress has been made in the area of internal controls since our 1980 review, weaknesses still exist. In addition, the review showed that Wage and Hour Regional Offices were still performing payroll functions in the distribution of back wages that should have been performed by the employer. The review also found that the level of effort necessary to locate employees due back wages varied greatly from office to office. Finally, the review found that test reinvestigations were not always conducted

according to Wage and Hour procedure, and that accountability review procedures warrant expansion.

The Wage and Hour Division and the Internal Control Unit within ESA have worked closely with OIG in developing and discussing these findings, as well as in conducting ancillary reviews. At the conclusion of our audit field work, we presented findings and tentative recommendations to the Wage and Hour Regional Administrators at their November 1983 management conference. This enabled the Wage and Hour Division to initiate corrective actions even before the draft report had been prepared.

Labor-Management Services Administration

The Labor-Management Services Administration (LMSA) is responsible for a variety of programs which could be divided into four broad areas. Two of these, the Office of Labor-Management Standards Enforcement (LMSE) and the Office of Pension and Welfare Benefit Programs (PWBP) are of particular interest to OIG. Currently, LMSA operates through a National Office, six regional offices and 25 area offices. Direction for the two programs is provided through separate program policy and management offices at headquarters. Field offices carry out both programs, but through assignment of staff to separate program "tracks."

LMSE is responsible for protecting the rights of union members through enforcement of the provisions of the Labor-Management Reporting and Disclosure Act (LMRDA) of 1959, including standards governing the conduct of union elections; enforcement of certain criminal provisions of LMRDA, most notably, embezzlement provisions; enforcement of the broad reporting and disclosure requirements imposed by the Act on labor unions, and special reporting requirements imposed on employers and labor consultants; and enforcement of the Act's union trusteeship provisions. In enforcing its responsibilities, LMSE:

- collects annual financial and other reports from unions and others, and makes the information available to the public;
- investigates union election complaints and conducts or oversees any necessary reruns of elections; and
- investigates possible criminal or civil violations of LMRDA.

LMSE covers approximately 50,000 reporting labor organizations, with a combined membership of 21.6 million and $6 billion in union assets. Most unions representing Federal employees are subject to similar requirements under the Civil Service Reform Act of 1978. The Compliance Audit Program (CAP reviews) is one of LMSE's major enforcement tools. CAP is a 5-day review of union records and is intended to detect LMRDA embezzlement or other violations. Since

1980, LMSE has devoted a substantial portion of its field staff to CAP reviews.

PWBP, together with the Internal Revenue Service and the Pension Benefit Guaranty Corporation, administers the Employee Retirement Income Security Act of 1974 (ERISA). PWBP administers the fiduciary and reporting and disclosure provisions of ERISA and safeguards private pension plans and health and welfare funds against prohibited transactions and other violations of ERISA. PWBP also has oversight responsibility for the assets contained in employee benefit plans. Fiscal Year 1981 estimates placed the number of such plans at 750,000, with assets totaling $550 billion. To enforce its employee benefit plan responsibilities, PWBP:

- collects annual financial and other reports from pension and welfare benefit plans, and makes the information available to the public;
- conducts investigations and audits, targeted in part by information contained in annual reports submitted by plan administrators, to uncover civil fiduciary violations or prohibited transactions; and
- investigates possible criminal misuse of employee benefit plan funds.

The Office of Audit completed a lengthy effort to identify and survey audit issues within LMSA, with an emphasis on LMSA's organizational structure, enforcement strategy, and enforcement results. OIG's major concern with LMSA's operations is with the Agency's enforcement strategy, which is not fully effective. We have found major problems with LMSE's program to detect serious violations of LMRDA, LMSA's reporting and disclosure efforts, PWBP's selection of employee benefit plans for review and enforcement of ERISA provisions.

Before our survey was completed, Secretary of Labor Donovan signed Secretary's Order 1-84 on January 20, 1984, transferring PWBP from LMSA and establishing it as a separate Agency within the Department of Labor, effective within 120 days. To facilitate the transition to this new organizational structure, the Secretary established an Executive Steering Group for the establishment of the Office of Pension and Welfare Benefit Programs. (Other working groups have also been established, including an Enforcement Working Group.)

We immediately notified Secretary Donovan that our work to date had identified severe problems which should be addressed in any reorganization plans. In addition, we offered the assistance of the Office of Inspector General to the Secretary's Executive Steering Group in planning for the separation of PWBP from LMSA.

At Secretary Donovan's request, we briefed him on our findings and conclusions, and briefed the entire Executive Steering Group.

We advised the Secretary that the Compliance Audit Program (CAP), used to detect serious civil and criminal violations of LMRDA, has not proven effective. Since the inception of CAP in 1980, LMSE's statistics indicate that, of the 2,701 CAP audits of union funds conducted through September 30, 1983, only 41 convictions (2 percent) had resulted by February 1, 1984. In addition, 19 other cases had been referred to the offices of United States Attorneys for possible prosecution, and 2 other cases were awaiting trial. While CAP uncovered other violations of LMRDA, enforcement follow-up was not sufficient for problems to be corrected.

Moreover, related embezzlements totaled only about $500,000 (all covered by bonding), compared to the millions spent on CAP audits. We found that CAP reviews were instituted without LMSE first adequately evaluating the need for a criminal detection program, or testing its effectiveness. We concluded that LMSA's existing enforcement systems and procedures were so flawed as to reduce their overall effectiveness to minimal levels.

We also found that LMSE relies upon LMRDA's reporting and disclosure mandates to inform union members of union financial activities and to obtain information to uncover and correct abuses. However, approximately 60 percent (30,000) of unions are delinquent in filing required reports each year. Of these, about 10,000 have been delinquent for more than three months. In addition, LMSE does not have adequate procedures to pursue delinquent filers, or to obtain correct information when inaccurate union reports are submitted.

Although good has come from PWBP's efforts to protect employee benefit plan members and plan assets, several factors have reduced the effectiveness of what may have been achieved. PWBP has not adequately defined its enforcement strategy or objectives. As a result, enforcement priorities and audit and investigation selection criteria are inconsistent, and their effectiveness has not been properly evaluated.

PWBP relies on information obtained from ERISA reporting requirements to assure plan participants are aware of their rights and responsibilities, involve participants in plan financial affairs, and augment PWBP's enforcement efforts. However, the information provided plan participants is often inaccurate and contradictory. In addition, PWBP has not obtained current, reliable information for either public disclosure or its own enforcement needs. Nor has it made effective use of plan financial audits completed by independent public accountants.

Overall, we found that LMSA's existing enforcement systems and procedures contained weaknesses which reduced their effectiveness. Also, LMSA was not enforcing LMRDA or ERISA reporting and disclosure mandates. Finally, neither PWBP nor LMSE had given adequate attention to determining the proper mix of resources which should be devoted to the respective Agencies' responsibilities or the best way to conduct reviews.

We believe that the difficulties experienced by the Agency were the result of implementing enforcement strategies without evaluating enforcement needs and without clearly defining enforcement objectives.

We advised the Secretary and the Executive Steering Group that we had found that:

- There was a disproportionate allocation of resources between LMSE and PWBP which required review.
- LMSE's compliance audits were not an effective enforcement tool.
- LMSA's planning and organizational decisions had hindered the best use of Agency resources.
- LMSA's procedures for targeting unions and employee benefit plans for review were ineffective.

As a result of those briefings, the Secretary asked OIG to participate on both the Executive Steering Group and the Enforcement Working Group, and to provide these groups with recommendations developed in the course of the issue identification and survey work conducted to date by the Office of Audit. The Deputy Inspector General has been named Vice Chairman of the Enforcement Working Group, which held its first meeting shortly before the close of this reporting period. In addition, the Office of Audit is providing staff assistance to both groups.

At the Secretary's request, we agreed to prepare a report summarizing our findings of this limited OIG review. At the end of the reporting period, we issued our report on recommendations for LMSA reorganization to the newly-appointed Administrator of PWBP and to the groups designing the reorganization. The report is designed to provide those involved in PWBP reorganization with what we consider to be the major concerns with LMSA's enforcement activities which can be addressed by the impending reorganization. As such, the report contains our recommendations for redirection of staff and program activities.

Accordingly, in our report we recommended to the newly-appointed Administrator of PWBP and to the Reorganization Task Force that the enforcement needs, resource requirements, and strategies of both LMSE and PWBP be reevaluated. We further recommended that LMSE's Compliance Audit Program (CAP) and PWBP's computer-assisted targeting experiments, which have proven ineffective, be limited pending the results of the evaluation recommendations.

Although not part of our survey objectives, we also provided information on organizational structure, which we feel merits attention because of the pending reorganization of LMSA. Specifically, we believe LMSA's organization structure has:

- duplicative and unnecessary functions;
- ineffective levels of enforcement review; and
- a field office structure which requires evaluation prior to reorganization.

Departmental Management

In this section, we discuss Government-wide management initiatives within the Office of the Assistant Secretary for Administration and Management (OASAM) as well as within the program Agencies. During this reporting period, our emphasis has been on reviewing the effectiveness of departmental activities taken in response to two major management initiatives: Reform '88 and Internal Controls.

Reform '88 refers to a set of activities, initiated by the current Administration, that are aimed at instituting lasting reforms in the management and administrative processes in the Federal Government. Closely related to Reform '88 are two internal control initiatives: OMB Circular A-123, Internal Controls, and the Federal Managers' Financial Integrity Act. Both require that agencies establish effective systems of internal controls to safeguard resources, assure the accuracy and reliability of information, assure adherence to applicable laws, regulations and policies, and promote operational economy and efficiency.

REFORM '88

The long range goals of Reform '88, a planned six-year effort, are to overhaul the entire administrative system and upgrade the management of the Federal Government. During this reporting period, we completed several projects pertaining to initiatives under this effort.

As part of a Government-wide study of the collection and deposit of funds, sponsored by the President's Council on Integrity and Efficiency, we reviewed the cash management program in the Department. We also initiated several projects addressing procurement activities including year-end spending and consultant services. Finally, we completed work in the telecommunications area, involving a telephone survey, and continued our involvement in the ADP management field.

Cash Management

As part of a project sponsored by the President's Council on Integrity and Efficiency, we evaluated the Department's implementation of a

cash management program that is designed to place Federal money into Federal hands as quickly as possible. Proper cash management practices are critical since delays in the collection and deposit of monies can result in substantial interest costs to the Federal Government as a result of additional borrowing.

The project, coordinated by the Inspector General of the Department of the Treasury, was designed to determine how effectively the various Federal agency cash management initiatives were being implemented and to calculate the extent of imputed interest lost because of current collection and deposit procedures. Our review determined if the Department of Labor has an efficient and aggressive cash management program that results in the prompt deposit of all cash receipts into the U.S. Treasury.

On October 22, 1982, OMB required each major Federal agency to institute an aggressive program for strengthening its cash management practices. As part of that program, each agency designated a Cash Management Officer with the responsibility and authority to determine and define the agency's cash management policies and procedures. The Cash Management Officer was also required to prepare a Cash Management Action Plan which describes each major cash management problem, issue, deficiency and opportunity for improvement in the agency, specific steps required to correct the problem or issue, and a timetable for accomplishing each step.

The review was performed in the Office of the Assistant Secretary for Administration and Management (OASAM) and in the National Office and several Regional Offices of the Employment Standards Administration (ESA), the Employment and Training Administration (ETA), the Mine Safety and Health Administration (MSHA), the Occupational Safety and Health Administration (OSHA) and the Office of the Solicitor (SOL).

Our results indicate that inefficient cash collection and deposit practices in the Department have resulted in an imputed annual interest loss to the Treasury of approximately $286,000. We calculated that a potential annual interest savings of approximately $465,000 could be realized by converting to alternate deposit mechanisms, such as lock boxes and wire transfers, and by implementing improvements to current cash deposit practices.

The Department of Labor, in an effort to accelerate the collection and deposit of funds, has, in its Cash Management Action Plan, focused

the Department's efforts into converting to the use of lock boxes and wire transfers. The lock box system consists of a network of five commercial banks that service the collection of Federal agency receipts. These banks are strategically located to accelerate the collection of receipts by reducing mail time, processing and collection of float costs. The wire transfer, which is an extension of the Federal Reserve Communication System linking all Federal reserve banks by computer, provides the Treasury Department with immediate availability of receipts by eliminating agency and bank processing of collections.

Virtually all of the cash management inefficiencies and internal control weaknesses identified in our review will be eliminated when the Department completes its conversions, currently in process, to these alternative deposit systems. In that regard, ESA has recently converted to the use of lock boxes in its Longshoremen's and Black Lung programs, which will save approximately $220,000 annually. We recommended that all other Agencies continue to take the necessary steps toward the ultimate conversion to these alternative deposit mechanisms, where feasible. In the interim, however, the Agencies were urged to improve their current systems pending the possible conversion to such alternative systems.

The Department will be commenting on this recently issued draft report during the upcoming semiannual reporting period.

Procurement

Achieving efficient procurement operations is an important Reform '88 initiative. The Department's goals include the achievement of economy and efficiency in its procurement operations, as well as compliance with applicable laws, regulations and policies.

During this period, we initiated several projects on procurement activities. We issued three reports on year-end spending and one report on consultant services. Overall, our reviews indicate that management has continued to improve its compliance with OMB and departmental procurement requirements in those specific areas. In addition, we have initiated a number of reviews that address other aspects of the Department's procurement activities. This new work, when completed, will be reported in future semiannual reports.

Year-End Spending — We reviewed whether Agencies were complying with OMB guidelines that address reducing and controlling

wasteful year-end spending. This has historically been a problem, as many Federal agencies attempt to utilize their full appropriations before their spending authority expires at the end of the Fiscal Year. OMB, in June 1983, directed the heads of executive departments and agencies to carefully reduce and control wasteful year-end spending. The Inspectors General were asked to pay particular attention to this potentially wasteful activity and conduct an assessment of the procurements awarded in the fourth quarter.

In particular, we performed an assessment of the procurements awarded in the fourth quarter of Fiscal Year 1983 by the National Office of the Mine Safety and Health Administration and the Chicago and Kansas City Regions of the Office of the Assistant Secretary for Administration and Management.

In conducting the assessment, we reviewed whether Agencies had prepared and were using an Annual Advance Procurement Plan (AAPP) that is used as a departmental management tool for determining procurement needs and scheduling procurement actions to be awarded.

Our findings indicated that the MSHA National Office and the Kansas City Regional OASAM had adequately complied with departmental and OMB guidelines to control year-end spending. However, the Chicago OASAM displayed several weaknesses. For instance, it did not have procedures to ensure that (1) procurements were on AAPP, (2) required sole-source procurements were approved by the Procurement Review Board, and (3) proper contractual procedures were used to procure goods and services.

The Chicago OASAM Administrator assured us that corrective action is being taken to ensure future compliance.

Consultant Service Awards — As promised in the last semiannual report, we followed up to determine how effectively the Department has implemented the corrective actions recommended in our Fiscal Year 1982 audit on consultant service awards. Our follow-up audit showed that the Department made substantial efforts to implement our recommendations.

Our Fiscal Year 1982 report contained 11 recommendations pertaining to the Department's need to (1) strengthen certain management and reporting controls, (2) clarify guidance in the Department of Labor Manual Series on consultants, and (3) provide training to

staff regarding processing of consultant awards. We found that 8 of the 11 recommendations had been fully implemented, two recommendations were in the process of being implemented and one recommendation was no longer pertinent.

Actions implementing eight recommendations resulted in improved departmental oversight for consultant services and appropriate reporting to the Federal Procurement Data System and the departmental accounting system. The two recommendations currently being implemented address the need for edit checks in the design of the Department's planned procurement information system to ensure accurate information. Finally, the recommendation that is no longer relevant concerned the use of inconsistent definitions of "consultant." A revised definition, being developed by the President's Council on Administration and Management will be used by the Department.

The actions already taken or planned by the Department will result in increased effectiveness of management controls, as well as improved accuracy in reporting to the Federal Procurement Data System on contracts for consulting services.

Planned Procurement Work — As a result of OIG's continuing role in the planning and implementation of Reform '88 initiatives, we have a number of procurement reviews under way. These reviews include:

- evaluating Job Corps' procurement transactions;
- auditing cost allocation plans and indirect cost proposals of state and local entities that receive Department of Labor funds;
- evaluating the Department's Procurement Review Board;
- reviewing procurement staff qualifications to determine if they meet the Federal Acquisition Regulations; and
- evaluating the Office of Cost Determination's activities to ensure reasonable and fair costs to the Federal Government.

Bringing about reform in the procurement area is a massive undertaking requiring simultaneous actions on many fronts. Completion of the planned procurement reviews will continue to aid departmental management in complying with Reform '88 initiatives and other Federal procurement requirements.

Telephone Survey

We conducted physical inventories of telephone equipment and lines in the Department's National Office and six selected Regional Offices to access the accuracy of the inventory lists maintained by the General Services Administration (GSA) and to determine why the ratio of telephone instruments to employees was about four to three.

Although the initial steps of our review preceded the results of the President's Private Sector Survey on Cost Control, many findings and recommendations in both efforts were complementary.

Our physical inventories covered about 52 percent of the approximately 25,000 Department telephones on the GSA inventory. Since the Department of Labor annually incurs more than $5 million of costs for rental of telephone equipment and lines, an accurate listing is needed to ensure that the Department is not incurring unnecessary costs for its telephones. GSA's plans to purchase all telephones that are currently leased made the study even more crucial.

The Department's telephone inventories were generally overstated. For instance, we determined that the physical inventories were overstated by 13 percent in the National Office and 12 percent in the six Regional Offices. In addition, 791 instruments were being retained for vacant or abolished positions in the National Office and 151 instruments were being unnecessarily retained in the Regional Offices. Therefore, we determined that 3,368 instruments covered by our physical inventories should not be purchased by GSA for the Department of Labor and that more than $438,000 was being unnecessarily incurred for the excess telephones we inventoried. However, after considering the number of instruments being retained for vacant or abolished positions, we did not evaluate whether the ratio of telephones to employees was still excessive.

GSA maintains computerized inventories of all telephone equipment and lines for all Agencies. GSA prepares the inventory list annually and the Agencies are responsible for certifying the accuracy of the lists. Our study found that the overstated inventories in the Department were attributable to several factors, some of which were the following:

- Most departmental Agencies treat the annual certification of the required telephone inventories as perfunctory and most OASAM offices did not actively participate in the process.

- Most Agencies were reluctant to remove telephones even though positions were vacant for long periods.
- The National Office inventories did not show room identification or cost center.
- Complete documentation of telephone changes and follow-up on changes were not maintained.
- GSA did not promptly update the computerized inventories.
- Most Agencies did not fully understand the coding system on the GSA inventory lists.

We made several recommendations that would provide better controls over the management of telephone service as it relates to changes of service and physical security over the telephone equipment. Specifically, we recommended that the Assistant Secretary for Administration and Management:

- inform GSA of the findings in the report so that GSA would not make an unnecessary purchase of all telephone instruments;
- conduct a physical inventory in offices that were not included in our review;
- conduct periodic physical inventories on an ongoing basis;
- implement better controls over telephone equipment and lines by providing guidelines on the documentation needed to review and trace telephone change requests;
- provide guidelines concerning telephones and lines for vacant positions and require Agencies to promptly cancel service for abolished positions; and
- request that GSA include room numbers and cost center numbers on the computerized inventory lists.

The Department concurred with our recommendations and cited corrective actions that are under way or being planned. We believe that the actions, when fully implemented, will provide the Department with a mechanism to oversee and better manage its telephone equipment and related costs.

ADP MANAGEMENT

OIG has continued to closely follow the Department's progress in

improving its management of ADP. As highlighted in our last semiannual report, our survey of the Department's ADP management disclosed serious deficiencies. As a result of our findings, the Secretary, as required by the Federal Managers' Financial Integrity Act of 1982, reported to the President that the Department did not have an adequate internal control system relative to ADP. The Secretary indicated that:

> The Department's ADP management is deficient in the following four areas: ADP policies, procedures and standards; the structure for ADP oversight, direction and planning; ADP inventories; and ADP security. Additionally, some computer programs lack sufficient "key controls" to maintain their integrity.

Subsequently, the Department developed an Automatic Data Processing Strategy to delineate the steps planned to improve management and control in this critical area. The strategy attempted to address the weaknesses cited in our report and the Secretary's letter. Specifically, the Department is developing (1) current policies and procedures to reflect organizational responsibilities governing the management of ADP resources; (2) inventories of hardware, software, systems and ADP personnel; (3) a formalized planning process whereby Agencies must submit ADP plans to the Assistant Secretary for Administration and Management for review and approval; and (4) minimum security standards for hardware, systems and personnel.

The Strategy is an initial effort by the Department to address the issue of ADP management. However, the Department must assume a stronger, more active role in managing ADP. Currently, we are verifying the Department's ADP Resource Inventories and we will be conducting post-implementation audits of the Department's corrective actions initiated as a result of our recommendations from past oversight reviews. More recently, the House Appropriations Committee issued a report on the Department's policies and procedures for the acquisition of small computers, that cited similar weaknesses. Future semiannual reports will highlight the results of those findings.

Internal Controls and the Financial Integrity Act

We have continued our close involvement in the implementation and oversight of the Department's internal control program, mandated by OMB Circular A-123, Internal Control Systems, and the Federal Managers' Financial Integrity Act of 1982. As mentioned in the last semiannual report, our role in the process has been multi-

dimensional and involves three general types of activities:

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

Our efforts during the past six months have focused on several specific areas. The Inspector General advised the Secretary whether the Department's Fiscal Year 1983 internal control evaluation process had been conducted in accordance with the guidelines established by OMB. We provided technical assistance in strengthening the Fiscal Year 1984 vulnerability assessment process and monitored the implementation of corrective actions. Finally, we scheduled internal control reviews for selected areas when known weaknesses were not addressed in a timely manner or when special audit expertise was required.

In order to assist the Secretary in his year-end certification of the Department's system of internal controls, we assessed the adequacy of the Agencies' reports of internal control reviews. The reports were reviewed and compared with an inventory of known internal control weaknesses disclosed in OIG and GAO reports on Agency operations. Our review ensured that those weaknesses were identified in the Agencies' internal control review process. We also reviewed the corrective action plans to ensure that identified weaknesses were dealt with effectively.

We are assisting the Department in improving the vulnerability process currently under way. All of the improvements recommended by the General Accounting Office (GAO) in the review of the Fiscal Year 1983 process and some additional improvements recognized by the Department are being incorporated into the Fiscal Year 1984 vulnerability assessment guidance. We are providing technical assistance in improving the vulnerability assessment guidelines and instruments used previously, and we are helping to develop standard instruments for use in assessing additional key functional areas common to several Agencies. Further, we participated in the development of an automated reporting system to track the Depart-

ment's efforts including planned assessments, internal control reviews and Agency progress in implementing corrective actions.

Based on the results of the Fiscal Year 1983 internal control review process and our evaluation of known weaknesses, we have initiated audit work in the more significant areas to assist in bringing about corrective actions. Specifically, audit projects are currently under way in the following areas:

- ADP controls over FECA and UI benefit payment operations;
- ADP security and resource inventories;
- departmental debt collection procedures; and
- procurement controls.

The results of these reviews will assist Agencies in identifying and correcting program deficiencies and internal control weaknesses. The findings of those reviews will be discussed in future semiannual reports.

PART II

SUMMARY OF OIG ACTIVITIES

Office of Resource Management and Legislative Assessment

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

Two aspects of ORMLA work during this reporting period are highlighted in this report: our integrity awareness programs and our utilization of microcomputers and the acquisition of minicomputers. We also discuss some legislative areas that continue to be of important concern to us.

Inception of Integrity Awareness Programs

During this semiannual reporting period, ORMLA embarked upon an integrity awareness effort that ultimately will be extended to all programs of the Department of Labor. While various units of our organization have engaged in prevention-related activities in the past, this effort marks the first attempt to consolidate and unify our efforts under one philosophical umbrella.

While a generic, Department-wide awareness program was considered, it was decided, instead, that a more successful approach would be an effort tailored to specific needs of the various Department programs. The Federal Employees' Compensation (FEC) Program in the Office of Workers' Compensation Programs, Employment Standards Administration was selected for the first effort based upon the substantial amount of OIG work already undertaken in this program and the effective working relations already existing between program management and OIG.

The two organizations pooled resources to develop a protocol and training approach that would meet both their needs. It was mutually agreed that a positive, proactive approach was vital to the success of the new program. Rather than focusing on prevention of fraud, waste and abuse, the training was designed to deal with the more positive aspects of ethics and integrity in the Federal workplace in general, in the Department of Labor in particular, and in the FEC program where specifically applicable.
Four principal goals for the training were established:

- increasing understanding and awareness of basic issues of ethics and integrity;
- improving efficiency and effectiveness in the program operation;
- heightening awareness of potential problem areas; and
- building public trust in the program through improved operations.

The format of the training was designed to begin with broad issues of employee integrity in such areas as conflict of interest, post-employment requirements, acceptance of gifts and gratuities, Hatch Act regulations and other similar matters involving standards of conduct on the job. From this broad base the course was designed to focus more narrowly on issues specific to the program's operation. A series of five case studies was developed to help instruct employees in identifying problem areas in the workplace, in determining the means of preventing such problems and in deciding how to handle such problems should they be encountered.

Three sites were selected for the piloting of the course during May 1984: FEC's District Office 50 in Washington, D.C., and the program's Regional Offices in New York and Kansas City. Following the initial run, all remaining FEC regions will be required to deliver the training for their own employees. The training package includes a pre-and-post-course survey to help assess the program's effectiveness.

Based on the results of the FEC prevention efforts, the Agency intends to extend the approach to the other two operations included in the Office of Workers' Compensation Programs: the Division of Longshore and Harbor Workers' Compensation and the Division of Coal Mine Workers' Compensation. In addition, OIG intends to utilize the approach in developing prevention and awareness programs for other Agencies of the Department. Efforts are already underway to identify appropriate programs for future training sessions.

In the meantime, prevention-related efforts are also underway on another front: the Department's personnel office, which delivers a Core Training for Supervisors program, asked us to participate in their effort by designing an OIG module for their training courses. During this reporting period we delivered the first two supervisory courses. We are also considering a special, three-hour seminar on integrity issues for managers and supervisors.

ADP Initiatives

As part of a major effort launched in the last year to make state-of-the art computer technology available to our staff, we have established a division within ORMLA to plan and manage the ADP function. One of its initial activities includes the acquisition of hardware and software that is designed to increase our efficiency and add significant computer tools for our auditing and investigative skills inventory.

As we indicated in the prior semiannual report, we acquired 25 portable microcomputers, and during this reporting period, this tool has continued to be of significant additional value in our work—in particular in the area of organized crime investigations. While certainly an important asset across all OIG programs, the organized crime investigation area, because of the volume of information and data to be reviewed, analyzed, correlated and tracked, has benefited the most. This is especially true because this level of automation has not typically existed in this program. As a result, the analysis is more comprehensive. Using microcomputers, agents can spot relationships which previously defied the human mind. Also, agents can spend more time on investigative work rather than minute tasks such as manually sorting information. Historically, ADP tools have been more commonly available during the course of audits of particularly large organizations, where the information needing to be reviewed is already maintained by the grantee or contractor on computers.

In an investigation, a Strike Force attorney requested that 5,000 toll calls be analyzed in order to verify a connection with organized crime. The micro was used to store the toll numbers entered at random as they appeared on the receipts, index and sort them, and then print them in numerical order in order to be able to obtain subscriber information from the telephone company. Writing this information on three-by-five cards, placing them in numerical order and then preparing a typed list for the telephone company would

normally require about 20 days. Instead, in just three days all the information was entered into the computer, and it required only 15 minutes to sort the numbers and print them in numerical order.

Other applications currently underway in the organized crime area are in investigations that include false billing schemes, "ghost payrolling" and kickbacks.

In the audit area also, the staff is making good, current use of this equipment to assess state systems and to download the data for analysis, evaluate indirect cost determinations, inventory DOL ADP equipment and software and track the results of a computer crossmatch.

Additionally, the actual analytical capability that ADP brings to our work is illustrated by a recent audit in one of our regions. In this review, we were able to draw a random sample from every state in that region, load it onto our own equipment and then perform multiple analyses on the data. The capability to quickly examine a variety of data in various ways and to recalculate hundreds of computations at the touch of a key was particularly significant in this project. Another aspect of this ADP capability is that it can increase our efficiency through the electronic transmission of reports for higher level review and comment. This feature alone can increase the speed of issuance of our reports by a considerable number of days.

This OIG capability has not been achieved merely through the acquisition of the microcomputers and related software, but is an outgrowth of an extensive needs survey and an intensive in-house week-long training program provided to about ten percent of our professional staff.

In addition to the acquisition and use of the microcomputer, a second major element of our effort to improve the efficiency and effectiveness of OIG operations is the recent acquisition of seven minicomputers, allocated one for the National Office and to each of our six regions. This system is replacing equipment used strictly for word processing. The new system provides not only word processing functions, but also provides electronic mail and spread sheet functions. In addition, it allows for the development of data bases. Through a telecommunications linkage, data from other agencies or organizations can be transferred to OIG minis and analyzed—a particularly important and efficient use for the audit staff, since it allows analysis of computer maintained auditee data in the audit

offices. This reduces some of the pressure on travel funds and increases the speed at which data can be accessed and analyzed by our staff, without the necessity of having to travel onsite for this stage of the audit.

Legislative Assessment

Section 4(a) of the Inspector General Act of 1978 requires that the Inspector General review existing and proposed legislation and regulations, and make recommendations in the semiannual report concerning their impact on the economy and efficiency and on the prevention and detection of fraud and abuse in departmental programs. Some of the more significant issues that we developed comments on during this reporting period include the need for legislation requiring quarterly wage reporting by the states, OMB's guidelines for legislation involving Federal criminal law enforcement authorities and the "Single Audit Act of 1984."

- **Wage Reporting**

  A continuing major concern of OIG is to seek ways to ensure all states keep quarterly or periodic employer payroll reports on file. Currently 10 of 53 jurisdictions that administer unemployment insurance programs do not require periodic employer reports for determining unemployment insurance benefits. These periodic wage reports, when coupled with an automated system for matching the reports with benefit records, constitute an effective tool for detecting and preventing overpayments in the Unemployment Insurance program as well as other state or Federal programs where the eligibility or the level of benefits is income-based. In the past, we have strongly supported Federal legislation, such as H.R. 926, which would require that all jurisdictions that administer unemployment insurance programs be wage reporting. Unfortunately, this bill has not moved in subcommittee since the middle of last year. While we continue to believe that Federal legislation is the most effective way to accomplish that objective, there appears to be no imminent Federal legislation likely. Therefore, during this reporting period, we also recommended that the Department suggest that the ten states that do not keep periodic quarterly payroll reports, including several of the largest states, amend their state unemployment insurance laws to enable them to collect quarterly or periodic wage reports.

This measure, we believe, will help to prevent overpayments and will be an important factor in saving state and Federal funds.

Such overpayments frequently occur when claimants, either deliberately or inadvertently, do not report some or all earnings for a week in which they receive unemployment benefits.

In order to detect these overpayments, state agencies must verify that, for each week of benefits paid, a claimant did not earn any wages or did not earn wages in excess of any partial earnings limitation imposed by state law. Various studies and OIG's own computer matching projects have shown that periodic wage reports, in combination with automated systems for matching the reports with benefit records, are an effective tool for detecting and preventing UI overpayments.

For example, an OIG study found that states without the reports could not detect overpayments due to unreported earnings as effectively as states that had the reports. ETA's Random Audit program has shown that, if a week of unemployment benefits is randomly chosen from a state that does not collect periodic wage reports, the likelihood that the claim was overpaid, due to an error in the wage information used to calculate the benefit amount, is 4.7 times higher than a week selected randomly from a state that does collect the wage reports. Further, the Random Audit program has concluded that wage request states overpay 2.7 times as many dollars as wage reporting states.

In addition to helping prevent overpayments in the unemployment insurance program, the wage reports can be used to improve income verifications and thereby help prevent overpayments in need-based assistance programs at both the Federal and state levels. In the General Accounting Office's report HRD 83-9, issued January 14, 1982, on controlling overpayments in need-based benefit programs, GAO stated that matching benefit records with income data is the most effective way to detect overpayments in such programs and that wage records collected quarterly for use in administering the UI program are the most valuable source of income information for many matching programs.

For these reasons, we continue to recommend actions that will ensure that all 53 jurisdictions are wage reporting. We believe that the savings resulting from reductions in overpayment would be significant to the Federal and state governments.

° OMB Law Enforcement Authority Guidelines

The Office of Management and Budget (OMB) recently circulated to Federal agencies for review and comment a draft circular entitled Guidelines for Legislation Involving Criminal Law Enforcement Authorities. This proposed circular, we believe, raises issues that are very significant to OIG.

Our position concerning the need for law enforcement authority for our Special Agents in the Office of Organized Crime and Racketeering is and has been clear and well documented. In testimony before numerous committees in Congress and through several semiannual reports of the Inspector General, we have pointed out the need to secure the law enforcement tools necessary to do an effective job in areas for which we are responsible. Leaving aside the technical details of this draft circular, however, our principal concern relates to the potential that this circular could be used to limit the authority of OIG. Our review is based on the fact that OMB specified that it will use the guidelines in coordination and clearing proposed legislation and reports on pending bills, in accordance with Circular A-19.

The definitions of proposed legislation and reports (including testimony) imply that any supporting documents, proposals for, or endorsements of legislation included in the agency's reports would require clearance in accordance with Circular No. A-19.

We feel that these requirements are specifically and directly in conflict with provisions of the Inspector General Act of 1978 (P.L. 95-452). It is clear from the Congressional hearings held prior to the enactment of this Act and from Section 2(3) of the legislation itself, that OIG was established to create an independent and objective unit that could keep the Congress fully and currently informed about the necessity for and progress of corrective action and needs. Specifically, Section 4(a)(2) requires us to review proposed legislation and regulations and make recommendations in our semiannual reports concerning such legislation and regulations.

The provisions of any circular that would require clearance or approval of an OIG position by OMB prior to transmittal to Congress would seriously weaken the autonomy and independence of OIG that was intended by the Congress. Therefore, we strongly oppose the draft OMB Circular.

- **Single Audit Act of 1984 (H. R. 4821)**

  This bill is similar to S. 1510, the Uniform Single Financial Audit Act of 1983, and would establish uniform audit requirements for state and local governments receiving Federal financial assistance.

  Our position on this bill is that we support the primary purpose, with reservations about some specific provisions, but question the need for the proposed legislation at this time. Our primary reason for this position is because OMB Circular A-102, Attachment P, and the Department's implementing regulations address many of the same issues as the proposed legislation. As a result, we believe it may be premature to pursue new legislation in this area until the impact of both current OMB and departmental audit regulations can be assessed and evaluated. Having the benefit of this experience may assist in the development of other issues that should be considered.

  We also note that H.R. 4821 provides for audits to be performed on a statewide basis. We believe that such audits are too broad to be useful to Federal agencies. We believe audits of departments or their subdivisions are much easier to perform and offer more value.

Office of Investigations

The Office of Investigations continues to show growth in its investigative efforts. During this reporting period, we opened 556 investigations and closed 286, leaving us with 811 active investigations at the end of March 1984. Our efforts resulted in 154 indictments and 117 convictions during the first half of Fiscal Year 1984. These actions represented a 64 percent increase in indictments and 72 percent increase in convictions over the first half of Fiscal Year 1983.

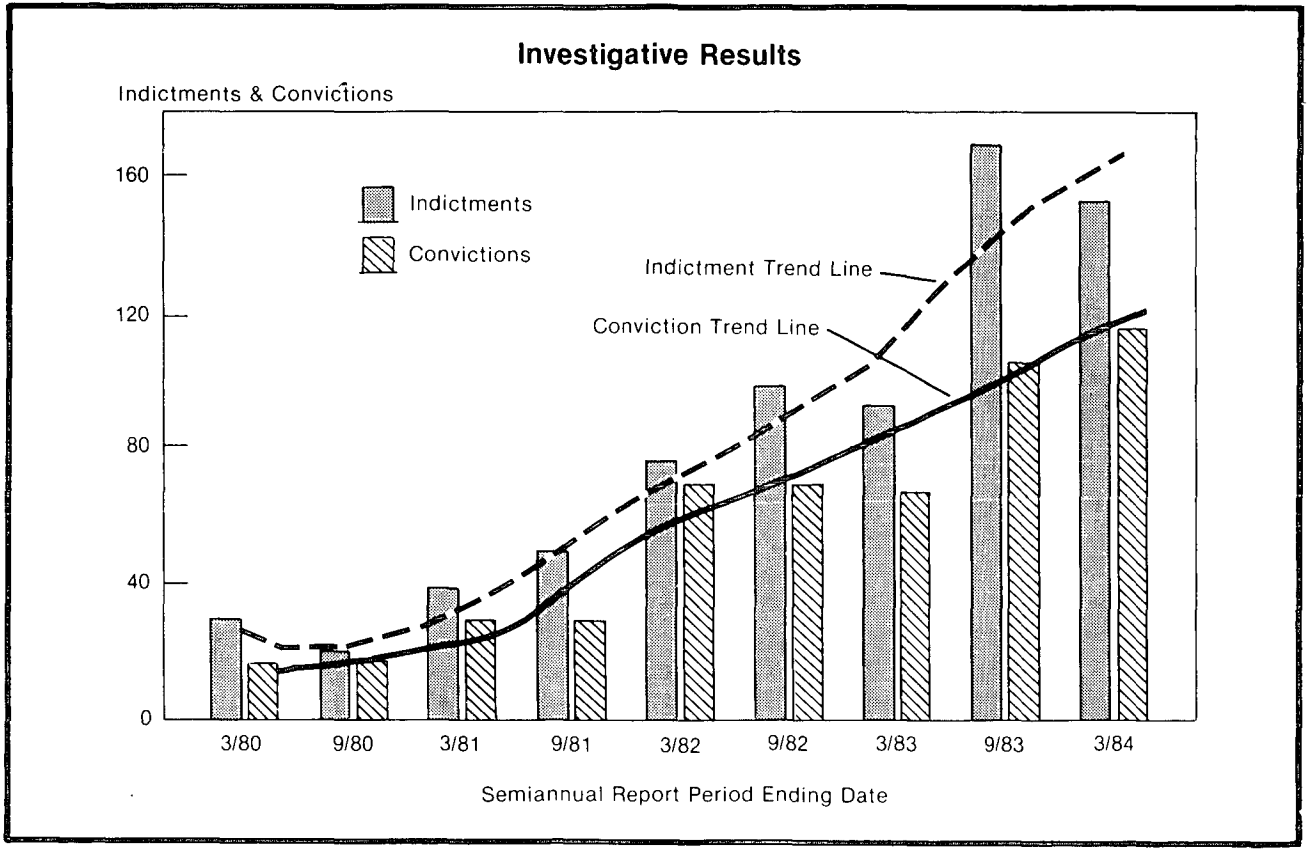
The increases in indictments and convictions also resulted in additional monetary returns. For example, we experienced a ten percent increase in fines and penalties, settlements and judgments and restitution actions over the first half of Fiscal Year 1983. During the first half of Fiscal Year 1984, our financial recoveries amounted to $2,529,105. In addition, as a result of our investigative recommendations, FECA claimant benefits and ETA contractors that were terminated or reduced resulted in per annum cost efficiencies of $647,092 during this reporting period.

We continue to spend a significant amount of our investigative resources on programs administered by the Employment and Training Administration (ETA) and the Employment Standards Administration (ESA). While investigative activity in ESA accounted for 23 percent of our indictments, including claimant fraud under FECA and Black Lung, the ETA cases accounted for 76 percent of the indictments, primarily for CETA and unemployment insurance violations.

The Unemployment Insurance program in ETA has recently been given particular attention resulting in 82 indictments during this reporting period. We are also currently pursuing 329 ongoing investigations in this program area.

Employment and Training Administration

As we described in previous semiannual reports, unemployment insurance fraud and CETA embezzlement cases continue to comprise the majority of ETA-related work conducted by the Office of Investigations. An agreement was recently developed between the Depart-


Investigative Results
Indictments & Convictions
160
120
80
40
0
Indictments
Convictions
Indictment Trend Line
Conviction Trend Line
3/80
9/80
3/81
9/81
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9/82
3/83
9/83
3/84
Semiannual Report Period Ending Date

ments of Labor and Justice specifying that OIG would receive and investigate complaints of fraud in the Unemployment Insurance programs involving a substantial Federal interest. Previously, the Federal Bureau of Investigation had official investigative jurisdiction over matters related to unemployment insurance.

Although the individual states have unemployment insurance fraud investigative staffs who address intra-state fraud, the Inspector General charted a role that complements these efforts and supports the Secretary's responsibility for the administration and protection of the programs. The principal areas for OIG investigative involvement are interstate claims, fictitious employer schemes, claimant fraud against Federally funded UI programs and crimes against the UI system committed by state employment security agency employees.

We are particularly concerned with fictitious employer schemes that involve multi-state UI systems because of the potentially high dollar loss associated with these types of schemes. Illustrative of our work in the fictitious employer area is a pending prosecution that will be more fully reported in the next semiannual report. This scheme, which came to our attention on December 1, 1983, has resulted in an indictment being returned on February 23, 1984. In all, 12 state Unemployment Insurance programs were defrauded, and if the scheme had gone undetected, the direct public loss caused by this one series of offenses would have been over $500,000.

The Inspector General has directed audit and investigation resources to extract lessons that we have learned by this and other fictitious employer schemes and seek improved methods to screen the unemployment insurance system for similar frauds. We are also attempting to set up a fictitious employer detection program that can be implemented in each state. The primary objective of our effort is to ensure that fictitious employer schemes are adequately detected, investigated and prosecuted. The project is being conducted with the full participation of state UI directors and ETA officials.

The cases below highlight the types of schemes that were perpetrated against ETA programs during this period.

- On December 16, 1983, two UI claimants were sentenced to three years in prison, with 18 months suspended, for mail fraud. They were also placed on probation for five years and fined $5,000 each. They pled guilty to two counts of mail fraud, after being indicted in September 1983, for fraudulently obtaining approxi-

mately $38,570 in UI benefits. During their scheme, one of the defendants, who worked at the Veterans Outpatient Clinic, had access to Department of Defense forms used to discharge servicemen from military service. Using these forms, the two defendants obtained operators' licenses and identification cards from the Division of Motor Vehicles in the names of various veterans. They were then able to set up bank accounts in the veterans' names in order to negotiate the UI benefit checks. *U.S.* v. *Cox and Phillips* (N.D. California)

- On October 20, 1983, the former director of an ETA grantee was sentenced to 30 days' incarceration, four and a half years' supervised probation, 609 hours of unpaid community service and a $2,000 fine for making false statements. He was also prohibited from any future government employment or from working for any agency that receives government funds. He was accused of funneling approximately $19,000 of government funds into several bank accounts which he controlled, and using the funds for his personal benefit. He was able to carry on the scheme by establishing and controlling a private corporation named New Jersey Green Thumb, Inc. which enabled him to divert monies from the bona-fide ETA grantee, New Jersey Green Thumb. *U.S.* v. *Williams* (D. New Jersey)

- The president of Engineers International (EI) of Atlanta, Georgia, submitted a plea of *nolo contendere* on January 9, 1984. He had been charged with conspiring to defraud the United States, submitting false statements and fraudulently obtaining CETA funds. His co-conspirator, the EI vice president, was convicted on similar charges on November 12, 1982. They falsely claimed to be administering a classroom training program under a CETA Title III HIRE program while operating a temporary labor contracting service. Their fraudulent scheme netted approximately $129,400 in CETA funds. On February 17, 1984, the president was sentenced to five years' probation and ordered to make restitution of $25,000. The vice president was ordered to serve 10 years' probation and pay a fine of $15,000 within two years. *U.S.* v. *Sunsted* (N.D. Georgia)

- In January 1984, two supervisors in the Youth Employment Training Programs run by the St. Charles Lwanga Lifeline Center in Chicago were sentenced for their part in a scheme involving the creation of fictitious participants and forgery of participant applications, timesheets and checks. The scheme netted the supervisors

and two other defendants more than $126,000. The supervisors were sentenced to three years in prison, five years' probation and ordered to make restitution in an amount to be determined by the Probation Office based on the total amount of fraud detected. They were convicted of a number of offenses including conspiracy, theft of CETA funds and making false statements. The two other defendants, who were not supervisors, were given lesser sentences. *U.S.* v. *Stanley* (N.D. Illinois)

- A former fiscal officer from the Colorado Office of Rural Job Training, Department of Labor and Employment, was given a suspended sentence and placed on five years' probation on January 30, 1984. The sentence came as a result of his guilty plea, in October 1983, to stealing employment and training funds. As the fiscal officer, he prepared and submitted approximately 30 false vouchers that allowed him to embezzle and use approximately $19,700 of CETA funds under his control. As part of the conditions of probation, he must continue to participate in Alcoholics Anonymous and Gamblers Anonymous and he must pay restitution in yearly installments of approximately $3,940 for five years. *U.S.* v. *Maes* (D. Colorado)

- A former bookkeeper for the Culinary Joint Apprenticeship Program in Los Angeles was sentenced to a three-year suspended prison term and five years' probation on February 21, 1984. As a result of forging and cashing checks for $15,300 through the program account, the former bookkeeper was also ordered to make restitution of $15,300 and pay a fine of $10,000. *State of California* v. *Coleman* (Superior Court, California)

- The former director of the Community Institute for Human Development was sentenced on January 13, 1984, to three years in prison for embezzlement, tax evasion and filing false income tax returns. He embezzled approximately $19,000 in CETA funds and Community Services Administration funds prior to his indictment in October 1981. Although he had been a fugitive since his indictment, he was finally arrested in August 1983, while attempting to pass bad checks. *U.S.* v. *Rashid* (W.D. Washington)

Employment Standards Administration

Our ESA cases reveal that claimant fraud and the acceptance of unapproved fees for representing compensation claimants continue

to plague the programs and require a heavy commitment of OIG resources. Claimant fraud cases involve persons who conceal earnings that, if reported, would result in reduction or termination of benefits. Representation cases involve a lay person or lawyer who accepts unauthorized fees to provide assistance to a person in filing compensation benefit claims. The law requires that fees for this service be approved by the Deputy Commissioner of the various compensation programs within the Office of Workers' Compensation Programs.

Some of the significant cases under ESA during this reporting period are highlighted below.

- As a follow-up to a case described in the last semiannual report, the vice president of a national Black Lung association, who was also a well known candidate for president of the United Mine Workers of America, was sentenced on February 22, 1984, to one year in prison and a $1,000 fine on each of 11 counts of accepting unauthorized fees for representing Black Lung claimants. During the trial, numerous miners or the relatives of deceased miners testified that they had paid fees ranging from $500 to $3,200 to this individual for representing their claims over a seven-year period. The judge will determine whether his sentence will run consecutively or concurrently after the defendant completes a 90-day physical and psychological examination. *U.S.* v. *Carter* (S.D. West Virginia)

- As part of our ongoing Black Lung Project to identify and investigate legal and lay representatives who have accepted unauthorized fees for representing Black Lung claimants, an individual pled guilty to accepting unauthorized payments. On February 23, 1984, he was sentenced to a one-year suspended prison term, a $1,000 fine and one year of probation. During his probation, he is required to perform 200 hours of community service. He was also ordered to pay restitution of $9,400 to the Black Lung claimants within 60 days. *U.S.* v. *Oldhouser* (M.D. Pennsylvania)

- An attorney was sentenced on January 6, 1984, in connection with his guilty plea for accepting unauthorized fees for representing Black Lung claimants. He was sentenced to a prison term of six months' confinement, two years' probation, with eight hours of community service to be performed each month during the probationary period, a $10,000 fine and ordered to make full restitution to the Black Lung claimants. The restitution presently amounts to

approximately $162,400. *U.S.* v. *Krasno* (M.D. Pennsylvania)

- Another case, described in the last semiannual report, involved a Black Lung compensation recipient who pled guilty to one count of theft involving more than $32,000 in Government money as a result of fabricating his employment history and fraudulently submitting affidavits attesting to the mining jobs that he had held. On October 20, 1983, the 70 year-old defendant was sentenced to five years in jail, with all but six months of the sentence suspended because of his age. He was also ordered to serve four and a half years' probation following his incarceration and to deed his real estate holdings over to the Government. The defendant and his wife will be permitted to live on their property until their death. *U.S.* v. *Sexton* (W.D. Virginia)

- In another unusual case, we discovered fraud by an employee of Electronic Data Systems (EDS), a data processing contractor of the Black Lung program, that was responsible for issuing checks to Black Lung recipients. The employee developed a scheme through which he, in his position at EDS, was able to manipulate the computer program in order to divert a benefit check from the proper beneficiary. The scheme caused the Treasury Department to issue a Black Lung benefit check to the employee's wife in her maiden name. The check was mailed to their home address and deposited in their joint account. They spent all of the money, which was intended for a coal miner in Cocburn, Pennsylvania. The scheme was discovered after the miner complained that his check had never been received. Prosecution against the wife was declined but the employee pled guilty to a criminal information alleging mail fraud and was sentenced on February 28, 1984, to five years' probation and ordered to make restitution of $28,492 to the Government. *U.S.* v. *Dinwiddie* (C.D. California)

- On January 19, 1984, a former Social Security Administration employee pled guilty to mail fraud, making false claims and embezzlement of public money. Charges against the employee's husband for aiding and abetting were dropped as part of the plea agreement. From August 1978 to April 1982, approximately $54,000 was paid to the former employee by OWCP for total disability. The investigation disclosed that she had faked an injury in 1978 in order to fraudulently collect FECA benefits and that, while on disability, she had worked in her husband's printing business, sometimes typing for eight hours per day. She had claimed that she could not return to work because she could not sit

for more than ten minutes at a time. While on total disability and receiving FECA benefits, she also made a claim against a private insurance carrier and received approximately $13,000 for the same injury. It is interesting to note that the defendant was a former claims examiner at the Social Security Administration where her duties included reviewing disability claims. She was given a suspended sentence, 5 years' probation and ordered to pay restitution of $67,000 over ten years. *U.S.* v. *Karp* (S.D. New York)

- On November 30, 1983, a judge denied a defendant's motion to set aside a default against him issued by the U.S. District Court. This action began in March 1983, when the U.S. Attorney's Office in Sacramento, California, filed a formal complaint against the defendant, a former civilian employee of the U.S. Army. The civil fraud action was taken to recover damages based on the wrongful payment of Federal workers' compensation benefits by the Department of Labor to this individual between 1971 and 1982. These payments totaled over $311,000. The Government is attempting to recover approximately $611,000 in double damages, forfeitures and punitive damages. While he was employed by the U.S. Army, he suffered a heart attack in May 1971, and was approved for OWCP benefits. He formed a development corporation, distributed modular cedar homes and sold real estate while collecting FECA benefits. During that time, he falsely or fraudulently failed to report his earnings from his employment on forms required by OWCP to qualify for continuing benefits. *U.S.* v. *Aitken* (E.D. California)

- On January 13, 1984, a former heavy machinery operator at Tinker Air Force Base in Oklahoma was sentenced to three years' supervised probation and ordered to make restitution of approximately $5,900. He had entered a guilty plea to an information charging him with a misdemeanor violation of making a false statement to obtain FECA benefits. The investigation disclosed that he had denied, on forms required by OWCP, that he was employed when, in fact, he was employed as a jailor/dispatcher with the Oklahoma Sheriff's Department. *U.S.* v. *Haggard* (E.D. Oklahoma)

- On November 3, 1983, a restaurant owner pled guilty to making false statements and violation of the Fair Labor Standards Act by failing to pay six employees, who were illegal aliens, the minimum wage and overtime wage. On December 14, 1983, she was sentenced to a three-year suspended prison term, three years'

probation and an $8,000 fine. The investigation disclosed that the owner had understated the gross income of various employees on documents she had been required to file with the Social Security Administration. The restaurant employed individuals who were not listed on the documents required to be filed with the Connecticut Department of Labor. In addition to the violations above, the investigation showed that various employees were not authorized for employment because of their immigration status, and several were employed without social security cards. *U.S.* v. *Maura* (D. Connecticut)

Mine Safety and Health Administration

In the previous semiannual report, we briefly described our investigation concerning allegations resulting from a mine explosion on June 21, 1983. Seven miners were killed and three others injured in the explosion at the Clinchfield Coal Company's McClure No. 1 Mine in Southwest Virginia.

In a July 4, 1983, *Washington Post* article, it was alleged that Mine Safety and Health Administration (MSHA) officials had been aware of unsafe conditions in the mine prior to the explosion, but had failed to take appropriate steps to remove the danger. Specifically, it was alleged that MSHA officials had been told by United Mine Workers of America (UMWA) safety experts in April 1983, that the McClure Mine would "blow up" if safety deficiencies were not corrected. The article further stated that MSHA did not increase its enforcement efforts and that MSHA's Sub-district office had been lax and issued minor citations for the same type of conditions that investigators now believe contributed to the accident.

In July 1983, a Task Force consisting of OIG investigators and auditors was sent to the area to investigate the allegations. During the course of the investigation, additional issues were raised including allegations that special consideration was afforded the Clinchfield Mining Company because former MSHA officials were employed by the company.

Our investigation established that UMWA had not warned MSHA that the McClure Mine was in imminent danger or would blow up if deficiencies were not corrected. MSHA was informed of problems

with the coal dust levels in the mine and dirty belts on some equipment, but these problems were properly handled by the Agency.

The investigation substantiated the *Washington Post* article that MSHA's District #5 office issued the lowest percentage of Serious and Substantial (S&S) citations. The investigation further established, among other things, that the percentage of S&S violations decreased drastically after a 1981 ruling by the Federal Safety and Health Review Commission which modified the standards for defining S&S violations. However, we did not find any evidence that MSHA inspectors were instructed or pressured to limit S&S citations or to vacate orders.

The investigation did not substantiate the allegation that MSHA gave special consideration to the mine because former MSHA officials were employed by the company.

As a result of our work on this case, we have made administrative recommendations to MSHA that will improve their operations. The Agency is currently reviewing those recommendations.

Complaint Handling Activities

The Office of Inspector General continues to be the focal point for receiving reports of alleged fraud, waste, or irregularities in Department of Labor programs. Although we have historically received and tracked the status and disposition of complaints manually, we have developed, during this reporting period, an automated system capable of providing information and instant referral of complaints among the Regional Offices of Investigation on a nationwide basis. During the next semiannual reporting period, we will complete implementation of this computerized Complaint Tracking System.

During this reporting period, OIG received 895 complaints nationwide. These complaints were made directly to the OIG National Office, the Regional Offices of Investigation or Audit and the OIG Hotline Office. The complaints came from a variety of sources including the general public, Departmental employees and other agencies.

The following list depicts the sources of complaints that were received during this period:

Complaint Sources	Number
Walk-in	9
DOL/IG Hotline	115
Letters from Individuals/Organizations	110
Letters from non-DOL Agencies	89
Reports from DOL Agencies	170
DOL Incident Reports	112
Reported by Agents	201
GAO Fraud Task Force Summaries	13
Telephone Calls	76

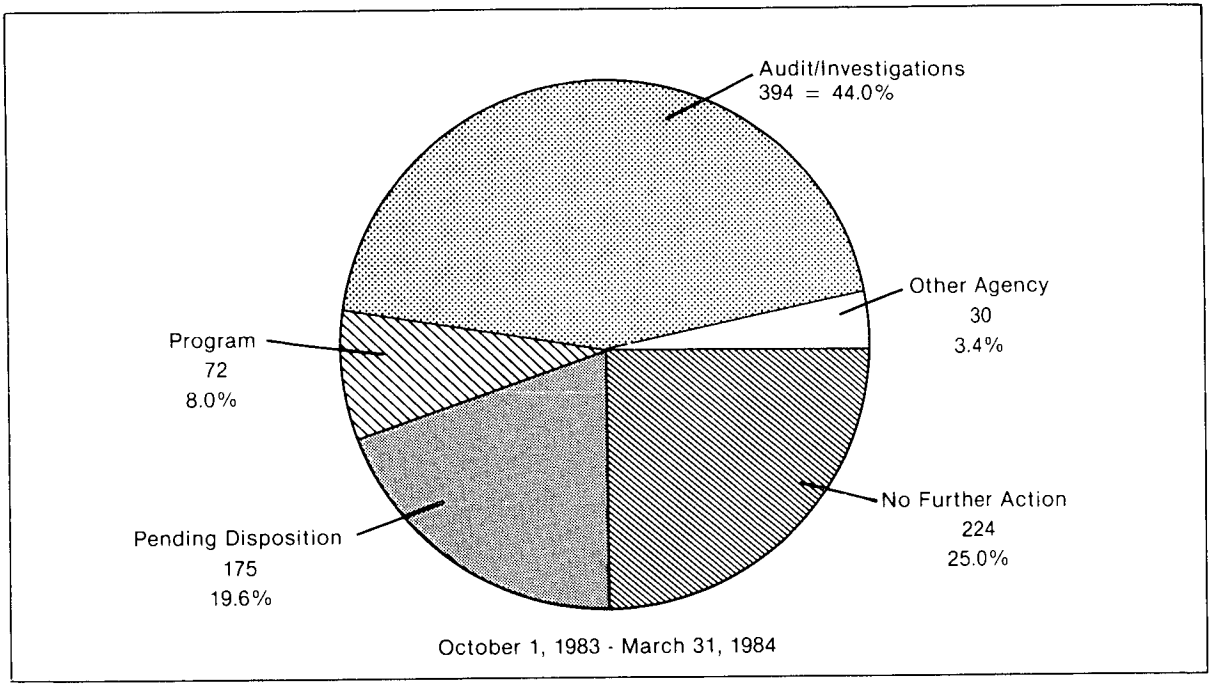
Of the 895 complaints received, 394 were referred for OIG investigations or audits, 72 were referred to DOL program managers for administrative handling, 30 were referred to non-DOL agencies, 224 required no further attention and 175 are pending disposition action. The chart on the next page reflects referral activity.

The IG Hotline Office serves as a resource for employees and the general public to report suspected incidents of fraud, waste and abuse in Department of Labor programs and operations. The Inspector General Act of 1978 specifies that employees and others may report such incidents with the assurance of anonymity and protection from reprisals. The Hotline staff received over 300 calls on the "DOL Fraud Hotline" during this period. Of these calls, only 115 were actual allegations, and the rest were informational type calls.

Examples of actions taken on some substantiated complaints follow.

- The ETA Regional Office in Atlanta responded to allegations that two individuals in Alabama were collecting unemployment insurance benefits while gainfully employed. As a result of the investigation conducted by the Alabama UI agency, one person was charged with a $622 fraud overpayment and assessed a $1,260 penalty, which will be deducted from current and future benefit years. The other individual was charged with a $90 non-fraud overpayment.
- The Hotline Office received a complaint concerning a Bureau of Apprenticeship and Training employee who allegedly falsified his time and attendance for at least two years. Our investigation substantiated the allegations and the employee pled guilty to making false statements. On November 4, 1983, he was sentenced

Referrals


Audit/Investigations
394 = 44.0%
Other Agency
30
3.4%
Program
72
8.0%
No Further Action
224
25.0%
Pending Disposition
175
19.6%
October 1, 1983 - March 31, 1984

to a suspended prison term and was placed on probation for one year.

- As a result of a complaint referred to the Philadelphia Regional Inspector General, an attorney pled guilty to five counts of illegally representing Black Lung claimants. He was sentenced to a $5,000 fine, two years' probation, 100 hours of community service, and ordered to pay $44,535 in restitution.

- We received an allegation that the Director of a Migrant and Seasonal Farmworker Program misused more than $32,000 in ETA funds by purchasing a building. As a result of our investigation, the grantee was ordered to transfer title of all acquired real property to the Department of Labor and the grantee was defunded under the Job Training Partnership Act for Fiscal Year 1984.

- The Washington, D.C. Special Investigations Office responded to allegations we received indicating that an OASAM contractor was adding fictitious contract employees to its payroll records for billing purposes. Although an investigation was unable to substantiate the allegation, we were able to identify several systemic and contract weaknesses which are being addressed by the Department.

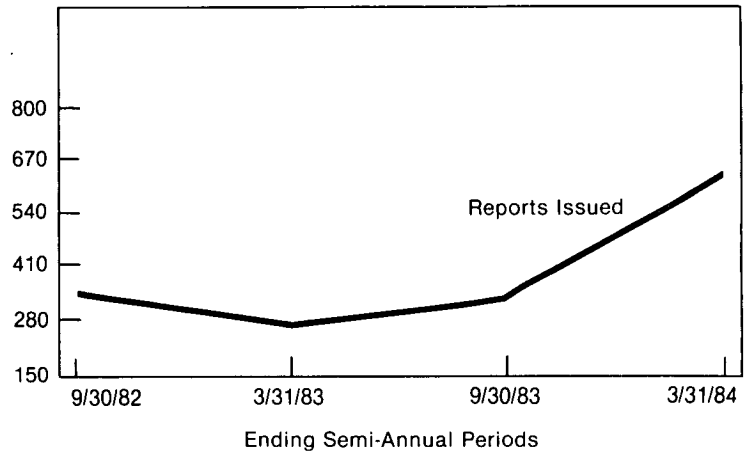
- A complaint was received alleging that a CETA on-the job-training (OJT) participant had been employed with the same company for the previous five years. Our investigation determined that the individual was ineligible for the OJT program due to her full time employment with the company. The CETA prime sponsor initiated collection action to recover $1,994 paid to the company.

- As a result of a complaint, we investigated the travel/time and attendance practices of an Administrative Law Judge. Our investigation resulted in changes to procedures for approval of time and attendance.

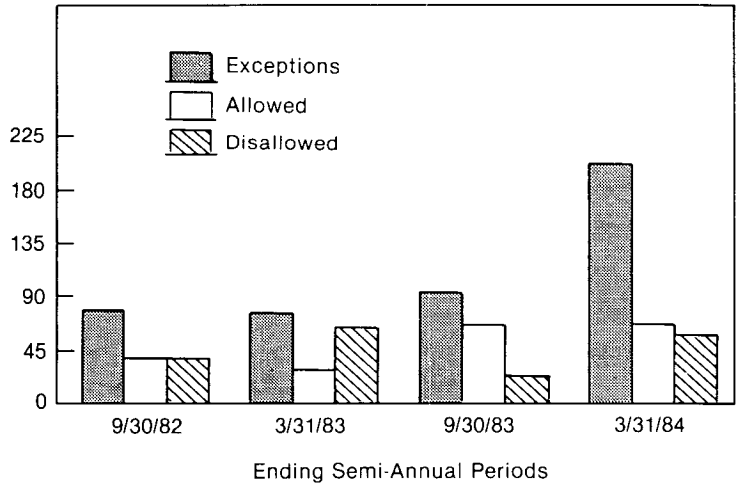
Office of Audit

During this reporting period, 636 audits of program activities, grants and contracts were issued. Of these, 74 were performed by OIG auditors; 247 by contract auditors under OIG's direct supervision; 38 by state and local government auditors; 259 by CPA firms hired by the grantee; and 18 by other Federal audit agencies. Of the 636 audit reports issued this period, 117 were program result and/or economy and efficiency/financial and compliance audits; 398 were financial and compliance audits; 4 were preaward surveys; and 23 were special purpose reviews. In addition, 94 Attachment P audits were conducted under OMB Circular A-102. Attachment P provisions; DOL was cognizant agency for 55 of these audits. The charts that follow illustrate: 1) audit report activity over the last four semiannual reporting periods; 2) dollar volume audit statistics for the last four semiannual reporting periods; and 3) allocation of audit resources by Department programs.

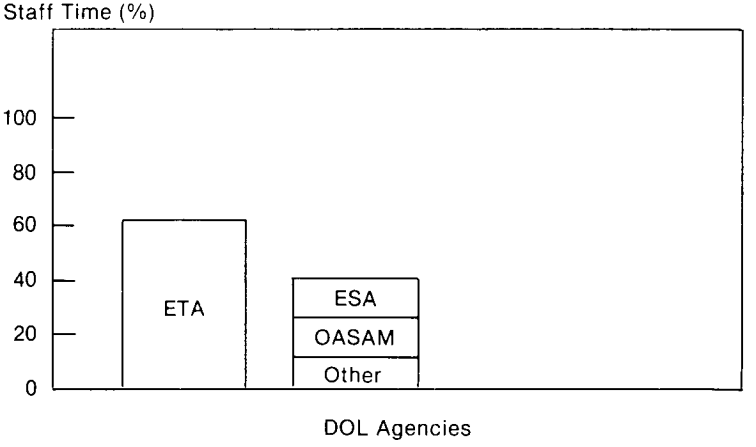
Audit Reports Issued Over 4 Semi-Annual Periods



Summary of Audit Statistics
Covering 4 Semi-Annual Periods
Volume Recorded in Millions of Dollars



Audit Staff Resource Allocation by Agency
October 1, 1983 - March 31, 1984



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

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

Summary of Audit Activity of DOL Programs

October 1, 1983 - March 31, 1984

Agency	Reports Issued	Amount of Questioned Costs	Amount Recommended for Disallowance	Grant/Contract Amount Audited
Employment and Training Administration	596	$101,351,920	$100,132,386	$9,076,272,827
Bureau of Labor Statistics	1	—	—	2,297,785
Employment Standards Administration	4	2,057	—	—
Mine Safety and Health Administration	4	202,989	—	1,310,672
Occupational Safety and Health Administration	15	61,160	10,038	20,319,318
Office of the Solicitor	1	—	—	2,721,680
Office of the Assistant Secretary for Administration and Management	13	2,664	60,378	625,081
Other Agencies	2	16,843	88	481,895
Totals	636	$101,637,633	$100,202,890	$9,104,029,258

Employment and Training Administration

The Employment and Training Administration (ETA) administers $7.2 billion in grants and contracts to state and local governments, as well

as private non-profit and for-profit entities. Over 93 percent of the Department's budget authority is devoted to various ETA programs, including payment of unemployment insurance benefits and the administration of these program activities. A substantial portion of our contract audit plan is directed towards auditing these funds and identifying major problems. The table on the next page provides a breakout of ETA programs, dollars audited and the amount of questioned costs or costs recommended for disallowance.

Summary of Audit Activity of ETA Programs
October 1, 1983 - March 31, 1984

Program	Number of Reports	Amount of Questioned Costs	Amount Recommended for Disallowance	Grant/Contract Amount Audited
Agency Administration	3	—	—	—
CETA Prime Sponsors	473	$78,556,176	$95,589,498	$4,977,069,040
Job Corps	57	11,728,338	1,332,267	940,904,685
Native Americans	23	2,801,533	1,135,720	59,110,376
Other National Programs	25	711,594	386,186	88,117,306
State Employment Security Agencies	15	7,554,279	1,688,715	3,011,071,420
Totals	596	$101,351,920	$100,132,386	$9,076,272,827

Job Corps Audits

During this reporting period, an extensive series of audits of the Job Corps program was completed by Certified Public Accounting (CPA) firms under contract with OIG. We issued 57 audit reports on the operations of the Job Corps Centers. Of the $941 million in audited costs, $13 million was identified as audit exceptions—of which $11.7 million was questioned and $1.3 million was recommended for disallowance. In addition we made 245 recommendations to ETA Managers to improve operations of Job Corps Centers.

The following table depicts by functional area the total audit exceptions and the number of audit recommendations made with respect to questioned costs and management improvements.

Audit Exceptions and Recommendations by Functional Area Job Corps Program

Functional Area	Audit Exceptions	Number of Recommendations: Costs Questioned/ Disallowed	Management Improvements	Total
Procurement/Contract	$ 3,064,240	32	18	50
Property/Equipment	455,313	17	24	41
Cost Allocation	267,135	7	12	19
Personnel/Payroll	423,502	15	24	39
Cash/Financial Rpt	326,480	9	17	26
Benefit Payment/ Accting	785,310	21	48	69
Program Functions	7,021,959	17	82	99
Adm. Internal Controls	716,666	15	20	35
Total	$13,060,605	133	245	378

Examples of the audits conducted are illustrated in the following descriptions of the audit results for three Job Corps Centers.

- *Woodland Job Corps Center, Laurel, Maryland* — The audit of $4.7 million awarded to the RCA Service Company to operate the Woodland Job Corps Center for the period February 1, 1978, through June 30, 1982, resulted in $464,806 of questioned costs. The audit also identified activities needing management improvement. Of the $464,806 in questioned costs, $380,725 was questioned because the contractor had not established an adequate record retention system. As a result, the auditors were not able to determine if the Center was following prescribed procurement practices. The remaining $84,081 of questioned costs was due to the lack of documention regarding the financial management system and the improper allocation of fringe benefits costs.

  Management improvements are needed for policies and procedures relating to personnel practices and financial reporting activities. With regard to the personnel practices, the auditors were unable to determine if staff members received periodic performance evaluations and training as required by the contractor's technical proposal. The audit of the financial report revealed that certain reported cost categories did not agree with the books of account, and financial reports were not submitted in a timely fashion.

- *Brunswick Job Corps Center, Atlanta, Georgia* — The audit of $11.9 million awarded to Training and Management Resources, Inc., for the period January 15, 1979, through December 31, 1982, resulted in audit exceptions of $574,423. In addition, the audit identified needed management improvements. Of the $574,423 in audit exceptions, $269,234 was questioned because the contractor had no system for specifically identifying non-serialized property items and had no perpetual inventory system for supplies. The remaining costs of over $300,000 were questioned because of weaknesses in the systems of accounting and internal controls. The audit identified problems with documentation, segregation of duties, vendor invoice payments and petty cash voucher controls. The audit also identified problems with service provided to Job Corps members and controls over government transportation requests and meal tickets.

- *Delaware Valley Job Corps Center, Callicoon, New York* — The audit of $14.3 million awarded to RCA Services Company, Education Services Division, to operate the Delaware Valley Job Corps Center for the period May 1, 1978, through March 31, 1983, resulted in audit exceptions of $368,428. Of the exceptions, $350,928 was questioned and recommended for disallowance because the contractor had failed to adhere to the Department of Labor's procurement requirements. The remaining $17,500 was questioned because the contractor had charged the cost of a law suit, settled out of court, to one of the contracts. The allowability of the charge was questioned because it was not readily apparent how the program benefited from the suit.

Indian and Native American Grantees Audits

During this reporting period, 23 audit reports covering Indian and Native American programs were issued. All of these audits were performed by CPA firms under contract with OIG. Of the $59 million in audited costs, $3.9 million was identified as audit exceptions, either as questioned costs or costs recommended for disallowance. In addition to audit exceptions, the reports contained numerous recommendations relating to program management improvements. The management improvement recommendations related not only to avoiding costs questioned or recommended for disallowance, but also to internal and administrative controls.

The following table depicts by functional area the total audit excep-

tions and the number of audit recommendations made with respect to costs questioned and management improvements.

Audit Exceptions and Recommendations by Functional Area Indian and Native American Grantees Program

Functional Area	Audit Exceptions	Number of Recommendations: Costs Questioned/ Disallowed	Management Improvements	Total
Procurement/Contract	$ 173,436	10	1	11
Property/Equipment	—	—	5	5
Cost Allocation	1,541,385	15	2	17
Eligibility	472,116	22	6	28
Personnel/Payroll	258,414	39	4	43
Cash/Financial Mgmt.	1,134,447	19	15	34
Accounting	161,922	3	2	5
Program Functions	148,575	10	2	11
Admin. Int. Controls	46,958	10	1	12
Total	$3,937,253	128	38	166

The following examples of three audits illustrate the audit results.

- *Eastern Washington Indian Consortium, Wellpinet, Washington* — The audit of $7 million awarded to the Eastern Washington Indian Consortium for the period October 1, 1979, through September 30, 1981, resulted in audit exceptions of $281,471. In addition, the audit identified areas in which management improvements were needed. Of the $281,471 in exceptions, $133,752 was the result of weaknesses in the grantee's financial management system. The costs as reported on the Financial Status Reports (FSRs) exceeded the funds authorized and did not agree with the grantee's books of account. The grantee's intake procedures for determining participants' eligibility were inadequate, and as a result, $94,551 in audit exceptions was taken. Costs of $38,091 were questioned because personnel files could not be located, time and attendance reports were missing, and length of enrollment could not be determined. The remaining $15,077 was questioned due to the weaknesses found in the cash disbursements system. The audit also identified management deficiencies in documenting monitoring visits and obtaining prior approval for expenditures.

- *Association of Village Council Presidents, Inc., Bethel, Alaska* — The audit of $8,560,977, awarded to the Association of Village Council Presidents, Inc., for the period October 1, 1979, through September 30, 1981, resulted in audit exceptions totaling $752,463, and identified weaknesses in the controls over property. Of the exceptions, $41,067 was recommended for disallowance and $711,396 was questioned. The costs recommended for disallowance consisted of costs exceeding required limitations, indirect costs erroneously calculated, and ineligible participants. The questioned $711,396 resulted because the amounts on the Financial Status Reports exceeded the books of account, and the grantee's intake procedures for determining eligibility needed improvement. With regard to weaknesses in the controls over property, the grantee did not reconcile the property listing to the physical inventory, and did not control the inventory with a general ledger asset account.

- Central Council of Tlingit and Haida Indian Tribes of Alaska, Juneau, Alaska — The audit of $7.3 million awarded to the Central Council of Tlingit and Haida Indian Tribes of Alaska for the period October 1, 1979, through September 30, 1981, resulted in audit exceptions of $271,615. Of the total exceptions, $118,200 resulted because the grantee's costs exceeded the authorized amount, and costs on the Financial Status Reports did not equal those recorded on the books of account. The grantees enrolled ineligible participants in the program or documented insufficient information on which to base a determination of eligibility. The weaknesses resulted in $125,091 of audit exceptions. The remaining audit exceptions indicated a need for improvements in controls over participants' wages.

Other National Programs

During this period, 25 audit reports were issued on grants and contracts awarded to public and private agencies for a variety of special programs for youth, older workers, and other special activities. All of these audits were performed by CPA firms under contract with OIG. Of the $88.1 million in audited costs, $1.1 million was identified as audit exceptions, either as questioned costs or costs recommended for disallowance.

In addition to the audit exceptions, the reports contained numerous recommendations for improvements to day-to-day management op-

erations, not only with regard to avoiding costs questioned or recommended for disallowance, but also internal and administrative controls.

The following table depicts by functional area the total audit exceptions and the number of audit recommendations made with respect to costs questioned and management improvements.

Audit Exceptions and Recommendations by Functional Area
Other National Programs

Functional Area	Audit Exceptions	Number of Recommendations: Costs Questioned/ Disallowed	Management Improvements	Total
Procurement/Contract	$ 18,668	8	6	14
Property/Equipment	25,019	4	2	6
Cost Allocation	23,601	11	2	13
Elig./Personnel/Payroll	113,765	6	6	12
Benefit Payment/ Accting	116,060	1	4	5
Program Functions	20,975	2	3	5
Adm. Internal Controls	779,692	27	18	45
Total	$1,097,780	59	41	100

The following three reports illustrate the results of audits conducted.

- *Joint Job Training and Research, Inc., New York, New York*— The audit of $6.3 million awarded to Joint Job Training and Research, Inc., for the period April 1, 1978 to February 28, 1982, resulted in audit exceptions totaling $108,344. The audit also identified a number of needed management improvements. Of the exceptions, $95,676 was questioned because the contractor claimed costs in excess of the amount budgeted for several cost categories. The remaining amount was questioned or recommended for disallowance because the contractor was unable to locate documentation to support various contract expenditures, and because the contractor claimed costs incurred subsequent to the contract period. Needed management improvements were noted for timely processing of the required closeout documents and timely return to the Department of Labor of unexpended excess cash.

- *Montgomery Preble Employment and Training Consortium, Day-*

ton, Ohio— The audit of $4.9 million awarded to the Montgomery Preble Employment and Training Consortium for the Employment Opportunities Pilot Program for the period October 1, 1979, through September 30, 1981, resulted in audit exceptions totaling $174,120. In addition, the audit identified needed management improvements. Of the exceptions, $156,920 was questioned because of an investigation of one of the grantee's subrecipients being conducted by our Office of Investigations. Costs of $15,729 were questioned because of a lack of supporting documentation for amounts paid to several participants, and because of subgrantee charges for rental expenditures in excess of the grant provisions. The remaining $1,471 was questioned or recommended for disallowance because of unauthorized expenditures of funds. Needed management improvements pertained to the maintenance of adequate records to permit timely reporting of expenditures as required under Federal regulations and maintenance of controls to prevent the accumulation of cash balances in excess of Federal regulations.

- *Work In America Institute, Inc., Scarsdale, New York*— The audit of $948,772 awarded to the Work In America Institute, Inc., for the period February 1, 1979, through October 31, 1981, resulted in audit exceptions totaling $317,529. Of the total exceptions, $65,346 was questioned because the contractor claimed costs in excess of budget for salaries and wages, fringe benefits, indirect costs and supplies. In addition, the contractor claimed costs in excess of the total approved contract budget. Another $103,645 was questioned because the contractor employed an officer of the organization as a consultant and was unable to provide documentation to support costs claimed. Costs of $63,731 were questioned because the contractor was unable to locate documentation to support various contract expenditures under the contracts. The remaining $84,807 was questioned because indirect costs were overclaimed.

CETA Prime Sponsors

We issued 473 audit reports on CETA prime sponsors. Of the $4,977 million audited, $174 million was identified as audit exceptions of which $78 million was questioned and $96 million was recommended for disallowance. In addition to the audit exceptions, the reports contained numerous recommendations for improving day-to-day management of operations, not only with regard to avoiding

costs questioned or recommended for disallowance, but also the internal and administrative controls.

The following table depicts by functional area the total audit exceptions and the number of audit recommendations made with respect to costs questioned and management improvements.

Audit Exceptions and Recommendations by Functional Area CETA Program

Functional Area	Audit Exceptions	Number of Recommendations: Costs Questioned/ Disallowed	Management Improvements	Total
Contract/Grant/Budget	$ 4,477,016	40	35	75
Procurement System	2,452,440	144	55	199
Property/Equipment	729,867	48	141	189
Cost Allocation System	9,877,794	87	89	176
Eligibility System	740,646	81	38	119
Personnel Management	615,719	8	36	44
Payroll/Allowances	5,828,236	203	171	374
Cash Management System	29,871,927	162	212	374
Financial Reporting	12,000,669	125	125	250
Org. Structure	—	—	14	14
In-kind Contributions	11,932	1	1	2
ADP System	—	—	11	11
Benefit Payment Control	7,322	5	5	10
Accounting Systems	2,550,211	80	73	153
Pgm Monitoring System	11,655,000	54	89	143
Pgm Training	508,781	14	2	16
Pgm Reporting	—	—	7	7
Pgm Placement	2,275	1	1	2
Audit & Audit Resolution	91,768,330	346	191	537
Oth Adm Internal Control	138,901	12	42	54
Oth Pgm Matters	908,608	14	63	77
Total	$174,145,674	1,425	1,401	2,826

The following two examples of reports illustrate the results of audits conducted.

- *Office of Manpower Development, State of Ohio, Columbus, Ohio* — The audit of $167.2 million awarded to the Office of Manpower Development for the period October 1, 1977, through September 30, 1979, resulted in audit exceptions of $25,016,518. In addition, the audit identified needed management improvements. Costs recommended for disallowance of $9,102,793 were for unsupported items, closeout settlement costs being less than cost on the Financial Status Report and unresolved subgrant audit costs. Questioned costs of $15,913,725 were for cash balance discrepancies. The needed management improvements pertained to reconciliation of cash balances, maintenance of books of account, use of accruals and preparation of indirect cost plans.

- *North Carolina Balance of State, South Florida Employment and Training Consortium, South Carolina Balance of State* — In each of these reports we summarized and scheduled subgrantee audit reports not included in prior prime sponsor audits. We found subgrantee questioned costs of $10,957,486, $7,655,919 and $32,316,336 respectively. While we did not examine resolution of costs, we recommended that the prime sponsor provide adequate documentation to ETA to resolve costs or refund the unresolved costs.

State Employment Security Agencies

Fifteen audit reports were issued on State Employment Security Agencies during this reporting period. Of the $2.8 billion audited, $9.2 million in exceptions were noted. In addition to the audit exceptions, the reports contained numerous recommendations for program management improvements, not only with regard to avoiding costs questioned or recommended for disallowance, but also for improving the internal and administrative controls.

The following table depicts by functional area the total audit exceptions and the number of audit recommendations made with respect to costs questioned and management improvements recommended.

Audit Exceptions and Recommendations by Functional Area State Employment Security Agencies

Functional Area	Audit Exceptions	Number of Recommendations: Costs Questioned/ Disallowed	Management Improvements	Total
Contract/Grant/Budget	$ 937,970	2	6	8
Procurement Systems	1,436,704	8	17	25
Property/Equipment	—	—	24	24
Cost Allocation/Elig.	20,706	2	6	8
Personnel/Payroll/Org.	518	2	28	30
Cash Management	49,268	1	91	92
Financial Reporting	6,797,687	4	9	13
ADP System	—	—	24	24
Benefit Payment Control	141	1	19	20
Accounting Systems	—	—	32	32
Program Functions	—	—	3	3
Adm Internal Controls	—	—	12	12
Total	$9,242,994	20	271	291

The following report illustrates the results of audits conducted:

- *Ohio Bureau of Employment Services, Columbus, Ohio* — This was an Attachment P audit covering the Departments of Labor, Agriculture, and Health and Human Services funds for the period October 1, 1977, through September 30, 1982. The audit resulted in exceptions of $7,687,432. Of the exceptions, $422,828 was recommended for disallowance, and $7,264,604 was questioned. In addition, the audit resulted in 72 recommendations for management improvement in the following areas:

Functional Area	Number of Recommendations
Contract/Grant/Budget	2
Procurement System	6
Property/Equipment	6
Personnel/Payroll/Org.	13
Cash Management System	10
Financial Reporting	6
ADP System	11
Accounting System	13
Adm. Internal Controls	5
Total	72

Occupational Safety and Health Administration

During this reporting period we conducted 14 audits of OSHA grantees and 1 of an area office's operating procedures. A discussion of these audits follows.

Grantee Audits

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

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

Twenty-five states will receive 50 percent matching grants totaling $50.5 million in Fiscal Year 1984 to assist in developing their own safety programs.

Forty-seven states (primarily state departments of labor) will receive cooperative agreements for onsite consultation, which are 90 percent funded by the Federal Government, for a total of $23.4 million in Fiscal Year 1984. These grants are to provide consultation to small employers on how to improve compliance with OSHA regulations and standards.

Forty-five states will receive 50 percent matching grants for statistical assistance totaling $4.1 million in Fiscal Year 1984, to reimburse the Bureau of Labor Statistics for the collection of lost-workday data for use in targeting inspections and for other purposes.

All OSHA grants to states are audited at the same time if a state has more than one type of OSHA grant. During this reporting period, OIG issued four financial and compliance audit reports of OSHA state grants. Total funds audited were $18,065,740, resulting in $61,877 in audit exceptions.

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

provides occupational safety and health related services among workers and employees.

New Direction Grants will total $6.8 million in funding in Fiscal Year 1984. No specified level of matching is required for Section 21(c) grants. While grantees have been required to become self-sufficient after not more than five years of Federal funding, 40 Section 21(c) grantees are being allowed to receive funding for a sixth year in Fiscal Year 1984. A total of 191 New Direction Grants have been funded since the inception of the program in Fiscal Year 1979. Of these, 26 were new as of Fiscal Year 1984. A total of 107 were actively funded as of March 1984.

During this reporting period, OIG issued financial and compliance audits of 10 New Direction grantees. A total of $2,253,578 was audited resulting in $9,321 in audit exceptions.

The combined audit exceptions for both the State and New Direction Grants of $71,198 fell into the following categories:

	Disallowed	Questioned
Procurement System	$ —	$11,514
Cost Allocation Systems	—	170
Payroll/Fringe Benefits	8,015	44,541
Financial Reporting	1,554	1,422
Other Admin/Internal Control	441	—
Other Program Matters	28	3,513
Totals	$10,038	$61,160

Other

We conducted a review of the property management procedures utilized by the OSHA Philadelphia Area Office. Our review disclosed the need to improve property management internal controls. As a result of our recommendations OSHA has (1) dedicated a staff member to control technical equipment, (2) instituted a system for documenting and tracking loaned equipment, and (3) implemented procedures to tag property for improved accountability.

Mine Safety and Health Administration

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

State Grants — MSHA administers certain provisions of the Federal Mine Safety and Health Act of 1977, which provides for a safe and healthful environment in the nation's coal, metal and non-metal mines. Section 503 of the Act provides for 80 percent matching grants to those states in which mining takes place in order to assist them in developing and enforcing effective coal and other mine health and safety laws, as well as to promote Federal and state cooperation in improving mine health and safety conditions. During Fiscal Year 1984, MSHA will administer 41 grants, totaling $5.5 million under Section 503.

During this reporting period, we issued three financial and compliance audit reports on MSHA grants to states. A total of $1.2 million in grant costs was audited, resulting in $202,989 in audit exceptions.

Questioned costs were in the following areas:

Cash Management System	$200,843
Payroll/Fringe Benefits	2,088
Other Administrative/Internal Control	58
Total	$202,989

The bulk of the audit exceptions were the result of one audit:

- *Wyoming State Inspector of Mines* — An audit of $512,834, awarded to the Wyoming State Inspector of Mines for the period May 1, 1979, through September 30, 1982, resulted in audit exceptions of $202,931 in questioned costs. The audit exceptions consisted of $200,843 in unsupported costs, primarily for personnel and travel costs. An additional $2,088 was questioned for unsupported charges, primarily for contractual services.

Contracts — During Fiscal Year 1984, MSHA has obligated approximately $5.5 million for prime contracts over $10,000. During the period from October through March, we issued one audit report of an MSHA contract. A total of $116,511 was audited by the Defense Contract Audit Agency. No costs were questioned.

Office of the Solicitor

We completed a review of the Employment and Training Administration's appealed Grant Officer CETA Final Determinations as of May 1983. This audit was performed in order to determine if the apparent high rate of Grant Officer's disallowed costs was being overturned at the Administrative Law Judge (ALJ) level.

Our review indicated that disallowed costs were not being overturned by ALJ. We found that approximately 70 percent of the costs reported as being overturned by ALJ were the result of negotiations between the Solicitor's Office and CETA grantees.

The negotiations occurred after CETA grantees produced additional supporting documentation. The additional documentation allowed the Grant Officer to exercise discretion as to the adequacy of documentation prior to the ALJ hearing.

Departmental Management

During this reporting period, we issued five reports on management operations as described in Part I, and eight reports on contracts awarded by the Assistant Secretary for Administration and Management. For the eight contracts, we audited $625,081, with exceptions totaling $63,042.

Other Agencies

During this reporting period, one report each was issued on contracts awarded by the Assistant Secretary for Policy, Bureau of Labor Statistics, and Veterans' Employment and Training. For the three contracts, we audited $2,779,680, with exceptions totaling $16,931.

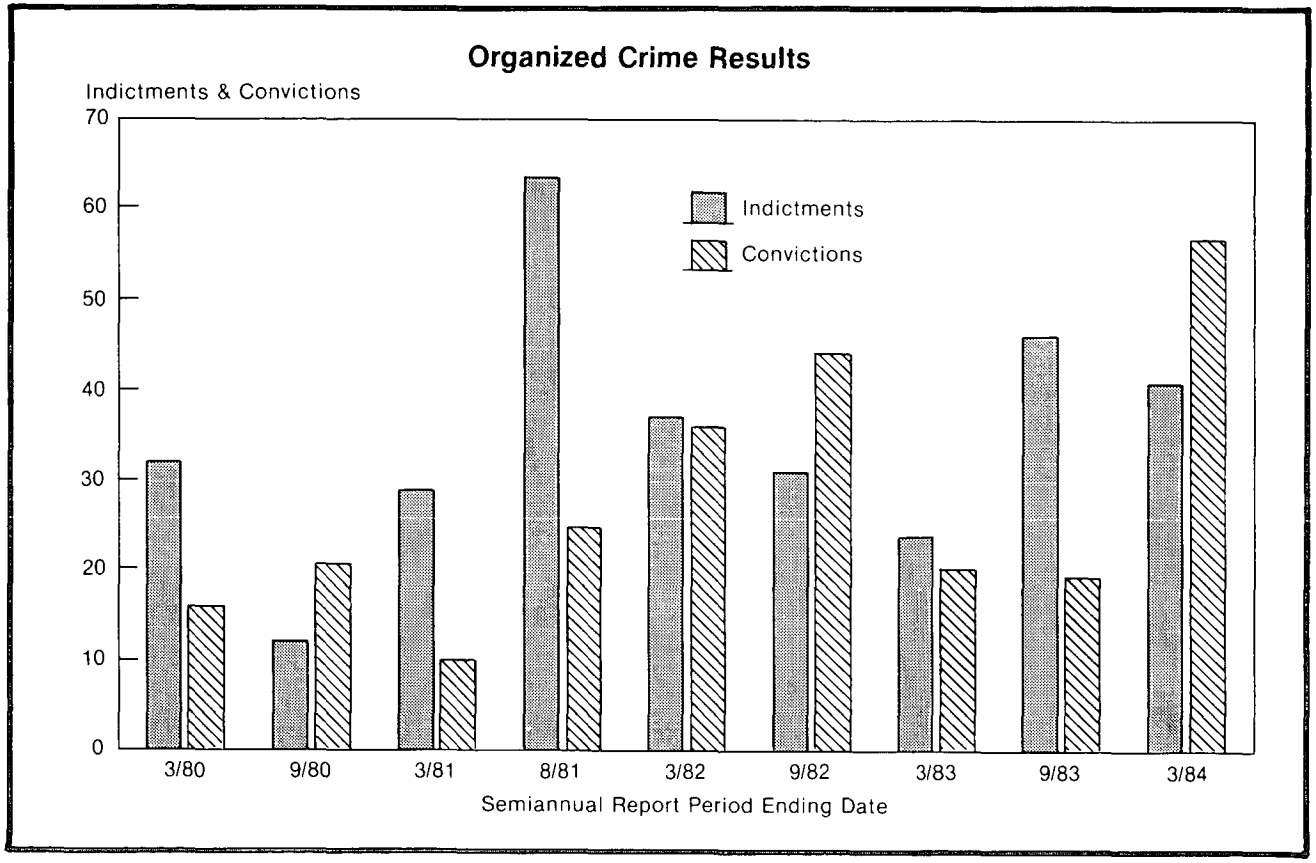
Office of Organized Crime and Racketeering

The Office of Organized Crime and Racketeering (OOCR) in the Department's Office of Inspector General is responsible for conducting criminal investigations of organized crime's incursion in the labor management field. The OOCR is the largest national law enforcement group dedicated exclusively to combating labor racketeering by organized criminals. As such, we have adopted a broad interpretation of organized criminals to include those who participate in a continuing enterprise that establishes, maintains and advances itself through illegal activities, corruption and coercion in the labor-management field. Our attention is not only directed toward the traditional La Cosa Nostra organized crime, but more recently toward other emerging groups whose labor racketeering activities demand the attention of our enforcement efforts.

During this reporting period, the OOCR opened 28 new cases. Investigative efforts resulted in the indictment of 41 individuals while 57 individuals were convicted of various labor crimes. The following table illustrates activity since 1980.

Our efforts have been directed in an attempt to have a salutary and lasting impact, and protect the union workers' rights and benefits in the pension and welfare fund area. Because of the billions of dollars in assets that flow into the union benefit plans each year, the temptation to defraud these plans is overwhelming to those who have a penchant for illegal enterprises.

In our attempt to protect the funds which belong to the union members, we are often accused, by those who engage in illegal activities, of harassing the unions and their members. However, as the prosecutions vividly illustrate, it is others who attempt to take advantage of the union workers and their families. For instance, during this period, of the 57 individuals who were convicted, 25 were high-ranking union officials or agents, 7 were benefit plan officials, 5 were company officials, and 20 were others who undermined the honest and democratic practices of the unions and associated union benefit plans.


Organized Crime Results
Indictments & Convictions
70
60
50
40
30
20
10
0
Indictments
Convictions
3/80
9/80
3/81
8/81
3/82
9/82
3/83
9/83
3/84
Semiannual Report Period Ending Date

On the financial side, our efforts have paid significant dividends to the workers, their families, and other consumers and taxpayers. During this period, fines amounted to approximately $500,000. In addition, restitution orders amounted to nearly $400,000, which will be returned to the benefit plans and union treasuries from which it was pilfered. Finally, tax penalties and liabilities amounted to more than $1.5 million.

Despite these recoveries, however, prosecutions of our cases during this period revealed that significant amounts of money are lost because of criminal activity in the labor-management field. For example, unions lost approximately $1.1 million because of criminal violations. Our investigations established that employee benefit plans lost more than $2.1 million and illegal employer payments to union officials totaled more than $400,000. Lastly, almost $250,000 in personal property was taken and $1.5 million was lost because of tax evasion or fraud.

Because of the tenaciousness of organized crime, we have attempted to use every available legal recourse and method to combat its spread. During this reporting period, an unprecedented civil remedy was handed down against a longstanding, corrupt local union under the 1970 Racketeer Influenced and Corrupt Organizations (RICO) Act. In addition, we have begun to increase our use of modern day technology to fight organized crime by utilizing field computers in our investigations.

Civil RICO

Concluding that Union City, New Jersey, Teamsters Local 560, the second largest in the international union, has been run by a "group of gangsters aided and abetted by their relatives and sycophants" for the past 25 years, a Federal District Court Judge ordered the removal of the union's seven-member executive board on February 2, 1984, and placed the union in the hands of a trusteeship until free supervised elections could be held. This action is the culmination of a three-year investigation by OOCR. It represents the first time that the Federal Government has used the civil provisions of the RICO statute to launch a comprehensive attack upon a severe corruption problem within a union democracy.

The filing of this Civil RICO Complaint was the cornerstone of a concerted effort to deprive the Provenzano crime group of its primary

vehicle for the commission of systemic racketeering. The court's ruling followed an extensive investigation that tied the union leaders to a series of crimes under the Provenzano leadership.

Although former local union president Anthony Provenzano, the alleged leader of the group, is currently serving a life sentence for murder of a former union rival, the court decision would oust his brother Salvatore, the current president, and his daughter Josephine, the secretary-treasurer, from office.

The court determined that the removal of the current board members was necessary "because each one is either unwilling or unable to evaluate objectively the criminal conduct of fellow officers or business agents." That opinion was based on a history of extortion, murder, loan sharking, payoffs and other criminal activity by Local 560 leaders. These activities generated a perception among the membership that anyone who threatened the leadership control over Local 560 would suffer the consequences. Intimidation, according to the court, was maintained and continued by the appointment and reappointment of various Provenzano relatives and associates who had serious and extended criminal records. The judge implied that the continued pattern of appointments, following convictions and incarceration, impressed upon the membership that Local 560's leadership condoned criminal conduct.

The Government met the requirements of RICO by showing (1) that a substantive crime was committed and (2) that the defendants charged with aiding and abetting the crime knew that the act was being committed and "acted with intent to facilitate it." By outlining a series of acts performed by union officers that constituted racketeering activity under the meaning of RICO—including murder, loan sharking, labor peace payoffs and kickbacks—the Government showed that the activities "constitute a pattern of racketeering activity" within the meaning of the law. This case further points out that, although not all unions or union officials are riddled with racketeering or corruption, some trade unions are susceptible to malicious machinations.

Despite our success as a result of this unprecedented court decision, the enforcement of the order will be delayed pending various appeals.

Fighting Crime With Modern Methods

During the upcoming semiannual reporting period, a trial will begin in which much of the evidence was developed through the use of the latest computer technology. As a result of our investigation, the defendant was indicted for a scheme involving conspiracy, mail fraud, benefit plan bribery and aiding and abetting. The case is tied to a major organized crime family and includes potential kickbacks worth at least $130,000 in connection with the pension and welfare funds of five different union locals.

The uniqueness of this trial rests in the fact that it is the first OOCR case to make heavy use of microcomputer capability in the development of evidence. Allegations concerning the charges will be unraveled during the trial, but the intricacies performed by the computer are nearly as dramatic as the charges and countercharges of the case itself.

Our use of the microcomputer in criminal investigations is based on our clear obligation to make maximum use of every tool at our disposal and to stretch our resources to the limit. The microcomputer is extending our abilities to help protect America's workers and to assure its taxpayers that their dollars are spent prudently.

The system, a GRiD Computer, is a highly portable instrument that is revolutionizing audit and investigative functions. Complex tasks with short deadlines can now be performed by field agents who are better equipped to aid in the development of evidence used for prosecutions. The following case offers a perfect example of this capability.

The defendant operated a consulting business, serving as an administrator for the five unions by handling their employee benefit plans. At the same time, he also ran a computer service and an insurance business. However, insurance was actually provided by another company, separately owned and located in Denver. The indictment charges that the defendant used his consulting service to contract with his computer and insurance business and then charged the unions for the services. In effect, the unions were paying the price for the defendant to do business with himself.

Specifically, for each plan participant, the defendant allegedly purchased more costly, individual whole life insurance policies rather than group term insurance which would have been significantly cheaper. By doing so, the participants received minimal insurance

coverage at a greater expense while the coffers of the insurance company and the company owned by the defendant, acting as the fudiciary, were unjustly enriched.

Included in the scheme was a very lucrative "sweetheart deal" in which the defendant allegedly received monthly $15,000 cash advances from the insurance company in Denver. By the time of his indictment, the defendant may have received $255,000 above what he had actually earned, constituting an interest-free loan over a period of several years.

The micro was used to show by how much the defendant enriched himself by using his fiduciary position to jeopardize the assets of the five union plans. The Justice Department's Organized Crime Strike Force attorney asked our OOCR agents to determine the amount of money that the defendant saved in interest by virtue of obtaining these interest-free cash advances. The attorney's request was unusual for this type of investigation, but the deadline of 10 days was even more out of the ordinary. Without the available computer, the request would have been futile.

Using the microcomputer capabilities, the interest was computed in the same manner that a bank computer would have tallied it, and the computations became a prime exhibit in the preliminary hearing. However, the microcomputer's true value became apparent after the round of computations was completed and the insurance company advised us that incorrect interest rates had been provided, distorting the data that we had computed. With corrected information supplied by the insurance company, we fine-tuned the entries and the computer automatically recomputed the schedule. Thus, a new trial exhibit was prepared with a minimal addition of staff hours.

As for the value of all this to the case, the strike force attorney explains, "We can show the jury in very vivid, powerful terms the impact of this type of crime. The type of evidence we have developed helps get convictions, and that is what we need to fight organized crime and labor racketeering."

The computer has been put to work in a number of new areas and those cases will be discussed in future semiannual reports. In the meantime, the computer is helping to change the way we do our job and that, in turn, is enhancing our ability to investigate and solve serious crime. We are able to save time, reduce human error and devote our resources to where they can do the most good—reducing

the infiltration of organized crime and racketeering in the labor-management field.

Other Significant Cases

In addition to the cases highlighted above, some of our other significant cases during this reporting period include the following:

- On December 22, 1983, after a three-month trial and nine days of jury deliberations, a jury convicted Salvatore Provenzano, president of Local 560 International Brotherhood of Teamsters (IBT) and international vice president of the IBT, and five other individuals, including additional Teamster officials and service providers to the Teamsters benefit plans. They were involved in a case that was highlighted in the last semiannual report.

  The intricate scheme perpetrated by these individuals involved forgeries and falsifications of countless documents that allowed them to receive expensive dental benefits to which they were not entitled. These officials, as well as their relatives and friends, received free dental treatment that exceeded that authorized by the union dental plan, while the general members were required to pay for their treatment. This "arrangement" continued for more than 20 years during which time Welfare Plan Administrators, Inc., the administrative services arm of the various locals' dental welfare plans, had its service contract renewed by the corrupt officials who improperly benefitted. Innocent union members' claim forms were systematically falsified and inflated by Welfare Plan Administrators, Inc., in order to accomplish and conceal the embezzlements from the various welfare funds.

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

  Although more than $160,000 was embezzled from these welfare funds during the last five years, the total loss over the entire 20-year period is approximately $500,000.

  The other individuals who were convicted included Linda Rubino, an assistant at Welfare Plan Administrators, Inc.; Marvin Zalk, the administrator of various Teamster welfare funds; Jack Dwyer, the president of Local 461 International Brotherhood of Teamsters

(IBT); Gerald Hogan, the former president of Local 660 IBT; and Jack Spero, vice president of Local 641 of IBT and a trustee of the Trucking Employees of North Jersey Welfare Fund, Inc., of Local 641 IBT. In addition, two individuals pled guilty during and prior to the trial. They were: Nunzio Provenzano, the former president of Local 560 IBT; and Leo Marcus, the chief operating official of Welfare Plan Administrators, Inc.

These individuals were convicted or pled guilty to a variety of offenses including conspiracy, mail fraud, embezzlement of employee benefit plan funds, obstruction of justice and kickbacks to influence the operation of an employee benefit plan. The prison sentences imposed in this case totaled 17 years and the total fines amounted to $76,000. *U.S.* v. *Marcus et al* (D. N.J.)

- On March 15, 1984, James Paone, recording secretary and business agent of Local 863 IBT, and Thomas Pecora, general manager of Federico Trucking Company, were convicted of conspiracy to violate the RICO statute in a $225,000 kickback scheme that allowed a nonunion trucking company to haul bakery supplies for Shop Rite Supermarkets.

  The investigation revealed that Thomas Pecora, the son of recently retired Local 836 head Joseph Pecora, Sr., and brother of Joseph Pecora, Jr., the present chief operating officer of Local 836, was given a $325 a week job with Federico Trucking Company in 1973, while still a college student. This occurred shortly after Federico Trucking won a contract to deliver bakery goods for Shop Rite. Thomas Pecora earned steady raises through 1981, when prosecutors say he made $70,000 plus use of a Mercedes-Benz and up to $25,000 in bonuses and expenses.

  The investigation also revealed that James Paone and others received about $225,000 in cash kickbacks through several persons who were placed on the company's payroll in "no-show" jobs. The Government produced evidence at trial indicating that Federico Trucking paid $8,000 in health and welfare contributions on behalf of Paone's sister despite the fact that she was never an employee of the company.

  Although Shop Rite's internal trucking firm, Foodhaulers, had an exclusive contract to use drivers from Local 863, Paone agreed not to make an issue of approximately 30 nonunion drivers working for Federico in return for kickbacks and a job for Thomas Pecora.

Paone and Pecora each face a maximum 40 years in jail and $50,000 in fines. *U.S.* v. *Paone* (D. N.J.)

- On October 13, 1983, Anthony O'Connor, a former business agent for Local 359 of the United Seafood Workers Union, pled guilty to receiving gifts to influence the operation of a benefit plan and receiving illegal gratuities from an employer. This case was part of an investigation of labor racketeering and organized crime activities in New York City's Fulton Fish Market. On December 2, 1983, O'Connor, who had been a fugitive for 2 years, was sentenced to 13 months in prison and three years' probation.

  Using fear and extortion, O'Connor and his cohorts exploited both the businessmen in the Fulton Fish Market and the union members they were supposed to serve.

  His conviction and sentencing concludes this joint investigation carried out with the Internal Revenue Service (IRS) and the New York City Police Department. The case produced 48 indictments, 38 guilty pleas, four guilty verdicts, three contempt citations, two dismissals and one acquittal. The investigation and the subsequent court proceedings resulted in the imposition of fines of $343,500 including $200,000 against Local 359. It also showed tax liabilities against various individuals amounting to more than $825,000. *U.S.* v. *Romano et al.* (S.D. N.Y.)

- On March 20, 1984, Kenneth Gladstone and Lucille Gladstone, owners of Prince Carpentry, Inc., located in New York City, pled guilty to a six count information charging them with conspiracy, mail fraud and filing of false corporate tax returns for the years 1978 and 1979. In addition, 18 employees of Prince Carpentry, Inc., were charged with filing false income tax returns as a result of their failure to report cash salaries and bonuses received in 1978 and 1979. The investigation, jointly conducted with the FBI and IRS, indicated that the Gladstones, through their company, engaged in a scheme to defraud IRS, the New York City District Council of Carpenters' Benefit Funds, and New York State's Unemployment Insurance Division. They perpetrated the scheme by hiring "cash" and "piecework" carpentry employees without making the required tax withholding deductions and monetary contributions to the Carpenters' Union Benefit Funds.

  In some instances, Prince Carpentry, Inc., and the Gladstones engaged in fraudulent practices by permitting employees to collect unemployment insurance while working off the company's regular

payroll. In order to conceal the scheme, the Gladstones filed false corporate tax returns, furnished false W-2 forms to the employees, provided false payroll records to the union, and made false reports to the State Unemployment Insurance Division.

Internal Revenue Service officials indicate that, in the drywall-carpentry industry alone, these types of schemes cost the Government more than $20 million per year. Similarly, the Department of Labor estimates that, industry-wide, these practices have deprived the benefit funds of the New York District Council of Carpenters of over $5 million per year in contributions to which the funds were entitled.

The Gladstones face a possible prison sentence of 22 years and fines in excess of $15,000. The employees could be punished by three years imprisonment and $5,000 fines.

In addition, at the time of sentencing, Prince Carpentry, Inc., has agreed to pay $320,000 to the New York City District Council of Carpenters' Benefit Funds; $280,000 to the Internal Revenue Service; and $63,469 to the New York State Unemployment Insurance Division. *U.S.* v. *Gladstone* (E.D. N.Y.)

- Gerald Lasky, former president of the International Industrial Production Employees Union, and his son, Clarke Lasky, the current president, were indicted on March 2, 1984, for embezzlement, extortion, obstruction of justice and racketeering. The charges result from their conduct as officers and trustees of the union and its related employee benefit funds.

  Gerald Lasky is accused of embezzling approximately $113,000 from the International and its affiliated local unions, receiving approximately $38,000 in kickbacks as a trustee of the unions' insurance fund and extorting $12,000 from a medical doctor to permit him to continue furnishing services to the insurance fund. He is also accused of obstructing the grand jury's investigation by urging a prospective witness to destroy, alter and fabricate subpoenaed records and lie to the grand jury.

  Clarke Lasky, who succeeded his father as president of the International and one of its local unions in October 1982, is accused of embezzling $68,000 from the severance fund and attempting to obstruct justice by destroying subpoenaed records and urging witnesses to lie to the grand jury.

  Charged under the RICO statute, the two defendants could each

receive 20 years imprisonment and $25,000 fines. In addition, if convicted under RICO, they would have to forfeit approximately $113,000 and $68,000 from their alleged receipt of illegal racketeering profits. Clarke Lasky would also be required to forfeit his position with the unions and the severance fund.

In addition to the RICO sentence, Gerald Lasky faces an additional 57-year term of imprisonment and $115,000 in fines for extortion and the other violations. Clarke Lasky would be subject to additional terms of imprisonment of 45 years and fines totaling $110,000 if convicted of all charges. *U.S.* v. *Lasky* (E.D. N.Y.)

- Following up on a case reported in the last semiannual report, Edward Grady Partin, former business manager and secretary-treasurer of Teamsters Local 5 in Baton Rouge, Louisiana, pled nolo contendre on January 11, 1984, to five counts of conspiracy and embezzlement of union funds. Allen L. Jones, Partin's longtime associate and the recording secretary for Local 5, pled guilty to one count of embezzlement.

  According to the indictment, between 1971 and 1980, Partin, as a result of his total domination of the affairs of Local 5, was able to secure numerous "employment contracts" with Local 5. These "employment contracts" were for terms of from 2 to 10 years with most of the contracts being in violation of provisions of the Teamsters International Constitution, which provides that a local's executive board may not bind the local to a service contract for a term that would exceed the life of that executive board. Between 1978 and 1980, Partin drew $286,000 in salary advances against these contracts. In addition to the salary advances, Partin continued to receive his regular weekly salary from the Local. During this period, Partin also allegedly used his domination and control of the affairs of Local 5 to have the Local pay approximately $160,000 of his personal, Federal and state income tax liabilities.

  The indictment charged Jones with aiding Partin in this scheme through the securing of executive board approval for the payments, the making and negotiating of checks, and the unauthorized signing of a union official's name to checks destined for Partin.

  On March 2, 1984, Partin was sentenced to spend six years in prison and serve five years' probation after his release. He was also sentenced to pay a $10,000 fine, and he was ordered to sever all relationships with Teamsters Local 5.

Jones was sentenced to five years in prison. However, all but six months of the prison term was suspended. After release from prison, he must serve five years' probation and pay a $5,000 fine. *U.S.* v. *Partin* (M.D. Louisiana)

- Additional activity has occurred in our long-standing investigation of the Teamsters Local 436 Pension and Welfare Fund in Cleveland, Ohio.

  On February 3, 1984, after three days of trial, David E. Kerr, the administrator of the Fund, pled guilty to soliciting and receiving $13,409 in unlawful payments with the intent to influence his actions as administrator of the Fund, and embezzlement of $1,000 from the IBT 436 Welfare Fund. He took the money from various employers in return for a reduction in the amount of money that the employers owed to the Pension and Welfare Fund. He embezzled the $1,000 of Fund money while arranging for a dedication ceremony of the Fund's new building in August 1982. The court released him on bond pending the completion of a presentence report.

  Susan Bauman, office manager of B & B Wrecking and Excavating, Inc. and the wife of owner William Bauman, pled guilty and was sentenced on February 8, 1984, for her part in the payoff scheme involving David Kerr. She and her husband made unlawful payments and falsified reports and statements required by the Employee Retirement Income Security Act in order to reduce their company's liability to the Local 436 Welfare and Pension Fund. She was sentenced to two years' probation, fined $5,000 and ordered to make $34,600 restitution to the Local 436 Welfare and Pension Fund.

  Finally, Angelo Regalo, a former business agent and trustee of Local 436's Pension and Welfare Fund, pled guilty to a two count information for accepting payments and "loans" of $7,000 from employers for labor peace and nonenforcement of the Pension and Welfare Fund requirements. His sentence is pending. *U.S.* v. *Kerr et al.* (N.D. Ohio)

- Allen Friedman, a former vice president of Teamsters Local 507 in Cleveland, Ohio, was sentenced on November 3, 1983. Friedman, the uncle of Teamsters International Union President Jackie Presser, was sentenced to spend three years in prison and fined $10,000 for embezzling Local 507 monies during a three and a half-year period.

He is the second person to be convicted in this continuing investigation. As detailed in the last semiannual report, Friedman was convicted of receiving $165,000 through this "ghost employee" scheme. He was continued on a personal recognizance bond pending an appeal, restricted in travel to the State of Ohio, and ordered to appear monthly at the U.S. Probation Office. *U.S.* v. *Friedman* (N.D. Ohio)

PART III

MONEY OWED TO THE DEPARTMENT OF LABOR

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

Summary of Estimated Department of Labor Receivables

(Dollars in thousands)

Program Name	Outstanding Receivables[1] 3/31/84	Delinquencies[2] 3/31/84	Adjustments & Write-Offs[3] FY 1984
Employment Standards Administration			
Federal Employees Compensation Act			
o overpayments to beneficiaries/ providers	$ 21,739	$ 7,577	$ 770
Black Lung Program			
o Responsible Mine Operator reimbursement & overpayments to beneficiaries/ providers	151,250	33,250	342
Employment & Training Administration			
o disallowed costs from auditing or monitoring outstanding cash balances after contract termination; erroneous overpayments to grantees	244,725	242,112	20,720
Mine Safety & Health Administration			
o civil penalties from mine operators	7,745	5,948	698
Occupational Safety & Health Administration			
o civil penalties from businesses	10,171	10,171	167
Pension Benefit *Guaranty Corporation*			
o terminated plan assets subject to transfer employer liability, and accrued premium income	118,806	13,000	—
All other Agencies	10,641	2,997	—
Totals	$565,077	$315,055	$22,697

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

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

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

APPENDIX

SELECTED STATISTICS

Audit Activities

• Reports issued on DOL activities	636
Audit exceptions	$201.8 million
• Reports issued for other Federal agencies	9
• Dollars resolved	$125.2 million
Allowed	$67 million
Disallowed	$58.2 million

Fraud Investigation Activities

• Cases opened	556
• Cases closed	286
• Cases referred for prosecution	186
• Individuals or entities indicted	154
• Individuals or entities convicted	117
• Cases referred to DOL Agencies for administrative action	68
• Employees terminated	6
• Employees suspended	1
• Fines and penalties	$99,280
• Settlements and judgments	$429,750
• Restitutions	$725,457
• Recoveries	$1,274,618

Organized Crime and Racketeering Investigation Activities

• Cases opened	28
• Cases referred to DOJ/others	15
• Individuals indicted	41
• Individuals convicted	57
• Fines	$442,500
• Restitutions	$878,302

Audit Resolution Activity
October 1, 1983 - March 31, 1984

Agency/Program	October 1, 1983 Balance Unresolved Reports	Dollars[1]	Issued (Increases) Reports	Dollars
Employment and Training Administration				
Agency Administration	—	—	3	—
JTPA Grantees	1	—	—	—
CETA Sponsors:				
Prime Sponsors	94	$35,578,490	473	$174,145,674
Native Americans	12	1,802,632	23	3,937,253
Migrants	6	628,014	—	—
Job Corps	3	375,178	57	13,060,605
Older Workers	1	5,388	1	116,060
Policy, Evaluation & Research	1	40,969	1	—
Special Targeted Pgms	11	3,088,554	22	947,563
Other National Pgms	2	235,718	1	34,157
State Employment Security Agencies	9	19,924,536	15	9,242,994
Employment Standards Administration	1	—	4	2,057
Occupational Safety & Health Administration	15	916,851	16	71,198
Mine Safety & Health Administration	6	759,809	4	202,989
Office of the Asst Secy for Admin and Mgmt	8	267,190	16	79,973
Total [2]	170	$63,623,329	636	$201,840,523

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

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

Reports	Resolved (Decreases)[3] Allowed	Disallowed	March 31, 1984 Balance Unresolved Reports	Dollars
2	—	—	1	—
1	—	—	—	—
293	$59,601,189	$37,360,523	274	$112,882,039
16	167,098	1,802,520	19	3,600,124
5	280,524	198,445	1	149,045
8	374,362	72,529	52	12,988,892
1	3,956	1,432	1	116,060
2	—	40,969	—	—
12	84,497	1,903,025	21	2,017,022
2	167,176	68,542	1	34,157
15	5,176,125	15,722,433	9	7,977,671
2	—	—	3	2,057
27	443,575	694,799	4	45,193
8	488,509	320,193	2	202,989
18	185,499	—	6	161,664
412	$66,972,510	$58,185,410	394	$140,176,913

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

Status of Unresolved Audit Reports
As of March 31, 1984

Agency/Program	Total Unresolved Reports	Total Unresolved Dollars	0 to 6 Months Reports	0 to 6 Months Dollars	Over 6 Months[1] Reports	Over 6 Months[1] Dollars
Employment and Training Administration						
Agency Administration	1	—	1	—	—	—
CETA Sponsors:						
State and Local Prime Sponsors	274	$112,882,039	259	$108,032,605	15	$4,849,434
Native American Grantees	19	3,600,124	19	3,600,124	—	—
Migrant Grantees	1	149,045	—	—	1	149,045
Job Corps Contractors	52	12,988,892	52	12,988,892	—	—
National Programs for Older Workers	1	116,060	1	116,060	—	—
Policy, Evaluation & Research Grantees	—	—	—	—	—	—
Special Targeted Programs	21	2,017,022	18	1,827,275	3	189,747
Other National Programs Grantees	1	34,157	1	34,157	—	—
Employment Security Agencies	9	7,977,671	8	7,977,107	1	564
Employment Standards Administration	3	2,057	3	2,057	—	—

Occupational Safety & Health Administration and Bureau of Labor Statistics	4	45,193	4	45,193	—	—
Mine Safety and Health Administration	2	202,989	2	202,989	—	—
Office of the Assistant Secretary for Administration and Management	6	161,664	5	60,588	1	101,076
Total	394	$140,176,913	373	$134,887,047	21	$5,289,866

[1]Nineteen of the 21 unresolved audit reports were precluded from resolution pending the conclusion of investigations ($4,792,469). Resolution of two audit reports was delayed pending review of documentation which was not available during the audit ($497,397).

Summary of Audit Reports Issued During the Current Reporting Period

Department of Labor		
Employment and Training Administration		
Agency Administration		3
Job Training Partnership Act Grantees		–
CETA Sponsors:		578
State and Local Prime Sponsors	473	
Native American Grantees	23	
Migrant Farmworkers Grantees	–	
Job Corps Contractors	57	
National Programs for Older Workers Grantees	1	
Policy, Evaluation and Research Grantees	1	
Other National Programs Grantees	1	
Special Targeted Programs	22	
State Employment Security Agencies		15
Assistant Secretary for Policy		1
Bureau of Labor Statistics		1
Employment Standards Administration		4
Mine Safety and Health Administration		4
Occupational Safety and Health Administration		15
Office of the Solicitor		1
Office of Assistant Secretary for Administration and Management		13
Veterans' Employment and Training		1
Other Federal Agencies		9
Total		645

List of Audit Reports Issued
October 1, 1983 - March 31, 1984

Region[1]	Agency[2]	Program[3]	Audit Report Number	Date Sent To Program Agency	Name of Auditee
Department of Labor programs:					
02	ETA	CETA	02-3-178-03-345	12/13/83	NASSAU CO
02	ETA	CETA	02-3-179-03-345	02/03/84	SUFFOLK CO
02	ETA	CETA	02-3-180-03-345	02/03/84	ROCKLAND CO
02	ETA	CETA	02-3-241-03-345	10/19/83	NEWARK, CITY OF
02	ETA	CETA	02-3-254-03-345	02/01/84	SYRACUSE, CITY OF
02	ETA	CETA	02-3-433-03-345	03/16/84	YORK CO
02	ETA	CETA	02-3-436-03-345	03/02/84	BOSTON, CITY OF
02	ETA	CETA	02-3-437-03-345	02/24/84	LOWELL CSRT
02	ETA	CETA	02-3-439-03-345	02/13/84	BRIDGEPORT CSRT

[1]The Regions are: 02 - New York; 03 - Philadelphia; 04 - Atlanta; 05 - Chicago; 06 - Dallas; 09 - San Francisco; and 11 - Washington, D.C. National Office.

[2]The Agencies are: BLS - Bureau of Labor Statistics; ESA - Employment Standards Administration; ETA - Employment and Training Administration; MSHA - Mine Safety and Health Administration; OASAM - Office of the Assistant Secretary for Administration; OSEC - Office of the Secretary of Labor; OSHA - Office of Safety and Health Administration; VETS - Veterans' Employment and Training Service.

[3]The types of programs audited are: ADMIN - Agency Administration; ASP - Assistant Secretary for Policy; CETA - Comprehensive Employment and Training Act prime sponsors; DINAP - Division of Indian and Native American Programs; DOWP - Division of Older Worker Programs; FECA - Division of Federal Employees' Compensation Programs; GRTEES - Departmental Grantees (general); MSHAG - MSHA Grantees; MULTI - More than one program administered by auditee; OCD - Office of Cost Determination; OJC - Office of Job Corps; OOPER - Office of Research and Evaluation; CMSH - Office of Coal Mine Safety and Health; OP - Office of Procurement; OSTGM - Office of Space and Telecommunications Mgmt.; OSTP - Office of Special Targeted Programs; OTAGY - Agency other than DOL; SESA - State Employment Security Agency; UIS - Unemployment Insurance Service.

Region[1]	Agency[2]	Program[3]	Audit Report Number	Date Sent To Program Agency	Name of Auditee
02	ETA	CETA	02-3-440-03-345	03/02/84	NEW HAMPSHIRE BOS
02	ETA	CETA	02-3-441-03-345	03/02/84	NEW YORK CITY
02	ETA	CETA	02-3-442-03-345	03/02/84	NEWARK, CITY OF
02	ETA	CETA	02-3-444-03-345	02/24/84	BUFFALO, CITY OF
02	ETA	CETA	02-3-445-03-345	03/02/84	HEMPSTEAD/LONG BEACH
02	ETA	CETA	02-3-446-03-345	03/02/84	NASSAU CO CSRT
02	ETA	CETA	02-3-457-03-345	03/20/84	UNION CO
02	ETA	CETA	02-3-461-03-345	03/22/84	ST. LAWRENCE CO
02	ETA	CETA	02-3-463-03-345	10/21/83	BERKSHIRE TRNG AND EMPLOYMENT
02	ETA	CETA	02-3-464-03-345	10/28/83	YORK CO
02	ETA	CETA	02-4-003-03-345	03/20/84	DUTCHESS CO
02	ETA	CETA	02-4-007-03-345	02/13/84	CUMBERLAND CO RESOURCE TRNG
02	ETA	CETA	02-4-008-03-345	03/02/84	PENOBSCOT CSRT
02	ETA	CETA	02-4-009-03-345	03/12/84	NEW HAVEN CSRT
02	ETA	CETA	02-4-010-03-345	02/24/84	PROVIDENCE, CITY OF
02	ETA	CETA	02-4-011-03-345	03/12/84	PUERTO RICO
02	ETA	CETA	02-4-012-03-345	03/02/84	ONEIDA/HERKIMER CSRT
02	ETA	CETA	02-4-013-03-345	03/02/84	SUFFOLK CO
02	ETA	CETA	02-4-014-03-345	03/02/84	ESSEX CO
02	ETA	CETA	02-4-015-03-345	02/24/84	OCEAN CO
02	ETA	CETA	02-4-018-03-345	01/20/84	BROOME-TIOGA CSRT
02	ETA	CETA	02-4-022-03-345	01/19/84	CHAUTAUQUA CSRT
02	ETA	CETA	02-4-034-03-345	03/22/84	ULSTER CO
02	ETA	CETA	02-4-036-03-345	03/22/84	MIDDLESEX CO
02	ETA	CETA	02-4-037-03-345	03/22/84	GLOUSTER CO
02	ETA	CETA	02-4-038-03-345	03/26/84	ERIE CO

Region[1]	Agency[2]	Program[3]	Audit Report Number	Date Sent To Program Agency	Name of Auditee
02	ETA	CETA	02-4-039-03-345	02/01/84	CAPE MAY CO
02	ETA	CETA	02-4-090-03-345	03/20/84	NIAGARA CO
02	ETA	CETA	02-4-103-03-345	03/19/84	MAINE, STATE OF
02	OASAM	OP	02-4-026-07-741	10/17/83	MATHTECH INC.
02	OASAM	OP	02-4-093-07-741	02/14/84	MATHTECH INC.
02	OASAM	OP	02-4-097-07-741	02/28/84	ABT ASSOCIATES
02	OSHA	OSHAG	02-3-411-10-101	11/28/83	AMALGAMATED CLOTHING AND TEXTILE
02	OSHA	OSHAG	02-3-424-10-101	01/09/84	INTERNATIONAL LEAD ZINC RESEARCH ORG
02	OSHA	OSHAG	02-3-434-10-101	01/09/84	RUTGERS UNIVERSITY
02	OSHA	OSHAG	02-3-466-10-101	03/15/84	RHODE ISLAND
02	OSHA	OSHAG	02-4-086-10-101	02/03/84	CORNELL UNIV
02	OSHA	OSHAG	02-4-087-10-101	02/03/84	CORNELL UNIV
02	OSHA	OSHAG	02-4-088-10-101	02/03/84	CORNELL UNIV
02	OSHA	OSHAG	02-4-089-10-101	02/03/84	CORNELL UNIV
03	ETA	CETA	03-3-027-03-345	11/21/83	SOUTHERN ALLIANCE PLANNING AND DEVEL COMM
03	ETA	CETA	03-3-106-03-345	10/27/83	FRANKLIN CO
03	ETA	CETA	03-3-130-03-345	10/21/83	PORTSMOUTH, CITY OF
03	ETA	CETA	03-3-206-03-345	10/27/83	SCRANTON LACKAWANNA HUMAN DEVELOPMENT AGENCY INC.
03	ETA	CETA	03-3-213-03-345	03/06/84	PHILADELPHIA, CITY OF
03	ETA	CETA	03-3-214-03-345	03/06/84	ERIE, CITY OF

Region[1]	Agency[2]	Program[3]	Audit Report Number	Date Sent To Program Agency	Name of Auditee
03	ETA	CETA	03-3-215-03-345	03/06/84	LANCASTER CO
03	ETA	CETA	03-3-216-03-345	03/06/84	SCRANTON, CITY OF
03	ETA	CETA	03-3-217-03-345	03/13/84	DISTRICT OF COLUMBIA DES
03	ETA	CETA	03-3-218-03-345	03/13/84	STAMA CSRT
03	ETA	CETA	03-3-222-03-345	11/09/83	BALTIMORE METROPOLITAN MANPOWER CSRT
03	ETA	CETA	03-4-001-03-345	02/17/84	BEAVER CO TRNG AND EMPLOYMENT AGENCY
03	ETA	CETA	03-4-002-03-345	12/22/83	NORTHERN VIRGINIA MANPOWER CSRT
03	ETA	CETA	03-4-004-03-345	03/19/84	CENTRE CO
03	ETA	CETA	03-4-006-03-345	01/17/84	RICHMOND AREA MANPOWER PLANNING SYSTEM
03	ETA	CETA	03-4-007-03-345	01/17/84	LEBANON CO
03	ETA	CETA	03-4-008-03-345	03/23/84	LYCOMING-CLINTON CSRT
03	ETA	CETA	03-4-010-03-345	12/28/83	FIFTH DISTRICT EMPLOYMENT AND TRNG CSRT
03	ETA	CETA	03-4-011-03-345	03/15/84	ALLEGHENY CO
03	ETA	CETA	03-4-013-03-345	03/15/84	PITTSBURGH, CITY OF
03	ETA	CETA	03-4-014-03-345	03/06/84	PRINCE GEORGE'S CO
03	ETA	CETA	03-4-015-03-345	03/15/84	SOUTHERN ALLEGHENIES
03	ETA	CETA	03-4-016-03-345	03/13/84	WILMINGTON, CITY OF
03	ETA	CETA	03-4-018-03-345	01/13/84	CHESTER CO
03	ETA	CETA	03-4-019-03-345	02/13/84	YORK CO OFFICE OF EMPLOYMENT AND TRNG
03	ETA	CETA	03-4-022-03-345	02/14/84	LUZERNE CO HUMAN RESOURCES DEVELOPMENT DEPT

Region[1]	Agency[2]	Program[3]	Audit Report Number	Date Sent To Program Agency	Name of Auditee
03	ETA	CETA	03-4-023-03-345	01/31/84	HENRICO-CHESTERFIELD-HANOVER CSRT
03	ETA	CETA	03-4-024-03-345	02/07/84	DELAWARE CO
03	ETA	CETA	03-4-025-03-345	02/07/84	MONTGOMERY CO
03	ETA	CETA	03-4-026-03-345	02/17/84	LANCASTER CO
03	ETA	CETA	03-4-027-03-345	02/13/84	ALLEGHENY CO
03	ETA	CETA	03-4-028-03-345	01/25/84	PITTSBURGH, CITY OF
03	ETA	CETA	03-4-030-03-345	02/08/84	PENINSULA OFFICE OF MANPOWER PROGRAMS
03	ETA	CETA	03-4-031-03-345	03/16/84	WESTERN MARYLAND MANPOWER CSRT
03	ETA	CETA	03-4-032-03-345	03/16/84	WESTERN MARYLAND MANPOWER CSRT
03	ETA	CETA	03-4-033-03-345	01/18/84	DISTRICT OF COLUMBIA
03	ETA	CETA	03-4-034-03-345	01/17/84	SCHUYLKILL CO
03	ETA	CETA	03-4-038-03-345	01/26/84	FRANKLIN CO EMPLOYMENT AND TRNG ADM
03	ETA	CETA	03-4-040-03-345	02/06/84	ERIE CO DEPT OF EMPLOYMENT AND TRNG
03	ETA	CETA	03-4-041-03-345	02/07/84	ERIE, CITY OF
03	ETA	CETA	03-4-044-03-345	02/15/84	FAYETTE CO
03	ETA	CETA	03-4-048-03-345	02/27/84	FREDERICK CO
03	ETA	CETA	03-4-049-03-345	03/09/84	MONTGOMERY CO
03	ETA	CETA	03-4-050-03-345	02/28/84	WORCESTER CO
03	OSHA	ADMIN	03-3-900-10-001	03/19/84	PROPERTY CONTROL AND INVENTORY REVIEW
04	OSEC	ASP	04-4-046-01-010	11/01/83	FOUNDATION FOR ECONOMIC ENTERPRISES DEVELOPMENT

Region[1]	Agency[2]	Program[3]	Audit Report Number	Date Sent To Program Agency	Name of Auditee
04	ETA	UIS	04-4-054-03-315	02/27/84	UI REIMBURSABLE EMPLOYERS
04	ETA	UIS	04-4-065-03-315	03/16/84	UI STATUS DETERMINATION, FIELD AUDIT & DELINQUENCY REVIEW
04	ETA	SESA	04-3-501-03-325	12/19/83	UI TAX CASH MANAGEMENT
04	ETA	SESA	04-3-538-03-325	12/05/83	ALABAMA SESA ADMINISTRATIVE FUNDS
04	ETA	SESA	04-3-539-03-325	12/05/83	FLORIDA SESA ADMINISTRATIVE FUNDS
04	ETA	SESA	04-3-540-03-325	12/05/83	MISSISSIPPI SESA ADMINISTRATIVE FUNDS
04	ETA	SESA	04-3-541-03-325	10/11/83	NORTH CAROLINA SESA ADMINISTRATIVE FUNDS
04	ETA	CETA	04-3-058-03-345	10/13/83	ROBESON CO
04	ETA	CETA	04-3-408-03-345	12/05/83	PINELLAS/ST PETE CSRT
04	ETA	CETA	04-3-502-03-345	01/10/84	MOBILE EMPLOYMENT AND TRNG CSRT
04	ETA	CETA	04-3-503-03-345	12/19/83	BROWARD EMPLOYMENT AND TRNG CSRT
04	ETA	CETA	04-3-506-03-345	10/24/83	GREENSBORO/HIGH POINT/GUILFORD MANPOWER CSRT
04	ETA	CETA	04-3-508-03-345	10/21/83	SOUTH FLORIDA EMPLOYMENT AND TRNG CSRT
04	ETA	CETA	04-3-512-03-345	10/26/83	ALACHUA CO
04	ETA	CETA	04-3-513-03-345	10/18/83	LEON CO
04	ETA	CETA	04-3-517-03-345	01/06/84	PASCO CO
04	ETA	CETA	04-3-520-03-345	10/21/83	GWINNETT CO
04	ETA	CETA	04-3-554-03-345	02/17/84	MOBILE CSRT
04	ETA	CETA	04-3-555-03-345	02/24/84	LOUISVILLE/JEFFERSON CO
04	ETA	CETA	04-3-556-03-345	02/21/84	ATLANTA, CITY OF
04	ETA	CETA	04-3-557-03-345	02/23/84	MEMPHIS/SHELBY CSRT
04	ETA	CETA	04-3-558-03-345	02/28/84	BROWARD CO

Region[1]	Agency[2]	Program[3]	Audit Report Number	Date Sent To Program Agency	Name of Auditee
04	ETA	CETA	04-3-559-03-345	02/15/84	CAPITAL AREA CSRT
04	ETA	CETA	04-3-560-03-345	11/22/83	PALM BEACH CO
04	ETA	CETA	04-3-562-03-345	11/08/83	HEARTLAND E&T ADM
04	ETA	CETA	04-4-001-03-345	11/15/83	FLORIDA BOS
04	ETA	CETA	04-4-002-03-345	11/15/83	SEMINOLE CO
04	ETA	CETA	04-4-003-03-345	10/17/83	MANATEE CO BOARD OF COMMISSIONERS
04	ETA	CETA	04-4-004-03-345	11/03/83	ALABAMA BOS
04	ETA	CETA	04-4-005-03-345	11/01/83	BROWARD CO
04	ETA	CETA	04-4-006-03-345	10/17/83	TUSCALOOSA CO COMMISSION
04	ETA	CETA	04-4-007-03-345	11/15/83	BIRMINGHAM AREA MANPOWER CSRT
04	ETA	CETA	04-4-008-03-345	11/22/83	BREVARD CO BOARD OF COMMISSIONERS
04	ETA	CETA	04-4-009-03-345	10/26/83	SARASOTA CO BOARD OF COMMISSIONERS
04	ETA	CETA	04-4-010-03-345	10/17/83	ALAMANCE CO
04	ETA	CETA	04-4-011-03-345	01/13/84	NORTH CAROLINA BOS
04	ETA	CETA	04-4-012-03-345	11/22/83	COBB CO BOARD OF COMMISSIONERS
04	ETA	CETA	04-4-013-03-345	11/16/83	ATLANTA, CITY OF
04	ETA	CETA	04-4-014-03-345	11/16/83	COLUMBUS EMPLOYMENT AND TRNG ADM
04	ETA	CETA	04-4-015-03-345	10/26/83	HAMILTON CO
04	ETA	CETA	04-4-016-03-345	10/26/83	PASCO CO BOARD OF COMMISSIONERS
04	ETA	CETA	04-4-017-03-345	10/26/83	LEE CO BOARD OF COMMISSIONERS
04	ETA	CETA	04-4-018-03-345	11/15/83	ESCAMBIA CO BOARD OF COMMISSIONERS
04	ETA	CETA	04-4-019-03-345	11/30/83	GEORGIA BOS
04	ETA	CETA	04-4-020-03-345	11/16/83	MARION CO
04	ETA	CETA	04-4-021-03-345	11/16/83	MEMPHIS SHELBY CO
04	ETA	CETA	04-4-023-03-345	11/16/83	CENTRAL SAVANNAH RIVER AREA
04	ETA	CETA	04-4-024-03-345	02/23/84	CHARLOTTE, CITY OF
04	ETA	CETA	04-4-025-03-345	03/01/84	MIDDLE GEORGIA CSRT
04	ETA	CETA	04-4-026-03-345	03/05/84	KNOXVILLE CSRT

Region[1]	Agency[2]	Program[3]	Audit Report Number	Date Sent To Program Agency	Name of Auditee
04	ETA	CETA	04-4-027-03-345	02/24/84	NORTHEAST FLORIDA MANPOWER CSRT
04	ETA	CETA	04-4-028-03-345	02/21/84	BREVARD CO
04	ETA	CETA	04-4-029-03-345	02/24/84	BIRMINGHAM CSRT
04	ETA	CETA	04-4-030-03-345	02/22/84	NASHVILLE/DAVIDSON CO
04	ETA	CETA	04-4-031-03-345	02/28/84	CHATTANOOGA, CITY OF
04	ETA	CETA	04-4-032-03-345	12/07/83	KNOXVILLE/KNOX CO MANPOWER CSRT
04	ETA	CETA	04-4-033-03-345	11/22/83	DEKALB CO
04	ETA	CETA	04-4-037-03-345	11/30/83	SOUTH FLORIDA EMPLOYMENT & TRNG CSRT
04	ETA	CETA	04-4-038-03-345	11/30/83	LEON/GADSDEN CSRT
04	ETA	CETA	04-4-040-03-345	01/06/84	PINELLAS/ST PETE CSRT
04	ETA	CETA	04-4-041-03-345	01/25/84	TAMPA/HILLSBOROUGH CO
04	ETA	CETA	04-4-042-03-345	01/09/84	BLUEGRASS EMPLOYMENT AND TRNG
04	ETA	CETA	04-4-043-03-345	01/06/84	DURHAM, CITY OF
04	ETA	CETA	04-4-044-03-345	11/15/83	ALACHUA CO
04	ETA	CETA	04-4-045-03-345	10/28/83	JACKSON, CITY OF
04	ETA	CETA	04-4-047-03-345	01/09/84	NASHVILLE/DAVIDSON CO
04	ETA	CETA	04-4-048-03-345	01/06/84	KENTUCKY BOS
04	ETA	CETA	04-4-049-03-345	01/16/84	AUTAUGA, ELMORE, AND MONTGOMERY MANPOWER CSRT
04	ETA	CETA	04-4-050-03-345	01/09/84	ORANGE CO CSRT
04	ETA	CETA	04-4-051-03-345	01/06/84	FULTON CO
04	ETA	CETA	04-4-052-03-345	01/09/84	MIDDLE GEORGIA CSRT
04	ETA	CETA	04-4-053-03-345	12/19/83	SPARTANBURG CO
04	ETA	CETA	04-4-055-03-345	11/22/83	CHARLOTTE, CITY OF
04	ETA	CETA	04-4-056-03-345	11/22/83	MISSISSIPPI BOS
04	ETA	CETA	04-4-057-03-345	01/18/84	COLUMBUS OFFICE OF LABOR RESOURCES
04	ETA	CETA	04-4-058-03-345	02/29/84	TUSCALOOSA CO CSRT

Region[1]	Agency[2]	Program[3]	Audit Report Number	Date Sent To Program Agency	Name of Auditee
04	ETA	CETA	04-4-059-03-345	12/07/83	SAVANNAH, CITY OF
04	ETA	CETA	04-4-060-03-345	12/19/83	NASHVILLE/DAVIDSON CO
04	ETA	CETA	04-4-061-03-345	12/09/83	DAVIDSON CO
04	ETA	CETA	04-4-062-03-345	12/08/83	DURHAM, CITY OF
04	ETA	CETA	04-4-064-03-345	12/08/83	SULLIVAN CO
04	ETA	CETA	04-4-066-03-345	12/19/83	ATLANTA, CITY OF
04	ETA	CETA	04-4-067-03-345	01/10/84	EASTERN KENTUCKY CEP
04	ETA	CETA	04-4-068-03-345	12/19/83	BUNCOMBE CO
04	ETA	CETA	04-4-069-03-345	01/25/84	LOUISVILLE/JEFFERSON CO CSRT
04	ETA	CETA	04-4-070-03-345	01/09/84	WAKE CO BOARD OF CO COMMISSIONERS
04	ETA	CETA	04-4-071-03-345	12/19/83	ALAMANCE CO
04	ETA	CETA	04-4-072-03-345	01/09/84	CAPITAL AREA CSRT
04	ETA	CETA	04-4-073-03-345	02/28/84	ALABAMA BOS
04	ETA	CETA	04-4-074-03-345	01/06/84	GULF COAST EMPLOYMENT AND TRNG ADM
04	ETA	CETA	04-4-075-03-345	01/09/84	EASTERN KENTUCKY CEP
04	ETA	CETA	04-4-077-03-345	01/06/84	SOUTH FLORIDA EMPLOYMENT AND TRNG CSRT
04	ETA	CETA	04-4-078-03-345	01/25/84	SOUTH CAROLINA BOS
04	ETA	CETA	04-4-079-03-345	01/25/84	TENNESSEE BOS
04	ETA	CETA	04-4-080-03-345	01/10/84	GEORGIA BOS
04	ETA	CETA	04-4-081-03-345	01/10/84	CENTRAL SAVANNAH RIVER AREA E&T CSRT
04	ETA	CETA	04-4-082-03-345	01/10/84	PALM BEACH CO BOARD OF COMMISSIONERS
04	ETA	CETA	04-4-083-03-345	01/12/84	ROBESON CO BOARD OF COMMISSIONERS
04	ETA	CETA	04-4-084-03-345	01/13/84	GREENSBORO, CITY OF
04	ETA	CETA	04-4-085-03-345	01/12/84	MARION CO
04	ETA	CETA	04-4-086-03-345	01/18/84	SEMINOLE CO

Region[1]	Agency[2]	Program[3]	Audit Report Number	Date Sent To Program Agency	Name of Auditee
04	ETA	CETA	04-4-091-03-345	02/08/84	CUMBERLAND CO
04	ETA	CETA	04-4-092-03-345	01/17/84	BIRMINGHAM, CITY OF
04	ETA	CETA	04-4-093-03-345	01/18/84	MIDDLE GEORGIA CSRT
04	ETA	CETA	04-4-094-03-345	02/01/84	TAMPA, CITY OF
04	ETA	CETA	04-4-095-03-345	03/02/84	MOBILE CSRT
04	ETA	CETA	04-4-100-03-345	02/08/84	SENCLAND COMMUNITY ACTION
04	ETA	CETA	04-4-101-03-345	02/17/84	MISSISSIPPI GOVS OFFICE OF FED-ST PRGMS
04	ETA	CETA	04-4-103-03-345	02/16/84	BLUEGRASS EMPLOYMENT & TRNG PROGRAM
04	ETA	CETA	04-4-106-03-345	03/06/84	LEE CO
04	ETA	CETA	04-4-107-03-345	03/08/84	BROWARD EMPLOYMENT & TRNG ADM
04	ETA	CETA	04-4-108-03-345	03/06/84	KENTUCKY BOS
04	ETA	CETA	04-4-109-03-345	03/09/84	WINSTON-SALEM, CITY OF
04	ETA	CETA	04-4-110-03-345	03/22/84	MEMPHIS/SHELBY CO CSRT
05	ETA	SESA	05-2-024-03-325	10/26/83	MINNESOTA DEPARTMENT OF ECONOMIC SECURITY
05	ETA	SESA	05-2-062-03-325	01/17/84	STATE OF OHIO BUREAU OF EMPLOYMENT SERVICES
05	ETA	SESA	05-3-141-03-325	10/01/83	THIRD PARTY PROCUREMENTS
05	ETA	CETA	05-1-015-03-345	10/26/83	OHIO BOS
05	ETA	CETA	05-1-046-03-345	11/09/83	SAGINAW CO
05	ETA	CETA	05-1-110-03-345	02/27/84	SOUTHWESTERN INDIANA MANPOWER CSRT
05	ETA	CETA	05-1-112-03-345	10/17/83	WAYNE CO
05	ETA	CETA	05-1-127-03-345	10/05/83	REGION II MANPOWER CSRT
05	ETA	CETA	05-1-130-03-345	10/03/83	GREEN CO BOARD OF COMMISSIONERS
05	ETA	CETA	05-1-152-03-345	11/01/83	MONTGOMERY PREBLE CSRT

Region[1]	Agency[2]	Program[3]	Audit Report Number	Date Sent To Program Agency	Name of Auditee
05	ETA	CETA	05-1-156-03-345	10/01/83	ILLINOIS BOS
05	ETA	CETA	05-1-157-03-345	10/05/83	DETROIT, CITY OF
05	ETA	CETA	05-1-158-03-345	11/03/83	ST CLAIR CO
05	ETA	CETA	05-2-023-03-345	01/11/84	OHIO BOS
05	ETA	CETA	05-2-035-03-345	01/20/84	MUSKEGON/OCEANA CSRT
05	ETA	CETA	05-2-036-03-345	11/09/83	OTTAWA CO
05	ETA	CETA	05-2-042-03-345	10/01/83	ROCK CO
05	ETA	CETA	05-2-046-03-345	01/06/84	WISCONSIN BOS
05	ETA	CETA	05-2-057-03-345	11/25/83	MINNEAPOLIS, CITY OF EMP & TRNG ADM
05	ETA	CETA	05-2-058-03-345	01/19/84	RURAL MINNESOTA CEP
05	ETA	CETA	05-2-067-03-345	11/01/83	ST PAUL, CITY OF
05	ETA	CETA	05-3-007-03-345	10/24/83	OUTAGAMIE CO
05	ETA	CETA	05-3-027-03-345	12/28/83	LIVONIA, CITY OF
05	ETA	CETA	05-3-029-03-345	10/24/83	ILLINOIS DEPT OF COMMERCE &
05	ETA	CETA	05-3-040-03-345	10/01/83	MILWAUKEE CO
05	ETA	CETA	05-3-046-03-345	02/03/84	SHAWNEE CSRT
05	ETA	CETA	05-3-047-03-345	11/16/83	ROCKFORD CSRT
05	ETA	CETA	05-3-048-03-345	12/28/83	RICHLAND-MORROW ETA
05	ETA	CETA	05-3-049-03-345	12/28/83	LAKE CO
05	ETA	CETA	05-3-050-03-345	01/16/84	WILL/GRUNDY CETA CSRT
05	ETA	CETA	05-3-051-03-345	10/20/83	NORTHWEST WISCONSIN CEP
05	ETA	CETA	05-3-054-03-345	12/28/83	AKRON SUMMIT MEDINA E&T CSRT
05	ETA	CETA	05-3-055-03-345	01/26/84	QUAD CO CET CSRT
05	ETA	CETA	05-3-078-03-345	03/06/84	MACOMB CO
05	ETA	CETA	05-3-079-03-345	11/18/83	MACON CO
05	ETA	CETA	05-3-092-03-345	10/01/83	KANE CO
05	ETA	CETA	05-3-097-03-345	01/26/84	MCLEAN CO

Region[1]	Agency[2]	Program[3]	Audit Report Number	Date Sent To Program Agency	Name of Auditee
05	ETA	CETA	05-3-098-03-345	02/01/84	GRAND RAPIDS EMPLOYMENT AND TRNG
05	ETA	CETA	05-3-100-03-345	03/05/84	CLEVELAND HUMAN RESOURCE & ECONOMIC DEVELOPMENT
05	ETA	CETA	05-3-102-03-345	12/28/83	MAHONING CO
05	ETA	CETA	05-3-104-03-345	12/08/83	LASALLE CO
05	ETA	CETA	05-3-108-03-345	02/03/84	MCHENRY CO
05	ETA	CETA	05-3-113-03-345	01/13/84	CINCINNATI EMPLOYMENT & TRNG
05	ETA	CETA	05-3-131-03-345	01/13/84	LAND OF LINCOLN CSRT
05	ETA	CETA	05-3-135-03-345	01/25/84	MARATHON CO
05	ETA	CETA	05-3-150-03-345	01/25/84	WOW CSRT
05	ETA	CETA	05-3-164-03-345	01/05/84	TRUMBULL CO
05	ETA	CETA	05-3-166-03-345	03/02/84	HENNEPIN CO
05	ETA	CETA	05-3-174-03-345	01/20/84	NORTHEAST MINNESOTA OFFICE OF JOB TRAINING
05	ETA	CETA	05-3-176-03-345	02/01/84	MONTGOMERY PREBLE E&T CSRT
05	ETA	CETA	05-3-183-03-345	02/10/84	FRANKLIN CO
05	ETA	CETA	05-3-184-03-345	02/01/84	BUTLER CO
05	ETA	CETA	05-3-186-03-345	01/17/84	CLERMONT WARREN MANPOWER CSRT
05	ETA	CETA	05-3-190-03-345	02/28/84	DAYTON, CITY OF DEPT OF JOB DEVELOPMENT & TRNG
05	ETA	CETA	05-3-201-03-345	02/07/84	MINNEAPOLIS, CITY OF
05	ETA	CETA	05-3-203-03-345	11/18/83	MILWAUKEE CO
05	ETA	CETA	05-3-208-03-345	02/27/84	DETROIT, CITY OF
05	ETA	CETA	05-3-209-03-345	03/08/84	OAKLAND CO
05	ETA	CETA	05-3-210-03-345	03/07/84	LANSING TRI CO REGIONAL MANPOWER CSRT
05	ETA	CETA	05-3-211-03-345	03/07/84	ST. CLAIR CO

Region[1]	Agency[2]	Program[3]	Audit Report Number	Date Sent To Program Agency	Name of Auditee
05	ETA	CETA	05-3-212-03-345	02/27/84	CHICAGO, CITY OF
05	ETA	CETA	05-3-213-03-345	03/02/84	DULUTH, CITY OF
05	ETA	CETA	05-3-214-03-345	03/07/84	CLEVELAND, CITY OF
05	ETA	CETA	05-3-224-03-345	02/03/84	MUSKEGON/OCEANA CSRT
05	ETA	CETA	05-3-234-03-345	02/04/84	PORTAGE CO EMPLOYMENT AND TRNG OFFICE
05	ETA	CETA	05-3-235-03-345	01/24/84	LORAIN CO COMPREHENSIVE E & T PROGRAM
05	ETA	CETA	05-4-017-03-345	11/22/83	GARY, CITY OF
05	ETA	CETA	05-4-020-03-345	03/01/84	COLUMBUS, CITY OF
05	ETA	CETA	05-4-021-03-345	02/03/84	COLUMBUS, CITY OF
05	ETA	CETA	05-4-024-03-345	02/03/84	COLUMBUS, CITY OF
05	ETA	CETA	05-4-030-03-345	03/07/84	INDIANAPOLIS, CITY OF
05	ETA	CETA	05-4-031-03-345	03/06/84	SHAWNEE CSRT
05	ETA	CETA	05-4-032-03-345	03/07/84	MILWAUKEE, CITY OF
05	ETA	CETA	05-4-033-03-345	03/07/84	MINNEAPOLIS, CITY OF
05	ETA	CETA	05-4-034-03-345	02/06/84	WILL/GRUNDY CSRT
05	ETA	CETA	05-4-035-03-345	03/07/84	BUTLER CO
05	ETA	CETA	05-4-036-03-345	03/06/84	DAYTON, CITY OF
05	ETA	CETA	05-4-046-03-345	02/03/84	MACOMB CO COMMUNITY SERVICES AGENCY
05	ETA	CETA	05-4-081-03-345	03/05/84	INDIANA DEPARTMENT OF COMMERCE
05	ESA	FECA	05-3-139-04-431	03/23/84	FECA BILL PAYMENT FRAUD AUDIT - CHICAGO
05	ESA	FECA	05-3-140-04-431	02/23/84	FECA BILL PAYMENT FRAUD AUDIT - CLEVELAND

Region[1]	Agency[2]	Program[3]	Audit Report Number	Date Sent To Program Agency	Name of Auditee
05	OASAM	OP	05-3-198-07-741	02/02/84	ANNUAL CONSULTING SERVICES
05	OASAM	OP	05-4-056-07-741	03/23/84	FY 83 YEAR-END SPENDING OASAM - CHICAGO
05	OASAM	OP	05-4-058-07-741	02/22/84	FY 83 YEAR END SPENDING OASAM - KANSAS CITY
05	OSHA	OSHAG	05-3-066-10-101	11/16/83	MINNESOTA DEPT OF LABOR & INDUSTRY
06	ETA	UIS	06-3-517-03-315	11/18/83	UI BI-WEEKLY BENEFIT PAYMENTS
06	ETA	UIS	06-3-540-03-315	03/21/84	UTAH INDUSTRIAL COMMISSION EMPLOYMENT SECURITY DIV
06	ETA	SESA	06-3-588-03-325	03/21/84	UTAH INDUSTRIAL COMMISSION EMPLOYMENT SECURITY DIV
06	ETA	SESA	06-4-540-03-325	01/27/84	NORTH DAKOTA JOB SERVICE
06	ETA	CETA	06-3-231-03-345	10/27/83	MONTANA RURAL CETA CEP
06	ETA	CETA	06-3-276-03-345	10/25/83	COLORADO DEPT OF LABOR OFFICE MPWR PLNG & DEV
06	ETA	CETA	06-3-279-03-345	10/03/83	LINCOLN, CITY OF
06	ETA	CETA	06-3-524-03-345	10/05/83	TEXARKANA MANPOWER CSRT
06	ETA	CETA	06-3-528-03-345	01/03/84	USDA-OIG FOODSTAMP CROSSMATCH - NEW ORLEANS AREA
06	ETA	CETA	06-3-533-03-345	11/18/83	WYOMING DIV OF MANPOWER PLANNING

Region[1]	Agency[2]	Program[3]	Audit Report Number	Date Sent To Program Agency	Name of Auditee
06	ETA	CETA	06-3-536-03-345	11/07/83	ADAMS CO
06	ETA	CETA	06-3-537-03-345	10/19/83	JEFFERSON CO
06	ETA	CETA	06-3-541-03-345	02/16/84	DALLAS, CITY OF
06	ETA	CETA	06-3-542-03-345	02/15/84	EL PASO CSRT
06	ETA	CETA	06-3-543-03-345	02/28/84	HOUSTON, CITY OF
06	ETA	CETA	06-3-544-03-345	02/24/84	NEW ORLEANS, CITY OF
06	ETA	CETA	06-3-545-03-345	02/24/84	OKLAHOMA CITY CSRT
06	ETA	CETA	06-3-546-03-345	02/24/84	ST LOUIS CO
06	ETA	CETA	06-3-547-03-345	02/23/84	ST LOUIS, CITY OF
06	ETA	CETA	06-3-548-03-345	02/24/84	WICHITA, CITY OF
06	ETA	CETA	06-3-549-03-345	02/22/84	KANSAS CITY CSRT
06	ETA	CETA	06-3-550-03-345	02/16/84	DENVER, CITY/CO OF
06	ETA	CETA	06-3-551-03-345	02/22/84	PUEBLO CO
06	ETA	CETA	06-3-552-03-345	02/22/84	ADAMS CO
06	ETA	CETA	06-3-553-03-345	02/28/84	WASATCH FRONT SOUTH CSRT
06	ETA	CETA	06-3-554-03-345	02/28/84	LARIMER CO
06	ETA	CETA	06-3-557-03-345	10/27/83	ARAPAHO CO
06	ETA	CETA	06-3-558-03-345	03/01/84	ST LOUIS, CITY OF AGENCY ON TRNG AND EMPLOYMENT
06	ETA	CETA	06-3-559-03-345	11/14/83	IOWA OFFICE OF PLANNING AND PROGRAMMING
06	ETA	CETA	06-3-563-03-345	10/13/83	CENTRAL IOWA REGIONAL ASSOC OF GOVERNMENTS
06	ETA	CETA	06-3-569-03-345	10/31/83	USDA-OIG FOODSTAMP CROSSMATCH NEW ORLEANS - JEFFERSON PARISH
06	ETA	CETA	06-3-571-03-345	12/15/83	COLORADO BOS

Region[1]	Agency[2]	Program[3]	Audit Report Number	Date Sent To Program Agency	Name of Auditee
06	ETA	CETA	06-3-573-03-345	12/08/83	KANSAS CITY MISSOURI CSRT
06	ETA	CETA	06-3-575-03-345	03/06/84	EL PASO CO
06	ETA	CETA	06-3-577-03-345	10/07/83	DALLAS, CITY OF
06	ETA	CETA	06-3-578-03-345	10/04/83	EAST TEXAS COUNCIL OF GOVERNMENTS
06	ETA	CETA	06-3-579-03-345	10/12/83	BLACKHAWK CO
06	ETA	CETA	06-3-581-03-345	10/19/83	WELD CO
06	ETA	CETA	06-3-582-03-345	10/12/83	WICHITA, CITY OF
06	ETA	CETA	06-3-584-03-345	11/17/83	DEPT OF LABOR & INDUSTRY EMPLOYMENT & TRNG DIV
06	ETA	CETA	06-4-501-03-345	10/25/83	GOLDEN TRIANGLE EMPLOYMENT AND TRNG
06	ETA	CETA	06-4-502-03-345	10/28/83	HARRIS EMPLOYMENT AND TRNG
06	ETA	CETA	06-4-503-03-345	11/08/83	DENVER, CITY/CO OF
06	ETA	CETA	06-4-504-03-345	10/31/83	LAFAYETTE PARISH POLICE JURY
06	ETA	CETA	06-4-505-03-345	11/15/83	ST. LOUIS CO
06	ETA	CETA	06-4-506-03-345	11/15/83	COMANCHE CO
06	ETA	CETA	06-4-507-03-345	11/28/83	CALCACIEU CSRT
06	ETA	CETA	06-4-508-03-345	12/30/83	RAPIDES PARISH POLICE JURY
06	ETA	CETA	06-4-509-03-345	12/01/83	SOUTH PLAINS ASSOCIATION OF GOVERNMENTS
06	ETA	CETA	06-4-511-03-345	01/13/84	TULSA, CITY OF
06	ETA	CETA	06-4-513-03-345	12/05/83	BLACKHAWK CO
06	ETA	CETA	06-4-514-03-345	12/05/83	LINN CO CSRT
06	ETA	CETA	06-4-515-03-345	12/05/83	WOODBURY CO
06	ETA	CETA	06-4-516-03-345	12/05/83	MINNEHAHA CO EMPLOYMENT & TRNG ADM

Region[1]	Agency[2]	Program[3]	Audit Report Number	Date Sent To Program Agency	Name of Auditee
06	ETA	CETA	06-4-517-03-345	03/08/84	BOULDER CO
06	ETA	CETA	06-4-518-03-345	12/15/83	DALLAS, CITY OF
06	ETA	CETA	06-4-519-03-345	02/15/84	ALBUQUERQUE, CITY OF EMPLOYMENT DEVELOPMENT OFFICE
06	ETA	CETA	06-4-520-03-345	02/24/84	BATON ROUGE/EAST, CITY OF
06	ETA	CETA	06-4-521-03-345	02/28/84	ALBUQUERQUE, CITY OF BERNALILL CO
06	ETA	CETA	06-4-522-03-345	02/24/84	TULSA CSRT
06	ETA	CETA	06-4-523-03-345	02/28/84	CAMERON CO
06	ETA	CETA	06-4-524-03-345	02/24/84	CENTRAL TEXAS MANPOWER CSTR
06	ETA	CETA	06-4-525-03-345	02/27/84	SOUTH PLAINS MANPOWER CSRT
06	ETA	CETA	06-4-526-03-345	02/24/84	TEXAS PANHANDLE E & T ALLIANCE
06	ETA	CETA	06-4-527-03-345	02/28/84	CENTRAL IOWA E & T CSRT
06	ETA	CETA	06-4-528-03-345	02/27/84	KANSAS CITY MISSOURI CSRT
06	ETA	CETA	06-4-529-03-345	12/07/83	ST CHARLES CO
06	ETA	CETA	06-4-531-03-345	12/08/83	INDEPENDENCE, CITY OF
06	ETA	CETA	06-4-532-03-345	12/15/83	OKLAHOMA CO
06	ETA	CETA	06-4-533-03-345	12/15/83	DALLAS CO CSRT
06	ETA	CETA	06-4-534-03-345	12/16/83	DAVIS CO
06	ETA	CETA	06-4-535-03-345	12/30/83	CLEVELAND CO BOARD OF CO COMMISSIONERS
06	ETA	CETA	06-4-536-03-345	12/16/83	KANSAS CITY, KANSAS / WYANDOTTE CO CSRT
06	ETA	CETA	06-4-537-03-345	01/31/84	JEFFERSON PARISH OFFICE OF MANPOWER PROGRAMS
06	ETA	CETA	06-4-538-03-345	12/31/83	QUACHITA PARISH POLICE JURY
06	ETA	CETA	06-4-539-03-345	12/31/83	DEPT OF ECONOMIC AND COMMUNITY AFFAIRS OKLAHOMA BOS

Region[1]	Agency[2]	Program[3]	Audit Report Number	Date Sent To Program Agency	Name of Auditee
06	ETA	CETA	06-4-541-03-345	12/30/83	WEBB CO COMMISSIONERS COURT
06	ETA	CETA	06-4-542-03-345	01/02/84	LITTLE ROCK, CITY OF
06	ETA	CETA	06-4-543-03-345	01/11/84	KANSAS CITY, CITY OF
06	ETA	CETA	06-4-544-03-345	01/04/84	ALAMO CSRT
06	ETA	CETA	06-4-545-03-345	01/10/84	TEXARKANA MANPOWER CSRT
06	ETA	CETA	06-4-546-03-345	01/09/84	ARKANSAS BOS
06	ETA	CETA	06-4-548-03-345	01/04/84	HIDALGO CO DEPT OF COMMUNITY AFFAIRS
06	ETA	CETA	06-4-549-03-345	01/10/84	JEFFERSON/FRANKLIN COUNTIES INC
06	ETA	CETA	06-4-550-03-345	01/05/84	PUEBLO CO JOB TRNG ADM
06	ETA	CETA	06-4-551-03-345	01/16/84	NORTEX REGIONAL PLANNING COMMISSION
06	ETA	CETA	06-4-552-03-345	02/09/84	OKLAHOMA CITY AREA CSRT
06	ETA	CETA	06-4-553-03-345	02/14/84	NEW MEXICO GOVERNOR'S OFFICE OF ETA
06	ETA	CETA	06-4-554-03-345	03/21/84	WACO, CITY OF
06	ETA	CETA	06-4-555-03-345	01/23/84	TOPEKA, CITY OF/SHAWNEE CO CSRT
06	ETA	CETA	06-4-556-03-345	03/21/84	MOUNTAINLANDS ASSOCIATION OF GOVERNMENTS
06	ETA	CETA	06-4-558-03-345	01/27/84	SPRINGFIELD, CITY OF
06	ETA	CETA	06-4-559-03-345	01/27/84	NORTH DAKOTA JOB SERVICE
06	ETA	CETA	06-4-561-03-345	03/14/84	WASATCH FRONT SOUTH CSRT
06	ETA	CETA	06-4-562-03-345	03/13/84	DENVER, CITY/CO OF (DETA)
06	ETA	CETA	06-4-563-03-345	01/31/84	LARIMER CO
06	ETA	CETA	06-4-564-03-345	02/02/84	LARIMER CO
06	ETA	CETA	06-4-566-03-345	02/14/84	CAMERON CO
06	ETA	CETA	06-4-567-03-345	02/24/84	HOUSTON, CITY OF
06	ETA	CETA	06-4-568-03-345	03/08/84	ST LOUIS CO

Region[1]	Agency[2]	Program[3]	Audit Report Number	Date Sent To Program Agency	Name of Auditee
06	ETA	CETA	06-4-569-03-345	02/15/84	MISSOURI ADM OFFICE
06	ETA	CETA	06-4-570-03-345	12/15/83	OMAHA, CITY OF
06	ETA	CETA	06-4-571-03-345	02/21/84	SOUTHEAST TEXAS EMPLOYMENT & TRNG
06	ETA	CETA	06-4-572-03-345	01/12/84	LARIMER CO
06	ETA	CETA	06-4-573-03-345	03/21/84	CORPUS CHRISTI, CITY OF
06	ETA	CETA	06-4-574-03-345	03/21/84	LITTLE ROCK, CITY OF
06	ETA	CETA	06-4-575-03-345	03/14/84	WYOMING STATE DIV OF MANPOWER PLANNING
06	ETA	CETA	06-4-576-03-345	03/19/84	WEST CENTRAL TX COG
06	ETA	CETA	06-4-581-03-345	03/22/84	JEFFERSON PARISH, LA OFFICE OF MANPOWER PROGRAMS
06	ETA	CETA	06-4-582-03-345	03/23/84	LINN COUNTY CETA CSRT
06	ETA	CETA	06-4-585-03-345	03/23/84	KANSAS CITY KANSAS/WYANDOTTE CO CSRT
06	ESA	FECA	06-3-530-04-431	03/12/84	FECA BILL PAYMENT DALLAS AREA OFFICE
06	ESA	FECA	06-3-531-04-431	03/12/84	FECA BILL PAYMENT DENVER AREA OFFICE
06	OASAM	OSTM	06-3-520-07-731	11/14/83	PURCHASE VS RENTAL OF TELEPHONES
06	OASAM	OSTM	06-4-801-07-731	01/30/84	VALIDATION OF TELEPHONE INVENTORIES
06	OSHA	OSHAG	06-3-269-10-101	10/11/83	UTAH INDUSTRIAL COMMISSION (OSHA/ BLS)
06	OSHA	OSHAG	06-3-525-10-101	01/16/84	NORTH DAKOTA DEPTMENT OF HEALTH
06	OSHA	OSHAG	06-3-566-10-101	03/15/84	OIL CHEMICAL ATOMIC WORKERS INTL WORKER SELF RELIANCE TNG
06	OSHA	OSHAG	06-4-530-10-101	12/15/83	MONTANA STATE AFL-CIO ROCKY MOUNTAIN OSHP

Region[1]	Agency[2]	Program[3]	Audit Report Number	Date Sent To Program Agency	Name of Auditee
06	MSHA	MSHAG	06-3-526-06-601	01/13/84	WYOMING STATE INSPECTOR OF MINES
09	ETA	ADMIN	09-2-700-03-001	10/01/83	AUDIT RESOLUTION DEBT COLLECTION
09	ETA	ADMIN	09-3-701-03-001	10/01/83	REDESIGN-ETA FINANCIAL DATA SYSTEMS (RAS VAX)
09	ETA	CETA	09-2-705-03-345	11/28/83	SAN DIEGO RETC
09	ETA	CETA	09-2-708-03-345	02/08/84	HONOLULU, CITY OF AND CO
09	ETA	CETA	09-2-709-03-345	02/08/84	ALAMEDA CO
09	ETA	CETA	09-3-094-03-345	11/15/83	SANTA BARBARA CO
09	ETA	CETA	09-3-103-03-345	10/18/83	VENTURA CO
09	ETA	CETA	09-3-138-03-345	11/01/83	AMERICAN SAMOA
09	ETA	CETA	09-3-161-03-345	10/03/83	LAS VEGAS CLARK CO
09	ETA	CETA	09-3-500-03-345	11/23/83	THE OREGON CSRT
09	ETA	CETA	09-3-703-03-345	12/08/83	THURSTON CO
09	ETA	CETA	09-3-704-03-345	03/16/84	KITSAP CO, 81
09	ETA	CETA	09-3-705-03-345	12/01/83	YAKIMA CO
09	ETA	CETA	09-3-706-03-345	02/03/84	PIERCE CO, 81, 82
09	ETA	CETA	09-3-708-03-345	10/27/83	SEATTLE KING CO
09	ETA	CETA	09-3-720-03-345	02/08/84	SAN FRANCISCO MAYORS OFC OF EMPLOYMENT & TRNG
09	ETA	CETA	09-3-721-03-345	11/08/83	SAN MATEO CO
09	ETA	CETA	09-3-722-03-345	12/15/83	YOLO CO
09	ETA	CETA	09-3-736-03-345	11/01/83	MONTEREY CO
09	ETA	CETA	09-3-741-03-345	03/01/84	PORTLAND, CITY OF
09	ETA	CETA	09-3-742-03-345	03/02/84	MULTNOMAH WASHINGTON CSRT

Region[1]	Agency[2]	Program[3]	Audit Report Number	Date Sent To Program Agency	Name of Auditee
09	ETA	CETA	09-3-743-03-345	02/28/84	SEATTLE KING CSRT
09	ETA	CETA	09-3-744-03-345	03/01/84	WASHINGTON BOS
09	ETA	CETA	09-3-745-03-345	02/21/84	INLAND MANPOWER ASSOCIATION
09	ETA	CETA	09-3-746-03-345	02/21/84	OAKLAND, CITY OF
09	ETA	CETA	09-3-747-03-345	02/28/84	FRESNO E&T COMMISSION
09	ETA	CETA	09-3-748-03-345	02/27/84	ALAMEDA CO
09	ETA	CETA	09-3-749-03-345	02/25/84	SAN DIEGO RETC
09	ETA	CETA	09-3-750-03-345	02/21/84	SANTA CLARA CO
09	ETA	CETA	09-3-751-03-345	03/02/84	PHOENIX, CITY OF
09	ETA	CETA	09-3-752-03-345	02/25/84	PASADENA, CITY OF
09	ETA	CETA	09-3-754-03-345	10/18/83	OFFICE OF ECONOMIC PLANNING AND DEVELOPMENT-OEPAD
09	ETA	CETA	09-3-755-03-345	01/20/84	INLAND AREA URBAN LEAGUE
09	ETA	CETA	09-3-759-03-345	02/06/84	SAN MATEO CO
09	ETA	CETA	09-3-760-03-345	10/06/83	EUGENE CENTER FOR EMPLOYMENT & TRNG
09	ETA	CETA	09-3-762-03-345	01/18/84	PIMA CO
09	ETA	CETA	09-3-763-03-345	10/14/83	ANCHORAGE, MUNICIPALITY OF
09	ETA	CETA	09-3-764-03-345	02/23/84	LAS VEGAS/CLARK CO CSRT
09	ETA	CETA	09-4-001-03-345	02/01/84	SANTA CRUZ CO
09	ETA	CETA	09-4-002-03-345	03/22/84	FRESNO EMPLOYMENT & TRNG COMM
09	ETA	CETA	09-4-003-03-345	03/05/84	BERKELEY, CITY OF
09	ETA	CETA	09-4-004-03-345	01/23/84	ORANGE CO
09	ETA	CETA	09-4-005-03-345	11/28/83	STANISLAUS CO EMPLOYMENT & TRNG
09	ETA	CETA	09-4-006-03-345	02/01/84	BUTTE CO
09	ETA	CETA	09-4-007-03-345	02/06/84	MERCED CO
09	ETA	CETA	09-4-008-03-345	12/06/83	SOLANO CO

Region[1]	Agency[2]	Program[3]	Audit Report Number	Date Sent To Program Agency	Name of Auditee
09	ETA	CETA	09-4-009-03-345	11/29/83	TULARE CO
09	ETA	CETA	09-4-010-03-345	02/13/84	INLAND MANPOWER ASSOCIATION
09	ETA	CETA	09-4-011-03-345	11/28/83	TORRANCE, CITY OF
09	ETA	CETA	09-4-012-03-345	11/14/83	PLACER CO
09	ETA	CETA	09-4-013-03-345	11/14/83	PLACER CO
09	ETA	CETA	09-4-014-03-345	12/21/83	SUNNYVALE, CITY OF
09	ETA	CETA	09-4-015-03-345	01/09/84	WASHOE CO EMPLOYMENT AND TRNG ADM
09	ETA	CETA	09-4-016-03-345	02/27/84	MARICOPA CO
09	ETA	CETA	09-4-017-03-345	02/28/84	LAS VEGAS/CLARK CO CSRT
09	ETA	CETA	09-4-018-03-345	02/25/84	IMPERIAL CO
09	ETA	CETA	09-4-019-03-345	02/24/84	SANTA BARBARA CO
09	ETA	CETA	09-4-020-03-345	02/21/84	SAN FRANCISCO, CITY & COUNTY
09	ETA	CETA	09-4-021-03-345	02/25/84	GLENDALE, CITY OF
09	ETA	CETA	09-4-022-03-345	02/22/84	ORANGE CO MANPOWER CSRT
09	ETA	CETA	09-4-023-03-345	02/23/84	CONTRA COSTA CO
09	ETA	CETA	09-4-024-03-345	02/23/84	STOCKTON/SAN JOAQUIN CO
09	ETA	CETA	09-4-025-03-345	02/26/84	HUMBOLDT CO
09	ETA	CETA	09-4-026-03-345	01/27/84	TRUST TERRITORIES OF THE PACIFIC
09	ETA	CETA	09-4-027-03-345	12/20/83	SANTA BARBARA CO
09	ETA	CETA	09-4-028-03-345	01/11/84	CONTRA COSTA CO
09	ETA	CETA	09-4-029-03-345	01/06/84	RICHMOND, CITY OF
09	ETA	CETA	09-4-030-03-345	01/06/84	IMPERIAL CO
09	ETA	CETA	09-4-031-03-345	01/09/84	SAN LUIS OBISPO CO
09	ETA	CETA	09-4-032-03-345	02/16/84	STOCKTON/SAN JOAQUIN CSRT
09	ETA	CETA	09-4-033-03-345	01/11/84	SONOMA CO
09	ETA	CETA	09-4-034-03-345	03/23/84	SAN DIEGO RETC

Region[1]	Agency[2]	Program[3]	Audit Report Number	Date Sent To Program Agency	Name of Auditee
09	ETA	CETA	09-4-035-03-345	01/18/84	TUCSON, CITY OF
09	ETA	CETA	09-4-036-03-345	01/24/84	ORANGE CO
09	ETA	CETA	09-4-037-03-345	02/23/84	MARICOPA CO
09	ETA	CETA	09-4-038-03-345	02/14/84	VENTURA CO
09	ETA	CETA	09-4-039-03-345	01/20/84	PLACER CO
09	ETA	CETA	09-4-040-03-345	03/08/84	NEVADA STATE COMPREHENSIVE EMPLOYMENT & TRNG
09	ETA	CETA	09-4-041-03-345	02/22/84	TULARE CO
09	ETA	CETA	09-4-042-03-345	02/01/84	SHASTA CO
09	ETA	CETA	09-4-043-03-345	02/23/84	SANTA CLARA CO
09	ETA	CETA	09-4-044-03-345	03/09/84	HAWAII STATE
09	ETA	CETA	09-4-046-03-345	02/29/84	GLENDALE, CITY OF
09	ETA	CETA	09-4-047-03-345	03/20/84	GUAM
09	ETA	CETA	09-4-053-03-345	03/23/84	YOLO CO
09	ETA	CETA	09-4-500-03-345	12/05/83	JACKSON-JOSEPHINE JOB COUNCIL
09	ETA	CETA	09-4-501-03-345	12/28/83	LANE CO
09	ETA	CETA	09-4-502-03-345	01/04/84	CLARK CO
09	ETA	CETA	09-4-503-03-345	01/04/84	TACOMA, CITY OF
09	ETA	CETA	09-4-504-03-345	12/21/83	MID - WILLAMETTE
09	ETA	CETA	09-4-505-03-345	01/06/84	SNOHOMISH CO
09	ETA	CETA	09-4-506-03-345	01/11/84	THE OREGON CSRT
09	ETA	CETA	09-4-507-03-345	01/23/84	EUGENE, CITY OF
09	ETA	CETA	09-4-508-03-345	01/17/84	SPOKANE, CITY OF/CO CSRT
09	ETA	CETA	09-4-509-03-345	01/23/84	JACKSON-JOSEPHINE
09	ETA	CETA	09-4-510-03-345	01/24/84	MULTNOMAH-WASHINGTON
09	ETA	CETA	09-4-511-03-345	01/25/84	CLACKAMAS CO
09	ETA	CETA	09-4-512-03-345	02/21/84	CITY OF PORTLAND

Region[1]	Agency[2]	Program[3]	Audit Report Number	Date Sent To Program Agency	Name of Auditee
09	ETA	CETA	09-4-514-03-345	02/22/84	CITY OF PORTLAND
09	ETA	CETA	09-4-515-03-345	03/02/84	ALASKA DEPT. OF COMMUNITY AND REGIONAL AFFAIRS
09	ETA	CETA	09-4-518-03-345	03/19/84	MULTNOMAH-WASHINGTON FY 1983
09	ETA	UIS	09-4-516-03-315	03/06/84	ALASKA DEPARTMENT OF LABOR
09	MSHA	GRTEES	09-4-513-06-601	02/13/84	IDAHO DOL INDUSTRIAL SERVICES
09	SOL	ADMIN	09-3-737-08-011	03/23/84	FINAL ACTION ON APPEALED GRANT OFFICER DETERMINATIONS
09	ETA	MULTI	09-3-758-03-391	02/14/84	IDAHO DES
09	OSHA	MULTI	09-3-761-50-557	10/13/83	OREGON'S WORKERS' COMPENSATION DEPT
11	VETS	ADMIN	11-3-110-02-001	12/06/83	VETERAN'S UPGRADE CENTER OF NEW YORK, INC
11	ETA	ADMIN	11-4-157-03-001	03/31/84	REVIEW OF PROCUREMENT PROC ON A&E CONTRACTS
11	ETA	CETA	11-3-017-03-345	10/17/83	SYRACUSE, CITY OF
11	ETA	CETA	11-3-197-03-345	01/16/84	THE NATIONAL COMMISSION ON RESOURCES FOR YOUTH, INC

Region[1]	Agency[2]	Program[3]	Audit Report Number	Date Sent To Program Agency	Name of Auditee
11	ETA	OSTP	11-2-219-03-350	01/27/84	NATIONAL PUERTO RICAN FORUM, INC
11	ETA	OSTP	11-3-085-03-350	02/02/84	LABOR INSTITUTE FOR HUMAN ENRICHMENT, INC
11	ETA	OSTP	11-3-104-03-350	01/16/84	NATIONAL CHILD LABOR COMMITTEE
11	ETA	OSTP	11-3-148-03-350	01/16/84	UNITED NEIGHBORHOOD OF NEW YORK, INC
11	ETA	OSTP	11-3-154-03-350	03/30/84	THE COUNCIL OF THE GREAT SCHOOLS
11	ETA	OSTP	11-3-410-03-350	01/18/84	WORK IN AMERICA INSTITUTE, INC
11	ETA	OSTP	11-3-411-03-350	02/02/84	CSR, INC
11	ETA	OSTP	11-3-412-03-350	02/02/84	CENTER FOR COMMUNITY CHANGE
11	ETA	OSTP	11-3-420-03-350	03/14/84	TEAMSTER JOINT COUNCIL 40 & 53
11	ETA	OSTP	11-3-423-03-350	10/18/83	BLINDED VETERANS ASSOCIATION
11	ETA	OSTP	11-3-426-03-350	01/18/84	INTERNATIONAL BROTHERHOOD OF POLICE OFFICERS
11	ETA	OSTP	11-3-429-03-350	10/06/83	MAINSTREAM INC
11	ETA	OSTP	11-3-449-03-350	02/03/84	UNITED FOOD AND COMMERCIAL WORKERS INTERNATIONAL UNION
11	ETA	OSTP	11-3-450-03-350	03/30/84	TECHNICAL ASSISTANCE & TRNG CORP
11	ETA	OSTP	11-3-452-03-350	02/02/84	UNITED NEGRO COLLEGE FUND
11	ETA	OSTP	11-3-454-03-350	02/02/84	SOCIETY FOR ADVANCED MEDICAL SYSTEMS
11	ETA	OSTP	11-3-551-03-350	02/23/84	SYSTEMS IN EDUCATION AND TRNG CORPORATION
11	ETA	OSTP	11-3-813-03-350	02/27/84	JOINT JOB TRAINING AND RESEARCH INC
11	ETA	OSTP	11-3-829-03-350	02/02/84	PROMETHEANS INC
11	ETA	OSTP	11-4-095-03-350	02/21/84	DEVELOPMENT ASSOCIATES INC

Region[1]	Agency[2]	Program[3]	Audit Report Number	Date Sent To Program Agency	Name of Auditee
11	ETA	OSTP	11-4-121-03-350	02/21/84	GROUP OPERATIONS INC
11	ETA	OSTP	11-4-129-03-350	02/14/84	MONTGOMERY PREBLE EMP & TRNG CSRT
11	ETA	DINAP	11-3-164-03-355	12/13/83	PUYALLUP TRIBE OF INDIANS
11	ETA	DINAP	11-3-167-03-355	03/30/84	ALL INDIAN PUEBLO COUNCIL
11	ETA	DINAP	11-3-413-03-355	12/16/83	INTER-TRIBAL COUNCIL OF NEVADA
11	ETA	DINAP	11-3-451-03-355	12/16/83	HAWAII CNCL OF AM INDIAN NATIONS
11	ETA	DINAP	11-3-837-03-355	10/06/83	OSAGE NATION
11	ETA	DINAP	11-4-004-03-355	10/25/83	ROSEBUD SIOUX TRIBE
11	ETA	DINAP	11-4-086-03-355	01/23/84	NORTHWEST INTERTRIBAL COUNCIL
11	ETA	DOWP	11-4-064-03-360	11/22/83	TEXAS DEPARTMENT OF AGING
11	ETA	DINAP	11-3-014-03-355	01/05/84	INDIAN CENTERS INC
11	ETA	DINAP	11-3-030-03-355	12/13/83	CENTRAL COUNCIL OF TLINGIT & HAIDA INDIAN TRIBES OF ALASKA
11	ETA	DINAP	11-3-037-03-355	02/27/84	TRIBAL GOVERNORS INC
11	ETA	DINAP	11-3-046-03-355	02/27/84	CHEYENNE RIVER SIOUX TRIBE
11	ETA	DINAP	11-3-062-03-355	10/03/83	EASTERN WASHINGTON INDIAN CSRT
11	ETA	DINAP	11-3-068-03-355	01/25/84	TENNESSEE INDIAN COUNCIL, INC
11	ETA	DINAP	11-3-069-03-355	10/31/83	TRI-COUNTY INDIAN DEVELOPMENT COUNCIL, INC
11	ETA	DINAP	11-3-070-03-355	12/16/83	FRESNO AMERICAN INDIAN COUNCIL
11	ETA	DINAP	11-3-071-03-355	12/15/83	INDIAN CENTER OF SAN JOSE, INC
11	ETA	DINAP	11-3-096-03-355	12/13/83	INDIAN DEVELOPMENT DISTRICT OF ARIZONA, INC
11	ETA	DINAP	11-3-121-03-355	01/23/84	SENECA NATION OF INDIANS
11	ETA	DINAP	11-3-123-03-355	02/29/84	GOVERNOR OF VIRGINIA
11	ETA	DINAP	11-3-137-03-355	01/29/84	INTER-TRIBAL COUNCIL OF MICHIGAN, INC

Region[1]	Agency[2]	Program[3]	Audit Report Number	Date Sent To Program Agency	Name of Auditee
11	ETA	DINAP	11-3-138-03-355	12/15/83	HOPPA VALLEY BUSINESS COUNCIL
11	ETA	DINAP	11-3-141-03-355	02/21/84	ONEIDA TRIBE OF INDIANS OF WISCONSIN, INC
11	ETA	DINAP	11-3-146-03-355	11/08/83	ASSOCIATION OF VILLAGE COUNCIL PRESIDENTS, INC
11	ETA	OJC	11-3-045-03-370	12/21/83	PHOENIX JOB CORPS CENTER, TELEDYNE EDC
11	ETA	OJC	11-3-047-03-370	11/23/83	KEYSTONE JOB CORPS CENTER
11	ETA	OJC	11-3-061-03-370	11/21/83	DETROIT JOB CORPS CENTER, SINGER COMPANY EDUCATION DIV
11	ETA	OJC	11-3-065-03-370	11/25/83	CASSADAGA JOB CORPS CENTER, SINGER CO EDUCATION DIV
11	ETA	OJC	11-3-066-03-370	02/22/84	TONGUE POINT JOB CORPS CENTER
11	ETA	OJC	11-3-067-03-370	03/19/84	TURNER JOB CORPS CENTER
11	ETA	OJC	11-3-073-03-370	12/16/83	SAN JOSE JOB CORPS CENTER, SINGER COMPANY
11	ETA	OJC	11-3-074-03-370	11/03/83	SAN DIEGO JOB CORPS CENTER, SINGER COMPANY
11	ETA	OJC	11-3-075-03-370	11/21/83	SACRAMENTO JOB CORPS CENTER, SINGER COMPANY
11	ETA	OJC	11-3-083-03-370	11/22/83	CLEARFIELD JOB CORPS CENTER
11	ETA	OJC	11-3-091-03-370	03/19/84	TUCSON JOB CORPS CENTER, TELEDYNE EDC
11	ETA	OJC	11-3-092-03-370	11/21/83	GLENMONT JOB CORPS CENTER, SINGER COMPANY EDUC DIV
11	ETA	OJC	11-3-093-03-370	03/19/84	GRAFTON JOB CORPS CTR, TELEDYNE EDC

Region[1]	Agency[2]	Program[3]	Audit Report Number	Date Sent To Program Agency	Name of Auditee
11	ETA	OJC	11-3-097-03-370	12/29/83	BAMBERG JOB CORPS CENTER TRNG & MGMT RESOURCES
11	ETA	OJC	11-3-098-03-370	10/31/83	ST LOUIS JOB CORPS CENTER, MINACT INC
11	ETA	OJC	11-3-108-03-370	03/19/84	PITTSBURG JOB CORPS, TELEDYNE EDC
11	ETA	OJC	11-3-120-03-370	03/19/84	JACKSONVILLE JOB CORPS, TELEDYNE EDC
11	ETA	OJC	11-3-122-03-370	12/29/83	LOS ANGELES JOB CORPS CENTER, YWCA OF LOS ANGELES
11	ETA	OJC	11-3-124-03-370	11/22/83	INLAND EMPIRE JOB CORPS CENTER, INLAND MNPWR ASSOCIATION
11	ETA	OJC	11-3-126-03-370	11/21/83	BLUE RIDGE JOB CORPS CENTER RCA SERVICE COMPANY
11	ETA	OJC	11-3-129-03-370	12/15/83	SUSQUEHANNA/CHESAPEAKE JOB CORPS CENTER
11	ETA	OJC	11-3-130-03-370	01/25/84	POTOMAC JOB CORPS CTR, RCA SERVICE COMPANY
11	ETA	OJC	11-3-134-03-370	03/19/84	ALBUQUERQUE JOB CORPS CTR, TELEDYNE EDC
11	ETA	OJC	11-3-139-03-370	02/22/84	ROSWELL JOB CORPS CTR, EASTERN NEW MEXICO UNIV
11	ETA	OJC	11-3-140-03-370	11/16/83	EL PASO JOB CORPS CTR, TEXAS EDUCATIONAL FOUNDATION INC
11	ETA	OJC	11-3-144-03-370	12/29/83	BRUNSWICK JOB CORPS CTR
11	ETA	OJC	11-3-145-03-370	11/23/83	WOODSTOCK JOB CORPS CTR, RCA SERVICE CO
11	ETA	OJC	11-3-149-03-370	03/19/84	LAREDO JOB CORPS CENTER, SER JOBS FOR PROGRESS, INC
11	ETA	OJC	11-3-155-03-370	03/19/84	SHREVEPORT JOB CORPS CENTER

Region[1]	Agency[2]	Program[3]	Audit Report Number	Date Sent To Program Agency	Name of Auditee
11	ETA	OJC	11-3-157-03-370	03/07/84	MCKINNEY JOB CORPS CTR, TEXAS EDUCATIONAL FOUNDATION INC
11	ETA	OJC	11-3-162-03-370	03/07/84	EXCELSIOR SPRINGS JOB CORPS CENTER, SINGER COMPANY
11	ETA	OJC	11-3-165-03-370	12/29/83	DENISON JOB CORPS CENTER
11	ETA	OJC	11-3-170-03-370	12/29/83	CHARLESTON JOB CORPS CENTER
11	ETA	OJC	11-3-186-03-370	12/29/83	LITTLE ROCK JOB CORPS CENTER, OICS OF AMERICA, INC
11	ETA	OJC	11-3-191-03-370	12/29/83	KITTRELL JOB CORPS CENTER, SOUTHEASTERN TRNG CORP
11	ETA	OJC	11-3-192-03-370	03/19/84	GAINESVILLE JOB CORPS CTR, TELEDYNE ECONOMIC DEV CO
11	ETA	OJC	11-3-402-03-370	11/21/83	DELAWARE VALLEY JOB CORPS CENTER, RCA SERVICE CO
11	ETA	OJC	11-3-403-03-370	12/15/83	PRESTONSBURG JOB CORPS CENTER, SINGER CO EDUCATION DIV
11	ETA	OJC	11-3-404-03-370	10/27/83	NORTHLAND JOB CORPS CENTER, SINGER CO EDUCATION DIV
11	ETA	OJC	11-3-405-03-370	11/21/83	PORTLAND JOB CORPS CENTER, PORTLAND PUBLIC SCHOOLS
11	ETA	OJC	11-3-406-03-370	10/26/83	PORTLAND AND CASCADES JOB CORPS CTRS, RCA SERVICE CO
11	ETA	OJC	11-3-408-03-370	12/16/83	WOODLAND JOB CORPS CENTER, RCA SERVICE CO
11	ETA	OJC	11-3-409-03-370	03/19/84	WESTOVER JOB CORPS CENTER, RCA SERVICE CO
11	ETA	OJC	11-3-414-03-370	12/16/83	TULSA JOB CORPS CENTER, RCA SERVICE CO

Region[1]	Agency[2]	Program[3]	Audit Report Number	Date Sent To Program Agency	Name of Auditee
11	ETA	OJC	11-4-073-03-370	03/19/84	WOODLAND JOB CORPS CENTER RCA SERVICE CENTER
11	ETA	OJC	11-4-074-03-370	11/03/83	JOLIET RCA JOB CORPS CENTER
11	ETA	OJC	11-4-091-03-370	12/05/83	AURORA ASSOCIATES INC
11	ETA	OJC	11-4-094-03-370	02/21/84	AURORA ASSOCIATES INC
11	ETA	OJC	11-4-107-03-370	01/17/84	VINNELL CORP
11	ETA	OJC	11-4-113-03-370	01/12/84	TEAM ASSOCIATES INC
11	ETA	OOPER	11-4-127-03-380	03/13/84	CENTER FOR HUMAN RESOURCE RESEARCH OHIO STATE UNIV
11	MSHA	GRTEES	11-3-833-06-601	10/06/83	FOSTER-MILLER ASSOCIATES, INC.
11	MSHA	CMSH	11-3-453-06-610	10/26/83	W VA DIV OF VOCATIONAL REHABILITATION
11	OASAM	OP	11-4-120-07-741	02/21/84	INTERNATIONAL BUSINESS SERVICE
11	OASAM	OP	11-4-122-07-741	02/21/84	FERGUSON BRYON ASSOCIATES
11	OASAM	OP	11-4-123-07-741	03/07/84	PRICE WATERHOUSE & CO
11	OASAM	OCD	11-3-835-07-742	10/25/83	DINGLE ASSOCIATES, INC
11	OASAM	ADMIN	11-4-005-09-001	11/29/83	BERT W. SMITH
11	BLS	ADMIN	11-3-836-11-001	10/06/83	EVALUATION TECHNOLOGIES, INC.

Region[1]	Agency[2]	Program[3]	Audit Report Number	Date Sent To Program Agency	Name of Auditee
11	ETA	OJC	11-3-416-03-370	03/19/84	SIERRA NEVADA JOB CORPS CENTER
11	ETA	OJC	11-3-421-03-370	12/13/83	CLEMENTS JOB CORPS CENTER
11	ETA	OJC	11-3-444-03-370	12/28/83	TALKING LEAVES JOB CORPS CENTER
11	ETA	OJC	11-4-066-03-370	12/23/83	GUTHRIE JOB CORPS CENTER TELEDYNE ECONOMIC DEV
11	ETA	OJC	11-4-067-03-370	01/26/84	GARY JOB CORPS CENTER TEXAS EDUCATIONAL FND, INC
11	ETA	OJC	11-4-069-03-370	12/28/83	ATLANTA JOB CORPS CENTER
11	ETA	OJC	11-4-072-03-370	03/19/84	TUSKEGEE JOB CORPS CENTER

Region[1]	Agency[2]	Program[3]	Audit Report Number	Date Sent To Program Agency	Name of Auditee
Other Federal Agencies:					
03	OT AGY	OT AGY	03-4-046-98-599	02/24/84	RICHMOND, CITY OF
04	OT AGY	OT AGY	04-4-097-98-599	03/12/84	JEFFERSON CO
04	OT AGY	OT AGY	04-4-104-98-599	02/22/84	ONSLOW CO
04	OT AGY	OT AGY	04-4-098-98-599	02/28/84	KNOXVILLE, CITY OF
05	OT AGY	OT AGY	05-4-027-98-599	01/20/84	MICHIGAN DOL BUREAU OF COMM. SERV. DOE WEATHERIZATION
06	OT AGY	OT AGY	06-4-510-98-599	12/06/83	SOUTHEAST TEXAS REGIONAL PLANNING COMMISSION
11	OT AGY	OT AGY	11-3-008-98-599	01/16/84	MARK BATTLE ASSOC., INC., FEDERAL EMERGENCY MGMT. ADMIN
11	OT AGY	OT AGY	11-3-419-98-599	02/16/84	INDIANAPOLIS URBAN LEAGUE
11	OT AGY	OT AGY	11-3-812-98-599	03/07/84	JOINT JOB TRNG & RESEARCH INC

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