



Office of Audit Workplan

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


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United States
Department
of Labor

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Fiscal Year 2021

Message from the Assistant Inspector General for Audit

I am pleased to provide the Office of Inspector General's (OIG) Audit Workplan for Fiscal Year (FY) 2021. We prepared this workplan to inform U.S. Department of Labor (DOL or Department) agencies and Congress of audits and reviews that will be completed or initiated in FY 2021. Our audits are presented by DOL agency and then further broken down into mandatory and discretionary audits. This workplan does not include unanticipated work that will come from legislative mandates, congressional requests, DOL requests, or emerging programmatic issues.

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

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

We prepared this audit workplan by considering risks to major DOL programs that may prevent DOL from achieving strategic goals and objectives under its FY 2018 – 2022 Strategic Plan.



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U.S. Department of Labor Office of Inspector General Office of Audit FY 2021 Workplan

Office of Audit

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

DOL Agencies

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

FY 2021 Workplan

The FY 2021 Audit Workplan is presented by DOL agency and then further broken down into mandatory and discretionary audits.

FY 2021 Audit Workplan

Bureau of Labor Statistics (BLS)

Discretionary Audit

BLS Survey Response Rate. BLS is the principal federal agency responsible for measuring labor market activity, working conditions, and price changes in the nation's economy. The President, Congress, federal policymakers, public institutions, and private citizens use the economic information developed by BLS to guide and support decision-making. According to a 2013 study by the National Research Council, "for many household surveys in the United States, response rates have been steadily declining for at least the past two decades." It is vital for BLS to incorporate new methodologies and technology into its data collection process to ensure expected response rates and reduced respondent burden. A decline in response rates could increase data collection costs and affect data quality, which may result in unreliable economic information developed by BLS. This audit will focus on how efficiently and effectively BLS is able to obtain data necessary to produce the economic information it is required to produce, and if there are other sources to obtain the necessary data.

Bureau of International Labor Affairs (ILAB)

Mandatory Audit

Memoranda of Agreement between USAID and ILAB – In Progress. ILAB signed two agreements with the U.S. Agency for International Development (USAID) that transferred approximately \$7 million to ILAB for grant-funded projects. The projects are intended to ensure a fair global playing field for workers by enforcing trade commitments, strengthening labor standards, and combatting child labor, forced labor, and human trafficking. This mandatory audit

focuses on how taxpayer dollars were spent and if the reported program results were reliable.

Employment and Training Administration (ETA)

Discretionary Audits

Apprenticeship Program

The Industry-Recognized Apprenticeship Program (IRAP) Audit – In Progress. IRAP was established to highlight high quality apprenticeships where individuals obtain workplace-relevant training and advanced skills that result in an industry-recognized credential. ETA disclosed that Training and Employment Services funds had been expended inappropriately on activities for IRAP. This audit will determine the actions ETA took to identify, correct, and prevent inappropriate expenditures of funds in the future.

ETA Contract and Grant Programs

COVID-19: ETA’s Administration of Dislocated Worker Grants (DWG) – In Progress. The Coronavirus Aid, Relief and Economic Security (CARES) Act provided \$345 million for DWGs to prevent, prepare for, and respond to the COVID-19 pandemic. These grants are intended to help Americans get back to work and can also be used for contact tracing and coronavirus-related cleaning as businesses and schools continue to re-open. Flexibility is essential for DWG funds so that they can be used where they are most needed, which is determined at the state and local level. The audit focuses on the extent ETA properly administered the DWG program.

Oversight of American Apprenticeship Initiative (AAI) Grants – In Progress. In 2015, ETA awarded 46 AAI grants, totaling more than \$175 million, to create and expand apprenticeship opportunities in H-1B industries and occupations. In 2018, several OIG audits of similar ETA training programs reported ETA did not provide sufficient oversight of grantees and participants did not benefit from training, despite claims that grantees met their goals. This ongoing audit focuses on how ETA has designed and monitored the AAI grant program.

Job Corps

COVID-19: Job Corps Response to COVID-19. Resuming operations at more than 120 center campuses during the COVID-19 pandemic presents a number of challenges to the Job Corps program, such as implementing physical distancing for more than 30,000 students returning to classrooms, common areas, and dorms; obtaining sufficient supplies of personal protective equipment (e.g., facemasks, face shields, gloves), disinfectants, and cleaning products; and transporting students to centers. This audit will assess Job Corps' efforts to comply with various local, state, and federal guidelines to keep students and staff safe when reopening center campuses.

Unemployment Insurance (UI) Program

COVID-19: Audit of DOL and States Implementation of the CARES Act UI Provisions – In Progress. Between March and July 2020, more than 56 million new claims for UI were filed. This was an average of 2.7 million new weekly claims, and more than 10 times the average of 218,000 new weekly claims for the weeks leading up to the onset of the COVID-19 pandemic. With the huge increase in traditional UI claims and the implementation challenges associated with the new CARES Act programs, states' resources have been stretched beyond their limits and the risk of fraud and increased improper payments have been significantly heightened. Our audit focuses on the initial period of benefits from March 27, 2020, to July 31, 2020. This will include an assessment of ETA's oversight and states' implementation of key provisions of the CARES Act to ensure UI benefit recipients initially and continually met program eligibility requirements, eligible individuals were paid timely, and improper payments were detected, recovered, and reported.

Unemployment Insurance, Work Search Requirements – In Progress. Since 2016, the highest number of UI improper payments has been to claimants who failed to meet the work search requirements of the UI program. The Department estimated that between April 1, 2017, and March 31, 2018, states overpaid more than \$1.4 billion in UI benefits to recipients who did not meet state work search requirements. This ongoing audit assesses the accuracy of reported levels of noncompliance with work search requirements, and makes recommendations for possible approaches to improve compliance and reduce improper payments.

COVID-19: Audit of DOL and States Implementation of the CARES Act UI Provisions. The COVID-19 pandemic has presented both new and familiar challenges for DOL and states as they implement the CARES Act UI provisions. This audit will provide an after-the-fact review of the CARES Act UI provisions with respect to implementation, both at the federal and state level; oversight; lessons learned; and how DOL's response to the pandemic affected normal operations.

COVID-19: Implementation and Oversight of the COVID-19 Emergency Transfers for Administration of the Unemployment Compensation Program.

The Families First Coronavirus Act provided \$1 billion to DOL to provide emergency administration grants to state unemployment insurance (UI) agencies for the administration of their unemployment compensation programs.

Administrative resources are critical to delivering an effective UI program that is relied upon by millions of American taxpayers, especially now during the pandemic. Funds provided through these emergency administrative grants may only be used for the administration of the UI program and are not available for the payment of UI funds. This audit will focus on the Department's monitoring of the emergency administration grants and whether these funds were accurately tracked and reported, at both the state and federal level.

Effectiveness of UI Program Integrity Efforts. ETA's UI program works in partnership with states to provide the critical funds needed by unemployed citizens in a timely manner. Annually, ETA reports performance data and results related to fraud and the misuse of protections afforded by the UI program. Over the years, ETA has implemented various program integrity and fraud reduction initiatives; however, these initiatives have offered only a partial solution to improving the integrity of the program. This audit will focus on ETA's role in managing the integrity of the UI program, including working with states and partners to identify and share best practices and data to reduce fraud.

**Mine Safety and Health Administration
(MSHA)**

Discretionary Audits

MSHA Violations – In Progress. From 2013 through September 2019, MSHA inspectors issued more than 736,000 citations and orders to mines for violations of health and safety laws and regulations. During the same period, MSHA modified or canceled ("vacated") more than 12,300 of those citations and orders. Incorrectly modifying or vacating citations and orders increases the risk that miners remain exposed to hazards. This ongoing audit focuses on whether MSHA appropriately wrote, terminated, modified, and vacated citations and orders.

Integrity of Dust Sampling. Miners are exposed to harmful substances in their work environments daily. MSHA monitors many of these substances, including airborne toxins such as coal dust and respirable crystalline silica. Since 1990, at least 150 mine operators, agents, and contractors have submitted fraudulent dust samples that MSHA needed to regulate airborne toxins in mines. This audit will assess MSHA's efforts to address sample manipulation.

Mine Rescue Response Plan. When disaster strikes, a well-prepared mine rescue effort can mean the difference between life and death for trapped miners. Insufficient personnel, equipment, or training could hamper MSHA’s ability to respond quickly and effectively in mine rescue situations. Prior OIG work found MSHA had not provided adequate oversight of mine emergency response plans, which included planning by both mine operators and MSHA. This audit will assess MSHA’s preparedness in responding to emergencies requiring mine rescue operations.

Occupational Safety and Health Administration (OSHA)

Discretionary Audits

COVID-19: OSHA’s Guidance Related to Safety of Its Inspectors – In Progress. The COVID-19 pandemic has presented new challenges for OSHA in its mission to ensure safe and healthful working conditions for its Certified Safety and Health Officials (CSHOs), whose job is to inspect workplaces. The COVID-19 pandemic has resulted in a significant reduction in inspections and an increase in complaints. During the pandemic, to prevent the spread of COVID-19, CSHOs switched from on-site inspections to mostly remote inspections via telephone, video conference, and email. The audit focuses on the extent of OSHA’s enforcement guidance for protecting CSHOs’ health and safety, as well as the effectiveness of completing on-site, remote, or Rapid Response Investigation (RRI) activities during a pandemic.

OSHA Protecting Workers from Exposure to Respirable Silica – In Progress. OSHA has a duty to create and enforce rules, known as “standards” or “regulations,” to help protect 121 million Americans at 9 million worksites. After 13 years of research and development, OSHA published an amendment to its existing standards for Occupational Exposure to Respirable Crystalline Silica. OSHA estimates that about 2.3 million people in the U.S. are exposed to silica at work. This audit is assessing the extent to which OSHA has protected workers from exposure to Respirable Crystalline Silica with the publishing of the amended standard.

COVID-19: OSHA’s Guidance Related to Safety of Employees. Since the beginning of the COVID-19 pandemic in March 2020, OSHA has reduced its number of inspections and increased its number of non-formal complaint investigations. In July 2020, OSHA was named in a lawsuit by meatpacking employees who said OSHA was failing to do its job properly. OSHA believed its existing regulations and updated pandemic guidelines were sufficient to keep workers safe. This audit will focus on the impact of the COVID-19 pandemic on OSHA operations, including the number and types of inspections it has been

using to safeguard workers, and OSHA's future plans to ensure safe and healthy working conditions during pandemics.

COVID-19: OSHA Inspection Collaboration Audit. While many industries suffered the impact of COVID-19 outbreaks during the pandemic, healthcare and meatpacking workers have had some of the highest rates of COVID-19 infections. OSHA has been performing on-site inspections of worker safety in these environments, while the U.S. Department of Health and Human Services (HHS) and the U.S. Department of Agriculture (USDA) have been performing on-site inspections to ensure patient care and product quality. However, according to HHS and USDA OIG officials, their inspectors have not been reporting employee safety and health issues to OSHA. This audit will focus on OSHA's efforts to promote collaboration with other federal agencies that also conduct on-site inspections for potential workplace safety and health violations, especially during the pandemic.

COVID-19: Use of Complainant Interviews in OSHA Complaint Inspections. OSHA conducts approximately 9,000 complaint inspections annually and issues citations in 24 percent of those inspections. Inspectors are not required to interview complainants at any point during the inspection process, which could result in OSHA having little interaction with complainants and witnesses during complaint inspections. This audit will focus on OSHA's use of complainant and witness testimony during a complaint inspection to ensure the complaint or referral was addressed adequately.

Enforcement of Severe OSHA Violators. There were 654 egregious workplace safety violators in 2019. OSHA's Severe Violators Enforcement Program requires that it expand its enforcement efforts and increase the number of inspections on these employers. In 2009, an OIG audit found OSHA did not identify all egregious employers, and did not perform sufficient inspections and related enforcement, for 97 percent of sampled employers. This audit will follow up on the OIG's 2009 report to assess whether OSHA made changes to improve enforcement activities related to employers who demonstrated indifference to their workplace safety responsibilities.

OSHA's Process for Initiating Lookback Reviews. OSHA uses lookback reviews to determine whether standards should be maintained, rescinded, or modified, with the goal of making standards more effective or less burdensome. Since 2001, OSHA has issued 15 standards, but has only conducted 8 lookback reviews, with the most recent occurring more than 10 years ago. This audit will include examining OSHA's ammonium nitrate standard that is almost 50 years old and the Process Safety Management Standard that is almost 30 years old. The audit will focus on OSHA's process for initiating lookback reviews to ensure that the standards are effective in reducing safety and health hazards in the workplace.

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

Mandatory Audit

Federal Information Security Management Act (FISMA) Audit – Annual. In performing its various missions, DOL collects and processes sensitive information through approximately 73 major information systems. FISMA recognizes the significant risks involved with information technology and its important role in fulfilling agency missions. As such, FISMA sets a framework for securing all federal government systems by developing security standards and methods for measuring the effectiveness of those security standards. This audit will focus on the status of the DOL Information Security Program in implementing an effective framework to secure DOL information systems.

Discretionary Audits

Effectiveness of DOL’s Information Technology Governance – In Progress. DOL spends approximately \$666 million annually on a portfolio of information technology assets that support the operation and management of its programs, but has a history of undertaking IT projects that missed deadlines, went over budget, or did not meet the needs of stakeholders. In addition, DOL’s information security program has been found to contain deficiencies in critical high-risk areas and security. As cited for many years in previous OIG audits, these issues can be attributed partially to the DOL Chief Information Officer’s (CIO) lack of authority and an uncertain reporting structure, as the CIO has not been elevated to an adequate level to carry out required duties. In 2018, Executive Order 13833 required federal CIOs to report directly to their agency heads. This audit is focusing on DOL’s implementation of an IT governance framework, including the authority and independence of the CIO and DOL’s compliance with Executive Order 13833.

Working Capital Fund – In Progress. The Department’s working capital fund is intended to provide increased efficiencies in how the Department funds and offers shared services, such as payroll, telecommunications, accounting, mail, and publications. The money for DOL’s working capital fund comes annually from the Department’s component agencies that utilize the shared services and amounted to more than \$400 million in FY 2020. This ongoing audit is determining if Working Capital Fund activities were appropriate, and if costs were supported and properly allocated to DOL agencies.

IT System Modernization Review across the Department. IT modernization across the Department is critical to preventing security breaches, excessive costs, missed deadlines, and low-quality IT products and services. DOL has struggled to modernize IT systems, largely allocating resources to maintaining older technologies, rather than to adopting modern technologies. This can result in greater security deficiencies in high risks areas. Our audit will focus on the CIO's management of IT modernization efforts across the Department, to include software integration, legacy systems, and shared services.

Office of the Chief Financial Officer
(OCFO)

Mandatory Audits

DOL Consolidated Financial Statements Audit – Annual. We will determine if DOL's consolidated financial statements present fairly, in all material respects, the financial position of DOL as of September 30, 2021. We will consider DOL's internal controls over financial reporting and test DOL's compliance with applicable laws, regulations, contracts, and grant agreements that have a direct and material effect on the consolidated financial statements.

Review of DOL's Improper Payment Reporting in the Annual Financial Report – Annual. In FY 2019, the UI program and FECA reported outlays of \$26.9 billion and \$3.0 billion respectively, with an estimated improper payment rate of 10.61 percent and 2.44 percent, respectively. Based on the Department's risk assessments, the UI and FECA programs continue to be considered the most susceptible to improper payments of all DOL programs. This audit will determine if DOL complied with the Payment Integrity Information Act of 2019, which required DOL to: 1) conduct a program-specific risk assessment for each required program or activity; 2) publish and meet annual reduction targets for each program assessed to be at risk for improper payments; and 3) report information on its efforts to reduce improper payments.

The Digital Accountability and Transparency Act of 2014 (DATA Act) Audit. The DATA Act requires federal agencies to report spending data per government-wide data standards developed by the Office of Management and Budget (OMB) and the Department of Treasury. Under this Act, it is critical that the Department report accurate and reliable spending data so taxpayers and policy makers understand how the Department is spending its funds. This mandatory audit will determine the completeness, timeliness, accuracy, and quality of the data submitted by the Department for publication on USASpending.gov, and the extent to which the Department has implemented and used the data standards established by OMB and Treasury.

**Office of Federal Contract Compliance Program
(OFCCP)**

Mandatory Audits

Combatting Race and Sex Stereotyping – Annual. Executive Order 13950 prohibits the federal government from promoting race or sex stereotyping or scapegoating in the federal workforce, and states that contracting and grant funds shall not be used for these purposes. EO 13950 further states that federal agencies, contractors, and grant recipients should foster environments devoid of hostility and should be trained to create inclusive workplaces. The federal government is, and must always be, committed to the fair and equal treatment of all individuals before the law. This review will determine DOL’s compliance with EO 13950 to ensure that federal agencies, including DOL, maintain an inclusive workplace free of race or sex stereotyping or scapegoating.

**Office of Workers’ Compensation Programs
(OWCP)**

Mandatory Audits

Report Relating to the Federal Employees’ Compensation Act (FECA) Special Benefit Fund – Annual. We will determine whether: 1) the Schedule of Actuarial Liability, Net Intra-Governmental Accounts Receivable, and Benefit Expense was fairly presented for the year ending September 30, 2021; and 2) internal controls over financial reporting related to the Schedule were in compliance with laws and regulations that could have a direct and material effect on the Schedule.

Longshore and Harbor Workers’ Compensation Act (LHWCA) Special Fund – Annual. We will determine if DOL’s LHWCA Special Fund financial statements presented fairly, in all material respects, the financial position of the LHWCA Special Funds as of September 30, 2020.

District of Columbia Workmen’s Compensation Act (DCCA) Special Fund Financial Statement Audits – Annual. We will determine if DOL’s DCCA Special Fund financial statements presented fairly, in all material respects, the financial position of the DCCA Special Funds as of September 30, 2020.

FECA Statement on Standards for Attestation Engagements No. 18 – Annual. We will determine if DOL’s Integrated Federal Employees’ Compensation System transaction processing for application and general controls, as described in the report, were fairly presented, suitably designed, and effectively operating for the period October 1, 2020, through June 30, 2021.

Discretionary Audits

COVID-19: FECA Oversight – In Progress. OWCP administers FECA, which provides workers’ compensation coverage to approximately 2.6 million federal and postal workers around the world for employment-related injuries and occupational diseases. This audit is focusing on implementation of OWCP’s initial plan to manage COVID-19 related claims in the FECA program. Specifically, we are assessing if the COVID-19 pandemic has impacted OWCP’s ability to meet established performance standards for processing and adjudicating FECA claims, and the extent to which OWCP’s response to the pandemic has impacted its management of opioid claims.

Energy Employees’ Home Healthcare Costs – In Progress. Home healthcare costs in the Energy Employee Occupational Illness Compensation program have risen from \$100 million in FY 2010 to \$616 million in FY 2019. The Department has expressed concern regarding the potential for providers to exploit home healthcare benefits through unauthorized or unnecessary billings. This audit is assessing: 1) the policies and controls in place to prevent questionable billings and address improper payments; and 2) the potential for fraud, waste, and abuse in home healthcare.

COVID-19: FECA High Risk Employment. In response to the COVID-19 pandemic, OWCP created new procedures to specifically address COVID-19 claims received from federal workers engaged in high risk employment. This audit will focus on an after-the-fact review of OWCP’s administration and oversight of COVID-19 claims in the FECA program, which had received over 5,000 COVID claims as of late August 2020. Given the influx of claims resulting from the pandemic, this audit will determine if high risk employment related to COVID-19 was appropriately designated and supported, and if COVID-19 claims filed by workers in high risk employment were properly identified and adjudicated.

Energy Employees’ Claims Processing. Since the Energy Employees Occupational Illness Compensation Program Act (EEOICPA) was enacted in October 2000, OWCP has paid more than \$17 billion in compensation and medical benefits to claimants under the Act. The OIG has received numerous complaints concerning delays and inconsistencies in processing claims, and questions about OWCP’s rationale for denying claims. This audit will determine if OWCP processed energy employees’ claims timely and consistently.

Managing Pharmaceutical Spending in FECA. Recent OIG audit work found OWCP had not done enough to ensure it paid the best price for prescription drugs. Specifically, the audits noted OWCP lacked a pharmacy benefits manager to help contain costs and had not determined if alternative drug pricing methodologies would be more competitive. This audit is focusing on identifying the major factors influencing pharmaceutical spending in the FECA program, including any impact from the COVID-19 pandemic, and determine if OWCP effectively manages pharmaceutical spending in the FECA program.

Reliability of Data from FECA’s New Bill Pay Processing System. In 2017, OWCP awarded a \$166M contract to deliver a Workers Compensation Medical Bill Process (WCMBP) system for the four OWCP workers’ compensation programs, which pay more than \$1 billion per year in medical benefits to claimants. On April 27, 2020, OWCP launched the new WCMBP system, which allows providers to bill for medical services rendered to claimants who have been approved for the four OWCP benefit programs. An effective bill pay processing system is essential to ensure appropriate, accurate, and timely payments, and must be able to provide reliable information to detect and prevent fraudulent billing practices. Paying for services that are untimely, medically unnecessary, duplicative, or ultimately not performed negatively impacts the integrity of the program. This audit will assess the WCMBP system’s controls and determine if the new system collects, processes, maintains, and reports accurate and complete data.

Wage and Hour Division
(WHD)

Discretionary Audits

COVID-19: WHD’s Implementation of COVID-19 Guidance and Oversight – In Progress. We previously reported on challenges WHD faced as it implements and enforces the requirements of the Families First Coronavirus Response Act (FFCRA), such as conducting enforcement activities while maximizing telework, ensuring appropriate eligibility for FFCRA’s emergency paid leave benefits, and addressing future actions related to its COVID-19 response. This audit is expanding upon our work and focusing on WHD’s implementation of its FFCRA administration and enforcement activities.

COVID-19: WHD’s Implementation of COVID-19 Guidance and Oversight. The COVID-19 pandemic has presented new challenges for WHD as it implemented and enforced the requirements of the FFCRA, while continuing its other enforcement activities. We will conduct an after-the-fact review of WHD’s administration and oversight, lessons learned, and how WHD’s response to the pandemic affected normal operations.

Multi-Agency

Mandatory Audits

Charge Card Risk Assessment – Annual. The Government Charge Card Abuse Prevention Act of 2012 was designed to prevent recurring waste, fraud, and abuse of government charge cards, and requires agencies to implement safeguards and internal controls to reduce these risks. This audit will determine if DOL has established controls over its purchase and travel card programs to prevent and detect illegal, improper, or erroneous purchases and payments.

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

Single Audit Compliance, Desk Reviews of DOL Grantee Reports Referred by the Federal Audit Clearinghouse – Annual. We will perform desk reviews of single audit reports submitted to the Federal Audit Clearinghouse to determine whether: 1) the independent auditor's report, Schedule of Findings and Questioned Costs, Schedule of Expenditures of Federal Awards, and corrective action plans were acceptable; 2) issues identified in the reports require follow-up audit work; 3) a quality control review should be conducted; and 4) other issues identified in the report should be brought to the attention of the appropriate DOL funding agency or agencies.

Discretionary Audits

Enterprise Risk Management. OMB Circular A-123 requires agencies to implement an Enterprise Risk Management (ERM) process. Agencies' ERM efforts are to be coordinated with the Government Performance and Results Modernization Act of 2010's strategic planning and review process, and the internal control process required by the Federal Managers' Financial Integrity Act and GAO's Green Book. We will determine whether management has implemented an effective ERM process that identifies, assesses, responds, and reports on risks.