U.S. Department of Labor

Office of Inspector General—Office of Audit

OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION

RECOVERY ACT: OSHA ACTIVITIES UNDER THE RECOVERY ACT

This audit was performed by Harper, Rains, Knight & Company P.A., CPAs, under contract to the Office of Inspector General, and by acceptance, it becomes a report of the Office of Inspector General.

Elliot P. Lewis

Assistant Inspector General for Audit

Date Issued: **July 16, 2013**
Report Number: **18-13-004-10-105**

U.S. Department of Labor
Office of Inspector General
Office of Audit

BRIEFLY…

Highlights of report number 18-13-004-10-105, issued to the Assistant Secretary for Occupational Safety and Health.

WHY READ THE REPORT

The American Recovery and Reinvestment Act of 2009 (Recovery Act) was passed to preserve and create jobs, promote economic recovery, and assist those most impacted by the recession. The Recovery Act provided approximately $80 million to the Department of Labor (DOL) for Departmental Management (DM) funds. Of this, DOL transferred approximately $13.6 million to its Occupational Safety and Health Administration (OSHA) for enhanced inspection and enforcement activities.

The inspection and enforcement programs are central activities of OSHA's core mission, which is to ensure a safe and healthy workplace for every working man and woman in the nation. OSHA had until September 30, 2011 to obligate these funds.

WHY OIG CONDUCTED THE AUDIT

We conducted a performance audit of the use of Recovery Act funds provided to and administered by OSHA. The audit objectives were to answer the following questions:

(1) How did OSHA spend Recovery Act funds and did it achieve its objectives for increased compliance assistance, construction data, and State Plan state enforcement activities?

(2) Did OSHA achieve its objective, as described in its Recovery Act Plan, to conduct additional inspections and enforcement activities?

READ THE FULL REPORT

To view the report, including the scope, methodology, and full agency response, go to:
http://www.oig.dol.gov/public/reports/oa/2013/18-13-004-10-105.pdf.

July 2013

Recovery Act: OSHA Activities Under the Recovery Act

WHAT OIG FOUND

OSHA obligated $7.7 million under the Department of Labor's Recovery Act and disbursed $7.2 million of the funds on Recovery Act related activities. OSHA did not obligate the remaining $5.9 million in Recovery Act funds.

OSHA obligated $2.2 million in funding, and disbursed $1.6 million of these funds for contracts and orders. Of this, $0.6 million was used to collect injury and illness data from approximately 20,000 high-risk designated construction firms. OSHA could not provide evidence the additional data was used to target 200 additional inspections as identified in the OSHA Recovery Act Plan.

OSHA made $3.7 million available to State Plan states to increase inspection and enforcement activities at Recovery Act-funded projects. OSHA disbursed $1.2 million to 7 of the 27 State Plan states.

OSHA obligated and disbursed $4.3 million for salaries and expenses related to federal Recovery Act enforcement activities. Recovery Act coded data in OSHA's information databases show OSHA exceeded its goal to increase federal Recovery Act inspections for FYs 2009, 2010, and 2011. However, 21 percent of the inspections sampled during this audit did not contain documentation to support such coding.

WHAT OIG RECOMMENDED

We recommended the Assistant Secretary for Occupational Safety and Health: 1) develop a framework for implementing temporarily-funded inspection programs; and 2) identify and record the source of an inspection in its information databases.

The Assistant Secretary accepted our recommendations and agreed to develop a framework for implementing the recommendations.

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HARPER, RAINS, KNIGHT & COMPANY
Certified Public Accountants
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July 16, 2013

Independent Auditors' Report

Dr. David Michaels
Assistant Secretary
for Occupational Safety and Health
U.S. Department of Labor
200 Constitution Avenue, NW
Washington, D.C. 20210

The American Recovery and Reinvestment Act of 2009 (Recovery Act) was passed to preserve and create jobs, promote economic recovery, and assist those most impacted by the recession. Title VIII of the Recovery Act provided the Department of Labor with $80 million for Departmental Management (DM) funds specifically for the enforcement of worker protection laws and regulations, oversight, and encouraging collaboration between the public workforce investment system and other agencies that received Recovery Act funds for infrastructure projects. As part of its operating plan for DM funds, the Department included transferring approximately $13.6 million to the Occupational Safety and Health Administration (OSHA) for enhanced inspection, enforcement and outreach activities.

We conducted a performance audit of the use of Recovery Act funds provided to and administered by the Department of Labor's (DOL) OSHA. The audit objectives were to answer the following questions:

(1) How did OSHA spend Recovery Act funds and did it achieve its objectives for increased compliance assistance, construction data, and State Plan state enforcement activities?

(2) Did OSHA achieve its objective, as described in its Recovery Act Plan, to conduct additional inspections and enforcement activities?

Harper, Rains, Knight & Company, P.A. • Certified Public Accountants • Consultants
One Hundred Concourse • 1052 Highland Colony Parkway, Suite 100 • Ridgeland, Mississippi 39157
Telephone 601.605.0722 • Facsimile 601.605.0733 • www.hrkcpa.com

To conduct our audit, we interviewed officials at OSHA's National Office, four Regional Offices, and four State Plan states with OSHA-approved occupational safety and health plans. We reviewed budgets and sub-ledgers and statistically selected 163 of the 5,669 Recovery Act coded inspections. The audit period covered February 17, 2009, the inception date of the Recovery Act, through September 30, 2011.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. Further background information appears in Appendix A. Our complete scope, methodology, and criteria are contained in Appendix B.

RESULTS IN BRIEF

OSHA obligated $7.7 million, of which $7.2 had been disbursed on: (1) contracts and orders for outreach programs; (2) discretionary grants to State Plan states for enforcement; and (3) salaries and expenses (S&E) for inspections and enforcement activities (See Exhibit 1). However, OSHA did not obligate the remaining $5.9 million in Recovery Act funds for a number of reasons, including delays in federal and state agencies distribution of Recovery Act funds and the low number of State Plan states responding to OSHA's discretionary grant solicitation. The funds expired at the end of fiscal year (FY) 2010, as directed in the Recovery Act.

OSHA obligated $2.2 million, of which $1.6 million had been disbursed on contracts and orders. Of the $1.6 million disbursed, $1 million was used to produce a series of guidance documents and electronic compliance assistance tools for employers and workers when implementing Recovery Act projects. OSHA exceeded its Recovery Act Plan goal of issuing two guidance documents. The remaining $0.6 million was used to meet the OSHA Recovery Act Plan of collecting injury and illness data from approximately 20,000 construction firms, designated as high-risk. OSHA targeted Recovery Act inspections from a variety of sources. We could not determine whether OSHA met its goal of targeting 200 worksites for Recovery Act inspections using the expanded construction data.

OSHA offered $3.7 million to State Plan states to increase inspection and enforcement activities at Recovery Act-funded projects. It awarded $1.6 million, and distributed $1.2 million, to 7 of the 27 State Plan states. It then de-obligated $0.4 million of the unused funds. All 7 states met the grant requirements of matching funds. However, Tennessee and New Jersey opted to return grant funds and therefore did not meet grant objectives for inspections performed. Each of the other 5 States met or exceeded the total number of inspections stated in the grant objectives.

OSHA obligated $4.3 million, of which $4.3 million had been disbursed on salaries and expenses for federal Recovery Act enforcement activities. OSHA's reporting in the

Integrated Management Information System (IMIS) and OSHA Information System (OIS[1]) reflected that OSHA surpassed its goal to increase federal Recovery Act inspections over FYs 2009, 2010, and 2011 by conducting 5,669 inspections. However, because OSHA targeted inspections using a variety of sources and did not consistently record the sources used, matching documentation to inspections recorded as Recovery Act was difficult. Thirty-five (21 percent) of the 163 Recovery Act-coded inspections we sampled did not contain documentation that supported such coding. OSHA targeted federal enforcement activity through the implementation of emphasis programs at the local and regional level. However, no outcome measures were associated with the creation of these emphasis programs. Therefore, we could not measure if the programs improved safety and health at Recovery-Act worksites. Additionally, OSHA used these funds to provide guidance to State Plan states to enhance the States' enforcement activities at Recovery Act sites. OSHA was able to demonstrate successfully it provided this guidance.

We recommended, as lessons learned, OSHA develop a framework for implementing temporarily-funded inspection programs, and identify and record the source of inspections in its information databases. Since OIG and GAO previously recommended that OSHA establish outcome measures to evaluate the impact of its enforcement efforts, we are not including such a recommendation in this report.[2]

The Assistant Secretary accepted our recommendations and agreed to develop a framework for implementing the recommendations. The Assistant Secretary also stated, "the OIG found OSHA met or exceeded its program goals and objectives to successfully provide enforcement and compliance assistance activities as outline in the Recovery Act Plan." While we did find OSHA met its goal of increased compliance assistance, construction data, and State Plan state enforcement activities, we could not verify that OSHA met its goal of increased federal inspections for Recovery Act worksites. Twenty-one percent of inspections sampled did not contain documentation to support Recovery Act coding. The Assistant Secretary's entire response is contained in Appendix D.

[1] Starting October 1, 2012, all new inspections have been recorded in OIS.
[2] OIG report 02-10-201-10-105, issued September 2010; OIG report 02-11-201-10-105 issued March 2011; and OIG report No. 01-12-202-10-105 issued September 2012. GAO report GAO-13-61, issued January 2013.

RESULTS

Objective 1 —How did OSHA spend Recovery Act funds and did it achieve its objectives for increased compliance assistance, construction data, and State Plan state enforcement activities?

OSHA spent funds as described in its Recovery Act Plan.

OSHA met its goal of increased compliance assistance, construction data and State Plan state enforcement activities. However, OSHA could not link the use of expanded construction injury and illness data to Recovery Act Inspections.

Per the Departments' DL Form 1-182[3] provided by OSHA, in FY 2009, the Department allotted OSHA $7.2 million in Recovery Act Departmental Management (DM) funds and allotted OSHA an additional $6.4 million of such funds in FY 2010. In total, OSHA received $13.6 million of Recovery Act DM funds.

As of June 8, 2012, per the published Recovery Act DOL Weekly Financial and Activity Report, OSHA had obligated $7.7 million and expended $7.2 million (see Exhibit 1). The funds were expended on the following products and activities: compliance assistance and outreach; construction industry data collection; and increased federal and State Plan state enforcement activities. OSHA planned to target enforcement resources by developing and implementing local and national emphasis programs of Recovery Act-funded and related projects and encourage State Plan states to do the same.

OSHA did not obligate the remaining $5.9 million in Recovery Act funds and the funds expired at the end of FY 2010, as directed in the Recovery Act. The reasons OSHA did not obligate these funds included delays in federal and state distribution of Recovery Act funds for projects; the low number of State Plan state programs [4] (7 out of 27) applying for Recovery Act-funded discretionary grants; two State Plan state program grant recipients returned Recovery Act grant funds; and insufficient ways for inspectors to find out when projects started resulting in inspectors arriving at worksites to find that projects were not yet underway. Finally, the funding was only available for obligation until September 30, 2010.

The amount of Recovery Act funds OSHA spent and a description of OSHA's Recovery Act goals for compliance assistance and outreach, increased construction industry data collection, and increased inspections and enforcement activities for State Plan states are discussed in the following paragraphs. OSHA's federal Recovery Act enforcement spending and goals are described in Objective 2.

[3] The DL Form 1-182 is the Request for Allotment document used at DOL. The form identifies the allotment an agency will receive and is signed by the DOL's Director of the Departmental Budget Center.
[4] Section 23(g) of the Occupational Safety and Health Act of 1970, provides for the authorization of grants to States by the Secretary of Labor to assist the states in administering and enforcing programs State health and safety programs.

Compliance Assistance and Outreach

OSHA's Recovery Act Plan stated OSHA would produce "compliance assistance and outreach materials" to provide safety and health information to workers and employers engaged in Recovery Act-funded work. OSHA's goal or measure for this activity was to produce two documents that provided safety and health information to the employers and workers on Recovery Act-funded or related projects.

In order to achieve this goal, OSHA awarded approximately $1.6 million in funding through five contracts and orders for guidance materials (see Exhibit 2). As of June 8, 2012, approximately $1.0 million was disbursed. Through these contracts, OSHA exceeded its Recovery Act goal of publishing two additional guidance documents and compliance assistance products. The majority of the outreach materials produced were in electronic format and made accessible to employers and employees through the OSHA website. Printed documents related to heat-illness/heat-stress prevention were sent directly to Regional offices for distribution.

Increased Construction Industry Data Collection

OSHA's Recovery Act Plan included a Construction Data Collection project to expand an ongoing OSHA funded survey to collect injury and illness data from approximately 20,000 construction firms. The Recovery Act Plan stated that using the results of the survey, OSHA would identify industry sectors, including individual firms, which have a greater propensity for injuries and illnesses. The Recovery Act Plan set as a target conducting 200 inspections from a list of firms OSHA identified as "high-risk."

OSHA awarded approximately $597,000 to an existing contract to collect this data (see Exhibit 2). By June 8, 2012, all $597,000 was disbursed. OSHA posted the data to OSHA's intranet for OSHA Regional staff and staff of State Plan states to use as an additional source of information to target inspections to high-risk, Recovery Act-funded construction projects.

OSHA targeted inspections using a variety of sources and did not consistently record the sources used. Therefore, matching documentation to inspections recorded as Recovery Act was difficult. As a result, we could not determine if OSHA met its goal of using the expanded construction data to target an additional 200 Recovery Act inspections. OSHA current coding and recordkeeping for inspections, including inspections of Recovery Act-funded or related worksites, does not record the data source used to target inspections.

Increased Inspections and Enforcement Activities for State Plan States

OSHA made available $3.7 million in discretionary grants to State Plan states to direct state enforcement resources to sites and industries affected by projects supported by the Recovery Act. The State Plan states were to deploy compliance officers to Recovery

Act-funded projects and related industries. Seven of the 27 State Plan states applied for and were awarded grants totaling nearly $1.6 million, of which $1.2 million was obligated and disbursed (see Exhibit 3). OSHA subsequently de-obligated the unused $0.4 million. The grant agreements included a matching fund requirement of 100 percent of grant funds awarded.

The seven State discretionary grants and amounts awarded were as follows:

- California for $765,070
- Michigan for $100,000
- Minnesota for $166,945
- New Jersey for $32,495
- New Mexico for $50,000
- Oregon for $185,979
- Tennessee for $300,000

Two states, Tennessee and New Jersey, chose to discontinue the grant soon after it was awarded. Tennessee returned $289,635 to OSHA, indicating more funds were available through the normal OSHA State Plan state funding process and decided the normal process was a more efficient use of state matching funds. New Jersey returned $19,952 to OSHA, indicating in its quarterly award summary reports that the expected number of Recovery Act projects did not materialize; therefore, fewer inspections were performed than planned. Additionally, two other states, Minnesota and New Mexico, did not use all the funds available to them, in the amounts of $43,617 and $2,065, respectively.

All seven States met the grant requirements of matching funds (the matching fund requirement was 100 percent of the grant funds disbursed), including Tennessee and New Jersey.

With the exception of Tennessee and New Jersey, as mentioned above, each of the other five States met or exceeded the total number of inspections stated in the grant objectives. For four States, California, Michigan, Minnesota, and Tennessee, we confirmed on-site the number of inspections conducted by reviewing documentation of the inspections. For the other three States, we reviewed quarterly reports the states submitted to OSHA on inspections conducted.

Objective 2 — Did OSHA achieve its objective, as described in its Recovery Act Plan, to conduct additional inspections and enforcement activities?

Documentation to match inspections recorded as Recovery Act was limited and OSHA could not measure emphasis programs impact.

OSHA did not provide consistent support for reported Recovery Act inspections and even though it established emphasis programs at the regional and local level, it did not establish a way to measure their effectiveness.

OSHA funded the additional inspection and enforcement activities with $4.3 million in Recovery Act funds allocated to spending for salaries and expenses. OSHA employees recorded the number of hours devoted to Recovery Act activities in the Department's timekeeping and payroll system. Once supervisors approved the employees' timesheets, the portion of employees' hours coded as Recovery Act were compensated using Recovery Act funds. OSHA Inspectors also identified time spent on inspections in a weekly program activity report called the OSHA 31. A Recovery Act tracking sheet noted what inspections recorded on the OSHA 31 were Recovery Act inspections.

OSHA's Recovery Act Plan identified the goal of conducting 525 and 2,200 Recovery Act inspections in FY 2009 and FY 2010, respectively. OSHA reported exceeding the goal for inspections as OSHA inspectors coded 2,237, 3,126, and 306 Recovery Act inspections for FY 2009, FY 2010, and FY 2011, respectively. However, linking documentation to inspections recorded as Recovery Act was difficult. Twenty-one percent of a sample of 163 Recovery Act inspections did not include evidence to support the designation of an inspection of a Recovery Act-funded or related worksite.

OSHA planned to target its enforcement resources through the development of Local Emphasis Programs (LEP) and Regional Emphasis Programs (REP).[5] OSHA was able to demonstrate the establishment of a total of 33 federal LEPs and REPs.

Federal Enforcement Activity – Recovery Act Inspections

OSHA's National Office provided guidance to the Regions on what inspections should be coded as Recovery Act through phone calls with the Regions and two emails addressed to OSHA Regional Directors. The first email dated June 4, 2009, directed CSHOs[6] when on site to ask, "Is this project partially or wholly ARRA funded?" It also stated, "If the SIC or NAICS[7] of any inspection opened after April 22, 2009, matches the SIC or NAICS of industries identified as a secondary support list,[8] code it as a Recovery Act inspection using the code N 02 ARRA Optional Value."[9] The second email dated August 28, 2009, provided an updated list of secondary industries that may be related to Recovery Act activity (see Exhibit 4). The guidance stated, "this list should be used as guidance for CSHOs in determining whether or not an inspection site should be coded as ARRA-related." The guidance directed CSHOs to ask the following questions at each inspection site to determine whether to code the inspection as Recovery Act:

[5] The programs implemented by a single Area Office are referred to as LEP, while those applied to all or more than one Area Offices in a Region are referred to as REP. The terms LEP and REP are used interchangeably by OSHA to mean any emphasis program that is not implemented at the national level.
[6] The formal title of OSHA inspectors is Compliance Safety and Health Officer abbreviated as CSHO.
[7] Standard Industrial Classification (SIC) was replaced by North American Industry Classification System (NAICS) in 1997. The NAICS is the standard used by federal statistical agencies in classifying business establishments for the purpose of collecting, analyzing, and publishing statistical data related to the U.S. business economy.
[8] The secondary support list included manufacturing industries that may benefit indirectly from Recovery Act funding because the manufacturer produces parts needed by a direct recipient of Recovery Act funds.
[9] Per OSHA guidance inspections identified as being partially or wholly funded with Recovery Act funds or industries related to such funded projects are to be coded in the Optional Value field as N-02-ARRA. ARRA is used in this code to mean American Recovery and Reinvestment Act of 2009 (ARRA).

- Does this product supply an Recovery Act-funded site?
- Does it make sense to be included?

We tested a statistical sample of 163 randomly selected inspections coded as Recovery Act in IMIS and OIS to determine if the coding was supported. Linking documentation to inspections recorded as Recovery Act was difficult and supporting documentation was inconsistent. We found 39 sample inspections (24 percent) included supporting documentation identifying the inspection worksite as Recovery Act-funded or Recovery Act-related. The only support for 89 sample inspections (55 percent) coded as Recovery Act was the worksites' SIC or NAICS code was on the list of OSHA-provided secondary industries. Finally, we identified 35 sample inspections (21 percent), for which there was no evidence to support these inspections were conducted for Recovery Act-funded or Recovery Act-related worksites.

Federal Enforcement Activities – Targeting Inspections

The OSHA Recovery Act Plan[10] under Major Planned Program Milestones identified LEPs as a way to target enforcement efforts to Recovery Act-funded or related projects to workplaces or industries OSHA considered high risk for worker safety.

OSHA staff in OSHA Regional Offices and Areas Offices developed and implemented a total of 33 LEPs and REPs (see Exhibit 5). However, we could not evaluate the impact LEPs and REPs had on improving worksite safety and health conditions at Recovery Act-funded or related worksites as OSHA did not establish a baseline to evaluate LEP and REP effectiveness. Recent OIG and GAO audits have found that the highest risk industries and worksites were not always targeted and inspected and OSHA lacked outcome-based performance metrics to measure and demonstrate the causal effect of its Federal programs or the 27 state run worker safety and health programs.[11]

Enhance and Target Recovery Act Sites in State Plan States

OSHA provided guidance to the State Plan states for enforcement efforts related to worksites and industries affected by the Recovery Act. For example, OSHA shared Recovery Act specific University of Tennessee Dodge Reports;[12] and the SIC and/or NAICS manufacturing codes for industries that may be related to Recovery Act activity (See Exhibit 4). The State Plan states reviewed indicated that they normally performed inspections independent of federal OSHA, and they developed their own policies and procedures for targeting Recovery Act inspections.

[10] The OSHA Recovery Act Plan was created following guidance provided in OMB Memorandum 09-15, "Updated Implementation Guidance for the American Recovery and Reinvestment Act of 2009", dated April 3, 2009, and found here: http://www.recovery.gov/About/Documents/m09-15_April3.pdf.
[11] Since prior OIG and GAO reports recommend OSHA develop outcome measures to evaluate the effectiveness of its enforcement efforts, we did not include such a recommendation in this report.
[12] The University of Tennessee Dodge Report database provides selected information on construction worksites from which OSHA can identify potential inspections.

RECOMMENDATIONS

We recommend the Assistant Secretary for Occupational Safety and Health:

(1) Develop and provide a clearly defined framework for implementing a temporarily funded inspection program. The process should specify the criteria and supporting documentation necessary for the program.

(2) Ensure the origin of all inspections, including those temporarily funded, is documented, and that this data is captured in OIS.

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Exhibits

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Exhibit 1

OSHA Spending by Activity

Recovery Act Award Type	Description	Total Obligations	Total Disbursements
Contracts and Orders	Eastern Research Group	$ 597,880	$ 597,880
Contracts and Orders	Eastern Research Group	643,998	460,075
Contracts and Orders	Eastern Research Group	279,988	140,126
Contracts and Orders	Eastern Research Group	400,000	226,922
Contracts and Orders	Cloudburst Consulting Group	29,712	16,537
Contracts and Orders	Oppix Productions Incorporated	200,000	200,000
Contracts and Orders Subtotal		*$ 2,151,578*	*$ 1,641,540*
Discretionary Grant	CA-California	765,070	765,070
Discretionary Grant	MI-Michigan	100,000	100,000
Discretionary Grant	MN-Minnesota	123,328	123,328
Discretionary Grant	NJ-New Jersey	12,543	12,543
Discretionary Grant	NM-New Mexico	47,935	47,935
Discretionary Grant	OR-Oregon	185,979	185,979
Discretionary Grant	TN-Tennessee	10,364	10,364
Discretionary Grant Subtotal		*$ 1,245,219*	*$ 1,245,219*
Salaries and Expenses	Salaries and Expenses	4,331,715	4,327,685
Other Subtotal		*$ 4,331,715*	*$ 4,327,685*
Totals		**$ 7,728,512**	**$ 7,214,444**

Data source: DOL’s New Core Financial Management System (NCFMS) for Fund Code 04000910BD.

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Exhibit 2

OSHA Contracts and Orders

Contractor	Task Order Number	Funds Obligated	Funds Disbursed	Products Produced
Eastern Research Group	DOLU109F31044 DOLU109F31096 DOLU109F31691	$279,988	$140,126	• Guidance for Employers and Public Health Community on Workplace Accidents – OSHA 170 Forms Revision • Several guidance documents were produced with funds allocated to this task. The guidance documents can be found on the OSHA public network drive at Q:/direct/standards/TO #97 Combustible Dust, hard copies can are available upon request. • The contractor contributed to the development of two documents: 'Ergonomics for the Prevention of Musculoskeletal Disorders-Draft Guidelines for Foundries' and its accompanying 'shadow' document listing all the references and sources for the guidance. These documents are 'internal drafts' and can be found on the OSHA shared network at: Q:/direct/standards/TO #95 Guidelines for Foundries, hard copies are also available, upon request.
Eastern Research Group	DOLB099F28866	597,880	597,880	Contractor collected and processed work-related injury and illness data from approximately 20,000 construction firms. This data was then made available on the OSHA intranet for Regions and State Plan states as an additional source of information to target inspections.
Eastern Research Group	DOLU109F31226	400,000	226,922	Contractor prepared the Cranes and Derricks Compliance Directive and the Field Operations

Contractor	Task Order Number	Funds Obligated	Funds Disbursed	Products Produced
				Manual (FOM) Construction Section of Chapter 10.
Eastern Research Group	DOLB109F31225	643,998	460,075	Contractor provided assistance in developing several guidance documents: • http://www.osha.gov/SLTC/heatillness/index.html • http://www.osha.gov/SLTC/heatillness/heat_index/heat_app.html • http://www.osha.gov/SLTC/heatstress/index.html • http://www.osha.gov/dts/vtools/construction.html
Cloudburst Consulting Group	DOLB109F31098	29,712	16,537	Nanomaterials Safe Handling and Practices Guidelines for Laboratory/R&D Workplaces
Oppix Productions Incorporated	DOLB109F31099	200,000	200,000	The primary product (video) that this task order funded can be found at: https://www.osha.gov/video/respiratory_protection/construction.html
Total Funds		$2,151,578	$1,641,540	

Data source: Office of Science and Technology Assessment, Directorate of Standards and Guidance, and Directorate of Construction.

Exhibit 3

OSHA Discretionary Grant Funding

State Plan State	Grant Amount	Total Federal Funds Disbursed	Matching Funds	Total Funds
California	$ 765,070	$ 765,070	$ 765,070	$ 1,530.140
Michigan	100,000	100,000	100,000	200,000
Minnesota	166,945	123,327	123,327	246,654
New Jersey	32,495	12,543	12,543	25,086
New Mexico	50,000	47,934	47,934	95,868
Oregon	185,979	185,979	185,979	371,958
Tennessee	300,000	10,364	10,364	20,728
Totals	**$ 1,600,489**	**$ 1,245,217**	**$ 1,245,217**	**$ 2,490,434**

Source: Grant Closeout packages provided by OSHA and the DOL's Recovery Act Financial and Activity Report as of June 8, 2012.

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Exhibit 4

Manufacturing Industries Related to Recovery Act Activity by SIC and NAICS Codes

Concrete Pipe:
SIC 3272 Concrete Products, Except Block and Brick
NAICS 327332 Concrete Pipe Manufacturing

Cast Iron Pipe:
SIC 3321 Gray and Ductile Iron Foundries
SIC 3498 Fabricated Pipe and Pipe Fittings
NAICS 331511 Iron Foundries

I-Beams:
SIC 3312 Steel Works, Blast Furnaces (Including Coke Ovens), and Rolling Mills
SIC 3441 Fabricated Structural Metal
SIC 3446 Architectural and Ornamental Metal Work
SIC 3449 Miscellaneous Structural Metal Work
NAICS 332312 Fabricated Structural Steel Metal Manufacturing

Rivets:
SIC 3452 Bolts, Nuts, Screws, Rivets, and Washers
NAICS 332722 Bolt, Nut, Screw, Rivet, and Washer Manufacturing

Foundries:
SIC 3321 Gray and Ductile Iron Foundries
SIC 3322 Malleable Iron Foundries
SIC 3325 Steel Foundries, Not Elsewhere Classified
SIC 3365 Aluminum Foundries
SIC 3366 Copper Foundries
SIC 3369 Nonferrous Foundries, Except Aluminum and Copper
NAICS 3315 Foundries
NAICS 331528 Other Nonferrous Foundries (except Die-Casting)
NAICS 331524 Aluminum Foundries (except Die-Casting)
NAICS 331525 Copper Foundries (except Die-Casting)
NAICS 331521 Aluminum Die-Casting Foundries
NAICS 331522 Nonferrous (except Aluminum) Die-Casting Foundries
NAICS 331511 Iron Foundries
NAICS 331513 Steel Foundries (except Investment)
NAICS 331512 Steel Investment Foundries

Metal Powder:
SIC 2819 Industrial Inorganic Chemicals, Not Elsewhere Classified
SIC 2892 Explosives
SIC 2899 Chemicals and Chemical Preparations, Not Elsewhere Classified
SIC 3313 Electrometallurgical Products, Except Steel
SIC 3399 Primary Metal Products, Not Elsewhere Classified
SIC 3499 Fabricated Metal Products, Not Elsewhere Classified

SIC 5169 Chemicals and Allied Products, Not Elsewhere Classified
NAICS 331314 Secondary Smelting and Alloying of Aluminum
NAICS 331423 Secondary Smelting, Refining, and Alloying of Copper
NAICS 331221 Rolled Steel Shape Manufacturing
NAICS 331492 Secondary Smelting, Refining, and Alloying of Nonferrous Metal (except Copper and Aluminum)

Windows:
SIC 2431 Millwork
SIC 3442 Metal Doors, Sash, Frames, Molding, and Trim Manufacturing
SIC 5031 Lumber, Plywood, Millwork, and Wood Panels
NAICS 326199 All Other Plastics Product Manufacturing
NAICS 321911 Wood Window and Door Manufacturing
NAICS 332321 Metal Window and Door Manufacturing
NAICS 327215 Glass Product Manufacturing Made of Purchased Glass

Doors:
SIC 2421 Sawmills and Planing Mills, General
SIC 2431 Millwork
SIC 2675 Die-Cut Paper and Paperboard and Cardboard
SIC 3441 Fabricated Structural Metal
SIC 3442 Metal Doors, Sash, Frames, Molding, and Trim Manufacturing
SIC 3499 Fabricated Metal Products, Not Elsewhere Classified
NAICS 326199 All Other Plastics Product Manufacturing
NAICS 321911 Wood Window and Door Manufacturing
NAICS 332321 Metal Window and Door Manufacturing
NAICS 332999 All Other Miscellaneous Fabricated Metal Product Manufacturing
NAICS 327215 Glass Product Manufacturing Made of Purchased Glass

Industrial Coatings:
SIC 2851 Paints, Varnishes, Lacquers, enamels, and Allied Products
SIC 3479 Coating, Engraving, and Allied Services, Not Elsewhere Classified
NAICS 332812 Metal Coating, Engraving (except Jewelry and Silverware), and Allied Services to Manufacturers
NAICS 325510 Paint and Coating Manufacturing

Cable & Wire:
SIC 3315 Steel Wiredrawing and Steel Nails and Spikes
SIC 3355 Aluminum Rolling and Drawing, Not Elsewhere Classified
SIC 3357 Drawing and Insulating of Nonferrous Wire
SIC 3496 Miscellaneous Fabricated Wire Products

SIC 3499 Fabricated Metal Products, Not Elsewhere Classified
NAICS 331422 Copper Wire (except Mechanical) Drawing
NAICS 331222 Steel Wire Drawing
NAICS 332618 Other Fabricated Wire Product Manufacturing

Insulation:
SIC 2493 Reconstituted Wood Products
SIC 2621 Paper Mills
SIC 2679 Converted Paper and Paperboard Products, Not Elsewhere Classified
SIC 3086 Plastics Foam Products
SIC 3292 Asbestos Products
SIC 3296 Mineral Wool
NAICS 326150 Urethane and Other Foam Product (except Polystyrene) Manufacturing
NAICS 326140 Polystyrene Foam Product Manufacturing
NAICS 321219 Reconstituted Wood Product Manufacturing

Energy-Saving Lights:
SIC 3629 Electrical Industrial Apparatus, Not Elsewhere Classified
SIC 3641Electric Lamp Bulbs and Tubes
SIC 3646 Commercial, Industrial, and Institutional Electric Lighting Fixtures
NAICS 335110 Electric Lamp Bulb and Part Manufacturing
NAICS 335122 Commercial, Industrial, and Institutional Electric Lighting Fixture Manufacturing

Solar Panels:
SIC 3674 Semiconductors and Related Devices
NAICS 334413 Semiconductor and Related Device Manufacturing

Photovoltaic & Rechargeable Batteries:
SIC 3691 Storage Batteries
SIC 3692 Primary Batteries, Dry and Wet
NAICS 335911 Storage Battery Manufacturing
NAICS 335912 Primary Battery Manufacturing

Pumps & Valves:
SIC 3492 Fluid Power Valves and Hose Fittings
SIC 3561 Pumps and Pumping Equipment
SIC 3563 Air and Gas Compressors
SIC 3586 Measuring and Dispensing Pumps
SIC 3594 Fluid Power Pumps and Motors
NAICS 333911 Pump and Pumping Equipment Manufacturing
NAICS 333996 Fluid Power Pump and Motor Manufacturing
NAICS 333913 Measuring and Dispensing Pump Manufacturing

	NAICS 333912 Air and Gas Compressor Manufacturing
Wind Power:	SIC 3511 Steam, Gas, and Hydraulic Turbines, and Turbine Generator Set Units SIC 3523 Farm Machinery and Equipment NAICS 333611 Turbine and Turbine Generator Set Units Manufacturing NAICS 333111 Farm Machinery and Equipment Manufacturing
Fiber Optics:	SIC 3357 Drawing and Insulating of Nonferrous Wire SIC 3999 Manufacturing Industries, Not Elsewhere Classified NAICS 335921 Fiber Optic Cable Manufacturing NAICS 334417 Electronic Connector Manufacturing
Heavy Equipment:	SIC 3443 Fabricated Plate Work (Boiler Shops) SIC 3531 Construction Machinery and Equipment SIC 3532 Mining Machinery and Equipment, Except Oil and Gas Field Machinery and Equipment NAICS 336120 Heavy Duty Truck Manufacturing NAICS 333120 Construction Machinery Manufacturing
Concrete:	SIC 3271 Concrete Block and Brick SIC 3272 Concrete Products, Except Block and Brick NAICS 327320 Ready-Mix Concrete Manufacturing NAICS 327331 Concrete Block and Brick Manufacturing NAICS 327390 Other Concrete Product Manufacturing NAICS 327999 All Other Miscellaneous Nonmetallic Mineral Product Manufacturing
Rebar:	SIC 3312 Steel Works, Blast Furnaces (Including Coke Ovens), and Rolling Mills SIC 3441 Fabricated Structural Metal SIC 3449 Miscellaneous Structural Metal Work NAICS 332312 Fabricated Structural Metal Manufacturing
Scrap Metal Recycling & Battery Breaking:	SIC 5093 Scrap and Waste Materials NAICS 423930 Recyclable Material Merchant Wholesalers
Demolition Material Hauling:	SIC 4953 Refuse Systems

	NAICS 562111 Solid Waste Collection NAICS 562112 Hazardous Waste Collection
Asphalt	SIC 1611 Asphalt paving; roads, public sidewalks, and streets contractors SIC 2951 Asphalt Paving Mixtures and Blocks Manufacturing NAICS 237310 Highway, Street, and Bridge Construction NAICS 324121 Asphalt Paving Mixture and Block Manufacturing

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Exhibit 5
OSHA Listing of Recovery Act-Related Local Emphasis Programs and Regional Emphasis Programs

Summary of OSHA Recovery Act-related LEPs and REPs			
Fiscal Year	Region	Description	Summary
2012	IV	Inspection of Stimulus Funded Construction Activities-Region-wide	The FY 2012 LEP evaluation summary has not been completed as we are currently in FY 2012. Evaluations are completed in November of the following FY.
2011	IV	Inspection of Stimulus Funded Construction Activities-Region-wide	For FY 2011, the area offices conducted 24 inspections under the REP. These inspections identified 40 violations with a total penalty assessed of $21,216. The average VPI was 2 and 37.5% of the violations were cited as serious. As construction continues to be funded under the American Recovery & Reinvestment Act of 2009, this program will continue in FY 2012.
2011	VII	Inspection of Stimulus Funded Construction Activities- ARRA-Wichita	No inspections were conducted under this LEP in FY 2011. The LEP will not continue in FY 2012.
2011	VII	Inspection of Stimulus Funded Construction Activities – ARRA- St. Louis	No inspections were conducted under this LEP in FY 2011. The LEP will not continue in FY 2012.
2011	VII	Inspection of Stimulus Funded Construction Activities – ARRA- Kansas City	The Area Office did not open any inspections under this LEP in FY 2011. This LEP was not renewed for FY 2012.
2011	VII	Bridge Construction ARRA – Omaha	No inspections were conducted for this LEP during FY 2011. This LEP will not continue in FY 2012.
2010	II	Heavy Highway and Bridge Construction and Maintenance-Region-wide	In FY 2010, the area offices attempted 82 inspections, with 71 inspections, covering 746 workers, being conducted. A total of 128 serious, willful, repeat or failure- to- abate violations/notices were issued. The VPI was 2.0. The total penalties assessed were $520,430. This program will continue in FY 2011

Summary of OSHA Recovery Act-related LEPs and REPs			
Fiscal Year	Region	Description	Summary
2010	III	Stimulus Funded Construction Activities ARRA Other than Bridge Work and Road Work-zone-Region-wide	In FY 2010, 156 inspections were conducted, covering 7,065 employees. One hundred forty inspections were in compliance. The total amount of penalties assessed was $69,485 and 70.3% of the violations were cited as serious. The average VPI was 0.5. This LEP will not be continued in FY 2011.
2010	III	American Recovery and Reconstruction Act for Bridge Construction and Maintenance-Region-wide	In FY 2010, the Area Offices conducted 23 inspections and assessed $22,875 in total penalties. The inspections covered 302 employees and 62.6% of the violations cited were serious. The average VPI was 0.5. This LEP will not be continued in FY 2011.
2010	IV	Stimulus Funded Construction Activities - Region-wide	For FY 2010, the area offices conducted 173 inspections under the REP. These inspections identified 255 violations with a total penalty assessed of $436,803. As construction continues to be funded under the American Recovery & Reinvestment Act of 2009, this program will continue in FY 2011.
2010	V	ARRA Construction at Federal Facilities - Wisconsin Offices	In FY 2010, nine inspections were conducted in which hazards were identified in eight of them. Eighty percent of the violations were serious. This LEP has a positive impact on contractors involved in construction projects at Federal sites by heightening contractors' awareness of the program, potential hazards, and methods to eliminate them. However, this LEP will not continue in FY 2011.
2010	V	ARRA Roadways, Bridges, Airport Runways and Terminals - Region-wide	In FY 2010, 35 inspections were conducted with 71.4% of the violations cited as serious. This LEP will not continue in FY 2011.
2010	V	ARRA Construction at Federal Facilities - Illinois Offices	In FY 2010, four inspections were conducted with 83.3% of the violations issued as serious. This LEP will not continue in FY 2011.
2010	VII	Bridge Construction ARRA - Omaha, Nebraska	The Area Office attempted two inspections. One was in-compliance and the other resulted in the issuance of serious violations. Twenty five employees were covered and three

Summary of OSHA Recovery Act-related LEPs and REPs			
Fiscal Year	Region	Description	Summary
			workers were removed from the hazard. Both violations related to respirator hazards relative to potential silica exposure. Most of the sites had limited activity when they were visited. Based on the one (non-incompliance) inspection conducted and based on the fatalities in SIC 1611, it is recommended that the program be continued in FY 2011.
2010	VII	Stimulus Funded Construction ARRA - St. Louis, Missouri	No inspections were conducted under this LEP in FY 2010. The LEP is currently in effect and will be evaluated in FY 2011.
2010	VII	Stimulus Funded Construction Activities ARRA - Wichita, Kansas	In FY 2010, 58 inspections were conducted, covering 380 employees. One hundred three employees were removed from hazardous conditions and 93% of violations were issued as serious. The total amount of penalties assessed was $35,530 with an average VPI of 1.2. This LEP will continue in FY 2011.
2010	VIII	Work Zone Safety - Region-wide	In FY 2010, there were 72 inspections. The REP covered 553 employees and resulted $107,588 in penalties issued. The VPI was 1.7. This highly successful REP will be continued in FY 2011.
2010	VIII	ARRA Construction Activities Region-wide	During 2010, 64 inspections were conducted covering 801 employees and resulted in $97,412 in penalties. This LEP had some impact but was duplicative and the targeting system never was refined to identify construction sites that were receiving stimulus funds. This LEP will not continue in FY 2011.
2010	IX	Inspections of Stimulus Funded Activities - Region-wide	OSHA conducted 14 inspections under this LEP, covering 416 employees, assessing a total of $37,283 in penalties assessed. Seventy-two percent of the violations were cited as serious. This LEP will not be continued in FY 2011.
2010	X	Construction Sites Funded by the American Recovery and Reinvestment Act - Boise, Idaho	OSHA conducted 14 inspections under this LEP, covering 416 employees, assessing a total of $37,283 in penalties assessed. Seventy-two percent of the violations were cited as serious. This LEP will not be continued in FY 2011.

Summary of OSHA Recovery Act-related LEPs and REPs			
Fiscal Year	Region	Description	Summary
2009	II	Fall Hazards in Construction (added ARRA targeting language)	No ARRA specific results provided.
2009	II	Heavy Highway and Bridge Construction and Maintenance (added ARRA targeting language)	No ARRA specific results provided.
2009	II	Gut Rehabilitation and Demolition(added ARRA targeting language)	No ARRA specific results provided.
2009	II	Construction Worksites - Local Targeting (added ARRA targeting language)	No ARRA specific results provided.
2009	II	Local Implementation of Lead NEP(added ARRA targeting language)	No ARRA specific results provided.
2009	II	Local Implementation of NEP - Crystalline Silica (added ARRA targeting language)	No ARRA specific results provided.
2009	III	Stimulus Funded Construction Activities (ARRA) Other than Bridge Work and Road Work-zone - Region-wide	In FY 2009, 17 inspections were conducted, covering 105 employees. All of the inspections were in compliance. It is the opinion of the Philadelphia Regional Office that this REP did not meet its goal. Although the program has a lot of potential, the system used to target these types of inspections proved less than effective. Although the targeting was less than effective, the REP does have the potential to protect workers from hazards associated with construction and will be continued in FY 2010.
2009	III	American Recovery and Reconstruction Act for Bridge Construction and Maintenance - Region-wide	In FY 2009, the Area Offices conducted 29 inspections and assessed $26,892 in total penalties. The inspections covered 1,737 employees and 5.5% of the violations cited were serious. The average VPI was 4.9. It was the consensus throughout the area offices that employers are aware of OSHA's focus on bridge

Summary of OSHA Recovery Act-related LEPs and REPs			
Fiscal Year	Region	Description	Summary
			safety and are enforcing safety and health rules. Despite the fact that the targeting information provided to the area offices proved to be highly inaccurate, this REP will continue in FY 2010 as bridge construction and maintenance related hazards continue to be a leading cause of fatalities.
2009	VII	Bridge Construction ARRA - Omaha, Nebraska	In FY 2009, most of the sites inspected had only limited activity. There was only an “in-compliance” inspection conducted, and it covered 31 workers. In the attempt to visit the programmed sites, other related ARRA construction sites were identified. Five such inspections were attempted, and four were conducted. Of these four inspections, serious violations were identified on each of them. In total, there were six employees removed from hazards. The VPI was 1.5. Based on the four related inspections and on the Agency’s emphasis on ARRA sites, this program continue in FY 2010.
2009	VII	Stimulus Funded Construction ARRA - St. Louis, Missouri	No inspections were conducted under this LEP in FY 2009. The LEP is currently in effect and will be evaluated in FY 2010.
2009	VII	Stimulus Funded Construction Activities ARRA - Wichita, Kansas	In FY 2009, 10 inspections were conducted, covering 12 employees. The total amount of penalties assessed was $4,000 with an average VPI of 0.1. This LEP will continue in FY 2010.
2009	VII	Stimulus Funded Construction ARRA - Kansas City, Missouri	No inspections were conducted under this LEP in FY 2009. The LEP is currently in effect and will be evaluated in FY 2010.
2009	IX	Inspections of Stimulus Funded Activities - Region-wide	OSHA conducted four inspections under this LEP, covering 51 employees, assessing a total of $1,650 in initial penalties. Forty percent of the violations were cited as serious. Due to the nature of the work and the anticipated number of sites, it is recommended that this LEP be continued in FY 2010.

Source: OSHA Directorate of Enforcement Programs

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Appendices

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Appendix A

Background

The Recovery Act (P.L. 111-5) was signed into law on February 17, 2009. The Recovery Act provided the DOL with more than $40 billion to, among other things, increase employment and training opportunities for those most impacted by the recession.

The Recovery Act was enacted as a direct response to the economic crisis and had 3 immediate goals: 1) create new jobs and save existing ones, 2) spur economic activity and invest in long-term growth, and 3) foster unprecedented levels of accountability and transparency in government spending to ensure the public can see how their tax dollars were spent and to see if recipients of these dollars delivered programmatic results. The Act initially provided $787 billion for these goals. This amount later increased to $840 billion.

The Recovery Act designated $80 million for Department Management (DM) purposes. DM funding was to be used for the enforcement of worker protection laws and regulations, oversight, and encouraging collaboration between the public workforce investment system and other agencies that received Recovery Act funds for infrastructure projects. The Recovery Act required the Department to submit an operating plan to Congress explaining its planned use for $80 million, which, according to the Recovery Act, should have been obligated by September 30, 2010. The Department's initial operating plan for the use of $80 million in DM funds included transferring approximately $13.6 million to OSHA for enhanced inspection and enforcement activities.

With the Occupational Safety and Health Act of 1970, Congress created OSHA to establish and enforce workplace standards that protect workers' rights and ensure that employers act responsibly to provide workplaces that are free from known dangers that can hurt workers. OSHA protected worker safety and health at projects funded under the Recovery Act through targeted enforcement, and construction data collection. OSHA also worked with federally-approved State Plans to enhance their enforcement efforts at Recovery Act-funded projects and produced compliance assistance and outreach materials that provided compliance assistance and safety and health information to workers and employers engaged in Recovery Act work. OSHA, as required by OMB, developed a Recovery Act plan that described how the agency would use the DM funds to carry out its enforcement, standard setting, and training and outreach responsibilities and enforcement activities.

According to OSHA's Recovery Act Plan, the agency intended to use the additional funds to increase inspections by 2,725 during the life of the funds. OSHA anticipated these inspections in connection with Recovery Act-funded construction, transportation, and related projects. To direct enforcement activity to Recovery Act-funded projects, OSHA stated that it planned to develop and implement local and national emphasis programs targeting Recovery Act-funded projects. In order to accomplish these additional inspections, OSHA planned to utilize existing experienced inspectors to conduct inspections using salaries and expenses funds that would equal 76 full-time equivalent (FTE) staff. Later OSHA revised that estimate to the equivalent of 43 FTE.

Local Emphasis Programs (LEP) are enforcement strategies designed and implemented at the Regional Office and/or Area Office levels. These programs are intended to address hazards or industries that pose a particular risk to workers in the Office's jurisdiction.

The emphasis programs may be implemented by a single Area Office or at the Regional level (Regional Emphasis Programs) and applied to all of the Area Offices within the Region. Often times, these LEPs will be accompanied by outreach intended to make employers in the area aware of the program as well as the hazards that the programs are designed to reduce or eliminate. This outreach may be in the form of informational mailings, training at local tradeshows, or speeches at meetings of industry groups or labor organizations.

Appendix B

Objectives, Scope, Methodology, and Criteria

Objective

The audit objectives were to answer the following questions:

(1) How did OSHA spend Recovery Act funds and did it achieve its objectives for increased compliance assistance, construction data, and State Plan state enforcement activities?

(2) Did OSHA achieve its objective, as described in its Recovery Act Plan, to conduct additional inspections and enforcement activities?

Scope

Our performance audit period was from February 17, 2009, the enactment of the Recovery Act, through September 30, 2011, and included all Recovery Act-related OSHA activity at the National Office, Regional Offices, and State Plan states funded with Recovery Act discretionary grants.

Our performance audit was not designed to, and we did not, perform a financial audit of the amounts obligated or expended by OSHA.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Methodology

In planning and performing our audit, we considered OSHA's internal controls that were relevant to our audit objectives. We confirmed our understanding of these controls through interviews and reviews of policies and procedures. Our consideration of internal controls relevant to our audit objectives would not necessarily disclose all matters that might be significant deficiencies. Because of inherent limitations in internal controls, noncompliance may nevertheless occur and not be detected.

We conducted structured interviews with officials at OSHA, OSHA Regional Offices, and State Plan states to understand the internal controls, processes, systems and procedures used to capture, compile, analyze and measure the impact of Recovery Act funding. We reviewed budgets and sub-ledgers for FYs 2008 through 2011 to confirm the amount of Recovery Act funding allotted to and obligated by OSHA. We obtained and reviewed documentation, including evaluation summaries, for Local and Regional Emphasis Programs established under the Recovery Act.

We identified six OSHA Recovery Act contracts in the New Core Financial Management System (NCFMS), totaling approximately $2.1 million, and tested all six contracts to determine the contract was awarded during the period Recovery Act funds were available, included the required Recovery Act disclosures, documented relevance to or support for being funded through the Recovery Act, and matched records in NCFMS to OSHA vouchers supporting the disbursement of funds.

We reviewed grant records for the seven grants issued totaling approximately $1.6 million. We tested all seven grants closeout packages for timely submission of Federal Status Report Forms, inclusion of signed grant agreements, and certification for Recovery Act reporting. On a sample basis we selected and visited four State Plan states. We performed structured interviews with the officials and reviewed support for the grant objectives.

We selected a statistical sample of 163 Recovery Act-coded inspections. The 163 inspections covered all ten OSHA Regional offices. The sample came from the provided OSHA's Integrated Management Information System (IMIS) and the OSHA Information System (OIS) for the Recovery Act optional value and was pulled from calendar year data covering 2009 through 2011, which included FY 2009, FY 2010, and FY 2011. For all sampled items, we tested inspection report supporting documentation in the form of the OSHA 1, OSHA 1A, and OSHA 31. Based upon these tests and assessments, we concluded the data was sufficiently reliable to be used in meeting the objectives.

Criteria

We used the following to perform the audit:

- American Recovery and Reinvestment Act of 2009;
- OMB Memorandum 09-15, Updated Implementing Guidance for the American Recovery and Reinvestment Act of 2009, April 3, 2009
- OSHA Recovery Act Plan

Appendix C

Acronyms and Abbreviations

ARRA	American Recovery and Reinvestment Act of 2009
CPA	Certified Public Accountant
DM	Departmental Management
DOL	Department of Labor
ETA	Employment and Training Administration
FTE	Full Time Equivalent
FY	Fiscal Year
GAGAS	Generally Accepted Governmental Accounting Standards
IMIS	Integrated Management Information System
LEP	Local Emphasis Program
NAICS	North American Industry Classification System
NEP	National Emphasis Program
OIG	Office of Inspector General
OIS	OSHA Information System
OMB	Office of Management and Budget
OSHA	Occupational Safety and Health Administration
P.A.	Professional Association
P.L.	Public Law
Recovery Act	American Recovery and Reinvestment Act of 2009
REP	Regional Emphasis Program
S&E	Salaries and Expenses
SIC	Standard Industry Classification
VPI	Violations per Inspection

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Appendix D

OSHA Response to Draft Report

U.S. Department of Labor

Assistant Secretary for
Occupational Safety and Health
Washington, D.C. 20210

JUN 28 2013

MEMORANDUM FOR: ELLIOT P. LEWIS
Assistant Inspector General for Audit

FROM: DAVID MICHAELS, PhD, MPH

SUBJECT: Response to OIG's Draft Audit Report #18-13-004-10-105
"Recovery Act: OSHA's Activities Under the Recovery Act"

This memorandum is in response to your May 17, 2013 transmittal of the Office of Inspector General (OIG) Audit Report No. 18-13-004-10-105, "Recovery Act: OSHA's Activities Under the Recovery Act." We appreciate the opportunity to respond to the findings and recommendations of the OIG. As more fully discussed below, management accepts the report's two recommendations.

Additionally, we appreciate that the OIG was responsive to some of the Agency's concerns with earlier characterizations of OSHA's management of American Recovery and Reinvestment Act of 2009 (Recovery Act) funds and the incorporation of a number of our earlier comments intended to improve accuracy, including that:

- the OIG acknowledged that OSHA did spend Recovery Act funds as outlined in its Recovery Act Plan
- the OIG found OSHA met or exceeded its program goals and objectives to successfully provide enforcement and compliance assistance activities as outlined in the Recovery Act Plan
- the OIG clarified that there were issues in the identification of Recovery Act inspections due to inconsistent documentation/recordkeeping processes used by OSHA

OSHA would like to provide additional information associated with the Recovery Act funding and implementation. The passage of this legislation was an unprecedented action created to stimulate economic growth in response to the financial crisis which impacted the country in 2009. OSHA's role was to ensure that worker protection laws were enforced as recovery infrastructure investments were carried out. The temporary funding and the associated program work directed to OSHA were under a unique set of circumstances for which the Agency had no prior experience. OSHA received $13.6 million in transferred funding from the Department under the Recovery Act to be used in Fiscal Years (FY) 2009 and FY 2010 for enforcement and outreach activities at worksites that had received Recovery Act funds. Despite the uncertainty, then eventual delays in Federal and State government distribution of funding to Recovery Act construction projects, OSHA developed an initial Operating Plan outlining a series of output measures for enforcement inspection activity at these jobsites and the development of safety and health compliance assistance and outreach products. OSHA also developed several new Local and Regional Emphasis Programs (LEPs/REPs) which were enacted nationwide to address Recovery Act related activity.

Despite the very challenging circumstances, OSHA believes the Agency complied with all parameters established in the Recovery Act and Agency Operating Plans to ensure the safety and health of workers engaging in Recovery Act related activities. The primary difference between the OIG findings and OSHA's view is largely a matter of interpretation of the requirements of the Recovery Act implementation. For instance, the OIG found that OSHA lacked specific criteria and supporting documentation for a temporarily funded program activity. As a result OIG had difficulty linking certain program activities, specifically federal enforcement inspections, as conducted by the Agency under the Recovery Act. OSHA used long-standing methods for selection of inspection jobsites and documenting inspections. Enhanced documentation procedures may have been useful; however, the circumstances surrounding the distribution of the Recovery Act funding and associated work did not allow the opportunity to develop new tracking and documentation processes. Despite the difficulty in linking documentation to verify Recovery Act inspections, the OIG notes that reports obtained from OSHA data management systems (Integrated Management Information System and OSHA Information System) reflect that the Agency surpassed its goal to increase federal Recovery Act inspections over FYs 2009, 2010, and 2011.

Additionally, the report states that OSHA did not establish a baseline to evaluate the effectiveness of LEPs and REPs. OSHA agrees that data on the effectiveness of any programmatic effort is valuable; however, evaluating effectiveness and results is complex, requiring definition of outcomes, follow-up inspection activity and data analysis/interpretation. This type of effort was not anticipated nor were resources allotted for this short-term, rapidly executed endeavor. The focus was to increase safety and health enforcement and compliance assistance program activities at Recovery Act funded worksites to assure workers were protected. As previously stated, the Agency established output measures to ensure targets were set to accomplish these activities and the OIG acknowledged in the audit report that OSHA met or exceeded its program goals of increased enforcement and compliance assistance activities.

OSHA's responses to the OIG audit recommendations are provided below:

Recommendation 1: Develop and provide a clearly defined framework for implementing a temporarily funded inspection program. The process should specify the criteria and supporting documentation necessary for the program.

OSHA Response: Management accepts this recommendation. As part of the lessons learned, OSHA will develop a framework for implementing temporarily funded inspection programs which includes better tracking and documentation of program activities.

Recommendation 2: Ensure the origin of all inspections, including those temporarily funded, is documented, and that this data is captured in OIS.

OSHA Response: Management accepts this recommendation. As stated in Recommendation 1, OSHA will develop a framework for implementation of future temporarily funded programs which includes documentation of program activities. OSHA is currently developing processes to ensure that the origin/source of all inspections is captured in the OSHA Information System (OIS) and has made significant changes in OIS that allow the Agency to more precisely define inspection activities.

Again, OSHA believes despite the challenging issues surrounding implementation of a very unprecedented law; the Agency fulfilled its role in support of the Recovery Act by developing effective enforcement and compliance assistance program activities to assure the safety and health of our nation's workers involved in Recovery Act related activities.

We appreciate the opportunity to provide input and look forward to the continued collaboration with your office. If you have any questions or comments, please contact me at (202) 693-2000.

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