

U.S. Department of Labor Office of Inspector General

2010 Recovery Plan

Overview

OIG Name:	U.S. Department of Labor Office of Inspector General
OIG Broad Recovery Act Goals:	<p>OIG's goals for oversight of DOL's use of ARRA funds are to:</p> <ol style="list-style-type: none"> 1. Implement an audit plan to ensure DOL and its agencies: <ul style="list-style-type: none"> • Adequately plan for administration and oversight of ARRA funds; • Award grants and contracts based on merit and evidence of responsible spending; • Report in a timely and transparent manner on recipients' performance; • Implement provisions of the ARRA, as required; and • Spend ARRA funds timely and appropriately. 2. Prevent and immediately address fraud, waste, and abuse of ARRA funds. 3. Be pro-active. OIG will issue alert memos or other correspondence to the appropriate agency when auditors identify problems requiring corrective action. 4. Target resources to high-risk programs. <p>OIG is auditing DOL's implementation of ARRA provisions and use of ARRA funds in three phases — (1) how DOL is planning its administration and oversight, (2) how DOL awards funds to grantees and contractors, and (3) how grantees and contractors performed and what was accomplished with Recovery Act funding.</p>
OIG Broad Training and Outreach Recovery Act Goals:	<p>The OIG's outreach ARRA goals include work by the Office of Audit (OA), Office of Labor Racketeering and Fraud Investigations (OLRFI) and Office of Legal Services (OLS). The OA coordinates work and shares information on the status of ARRA audits with other Federal agencies through regular meetings and conference calls with Government Accountability Office and the Recovery Accountability and Transparency Board. The OLS, which operates OIG's hotline, has posted information about ARRA's whistleblower protection provisions on the OIG's Recovery Act web site at http://www.oig.dol.gov/recovery/. The web site describes various ways (e.g., phone, e-mail, mail) of reporting whistleblower and other ARRA-related complaints to the hotline. OLS will direct OIG staff who receive an ARRA-related complaint to forward it immediately to the OIG hotline for review. OLRFI, through coordination with Department of Labor agencies, other law enforcement entities, and non-law enforcement organizations with whom OLRFI interacts will provide training and instruction to OLRFI employees, states, ARRA recipients, and the general public on best practices for detecting and reporting potential fraud, waste, and abuse relating to ARRA funding.</p> <p>As requested, DOL-OIG will make presentations and provide training about its oversight work to other DOL and Federal agencies, as well as non-governmental associations and stakeholder groups.</p>

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OIG Recovery Act Risk Assessment Process:	<p>DOL OIG reviewed the Recovery Act legislation to determine the distribution of funds across DOL agencies and to identify initiatives which require new or additional reporting and administrative responsibilities. Additionally, OIG analyzed information from multiple sources to identify high-risk programs. These sources include prior risk assessments used to develop the annual Office of Audit workplan, findings and recommendations from previous OIG and GAO reports, testimony at Congressional hearings, and data from the annual Department of Labor Performance and Accountability Report. In FY 2010, OIG anticipates auditing the following DOL Recovery Act programs: YouthBuild grants, Workforce Investment Act (WIA) training and services to adults and dislocated workers, Job Corps contracts, plans to ensure data quality for recipient reporting (Section 1512 of ARRA), National Emergency Grants for Health Coverage Assistance, competitive grants for worker training in high growth and emerging industry sectors, DOL coordination of Federal infrastructure and unemployment insurance investments, WIA year-round youth program, reauthorization of Trade Adjustment Assistance, state grants for unemployment insurance modernization, enforcement of worker protection laws such as Davis Bacon, and grants for Reemployment Services for UI claimants. OIG's risk assessment of these programs is ongoing.</p> <p>As OIG obtains and reviews new information about Recovery Act implementation from audit field work, related hotline complaints, Congressional hearings, meetings with DOL executive staff, and other events, DOL OIG may initiate audit work, as needed.</p>
OIG Staff Dedicated to Recovery Act Oversight:	The Office of Audit has hired 2 FTE for Recovery Act work.
30-Sep-12	
OIG Recovery Act Funds:	\$6,000,000
Expiration Date of OIG Recovery Act Funds:	September 30, 2012
OIG Recovery Act Funds Allocated to Contracts:	Yes
Purpose of Recovery Act Contracts:	Contractors will perform audit work on various DOL programs and operations that have received ARRA funds or have responsibilities for ARRA implementation. To date, OIG has awarded contracts to audit the following DOL programs: Federal Additional Compensation (FAC) Benefits under the American Recovery and Reinvestment Act of 2009 and WIA Training and Services to Adults and Dislocated Workers.
Types of Recovery Act Contracts Awarded to Date:	Two contracts have been awarded. The contract type for these competitions is firm-fixed price, plus actual travel costs. OIG only plans to use this type of contract for future contract work related to the Recovery Act.
Link to OIG Recovery Act Work Plan:	http://www.oig.dol.gov/recovery/

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ETA - Office of Workforce Investment - Office of Youth Services	YouthBuild	\$50,000,000	Administrative / Financial	OIG Staff	Recovery Act: Award of YouthBuild Grants	The Recovery Act provided the ETA with \$50 million to award competitive grants for the YouthBuild Program (YouthBuild). YouthBuild helps high school drop-outs earn their high school diplomas or GEDs while they learn skills related to the construction industry. The Recovery Act expanded the population to be served by allowing YouthBuild grantees to continue to serve those youth who subsequently re-enrolled in an alternative school, if that re-enrollment is part of a sequential service strategy. To ensure accountability and transparency in awarding competitive grants such as YouthBuild, the Office of Management and Budget (OMB) issued "Responsible Spending with Recovery Act Funds" guidance for Federal agencies. Highlights of this guidance include ensuring merit-based decision-making, avoiding funding of imprudent projects, and enhancing transparency related to lobbying on behalf of grant applicants or recipients.	Did ETA use merit-based selection criteria, as required by OMB, in awarding Recovery Act funds for the YouthBuild program? Did ETA's guidance during grant solicitation and post-solicitation activities address Congress' intent regarding use of the funds? Did YouthBuild grant agreements require adherence to Recovery Act reporting and tracking requirements?	No	Q4 FY09	Q3FY10	1

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ETA - Office of Workforce Investment	WIA Adult and Dislocated Worker Formula Grants	\$1,750,000,000	Performance	Contractor	Recovery Act: WIA Training and Services to Adults and Dislocated Workers	The Recovery Act provided the Department of Labor (DOL) \$500 million in Workforce Investment Act (WIA) Adult program and \$1.25 billion in WIA Dislocated Worker program formula funds to award to States. Because one purpose of the Recovery Act is to help those most impacted by the recession, Congress included two key provisions to ensure funds to DOL are used effectively. First, to expedite training participants for high-demand jobs, the Recovery Act allows local Workforce Investment Boards to contract directly with community colleges and other eligible providers — so long as these organizations can offer training — which does not interfere with customer choice — to multiple participants. Additionally, the Recovery Act requires giving recipients of public assistance and other low-income individuals priority for training and related services in the WIA Adult program.	How are recipients spending or planning to spend WIA Adult and Dislocated Worker funds under the Recovery Act (funds for direct services vs. administration)? Whom do recipients plan to serve with these additional funds? How are local Workforce Investment Boards making use of the new flexibilities in the Act for contracting for training? What are recipients' plans to spend Recovery Act funds for training and supporting program participants for employment in high-demand jobs, including but not limited to "green jobs?"	Yes	Q4 FY09	Q3FY10	1
Office of the Secretary and Office of Assistant Secretary for Administration and Management	Job Corps Procurement	\$ 250,000,000	Administrative / Financial	OIG Staff	Recovery Act: Award of Job Corps Contracts	Under the Recovery Act, the Office of Job Corps (OJC) received \$250 million that must be used primarily for construction of new Job Corps centers and rehabilitation of existing ones. The OJC works with DOL's Office of the Assistant Secretary for Administration and Management (OASAM) in awarding contracts since OASAM has procurement authority for OJC. However, OJC monitors the financial and performance activities of contractors. A March 20, 2009, Presidential Memorandum includes several requirements to ensure transparency and accountability in how Federal departments and agencies award contracts and grants with Recovery Act funds. For example, agencies must use merit-based decision making in awarding grants and contracts, and communicate in writing with registered lobbyists.	Did DOL select contractors on the basis of merit-based criteria? Did the contracts include measurable objectives, time lines, and outcomes so DOL and the public can determine the "value" of the investments?	Yes	Q4FY 09	Q3FY10	1

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Employment and Training Administration (ETA); Office of the Secretary (OSEC); Employment Standards Administration (ESA); Office of the Secretary for Administration and Management (OASAM); Employee Benefits Security Administration (EBSA); Occupational Safety and Health Administration (OSHA).	Recipient Reporting	\$4,000,000,000 (estimate)	Combination	OIG Staff	Recovery Act: Department of Labor's Plans to Assure Data Quality in Recipient Reporting under the Recovery Act	Section 1512 of the Recovery Act requires recipients of Recovery Act funds directly from a Federal agency to submit a report not later than 10 days after the end of each calendar quarter, starting with the quarter ending September 30, 2009. Recipients must report the following information: the total amount of recovery funds received; the amount of recovery funds expended or obligated to projects or activities; a detailed list of all projects or activities for which recovery funds were expended or obligated, including such information as the status of the project or activity and an estimate of the number of jobs it created or retained. The OMB provided implementing guidance on Section 1512 reporting (OMB Memorandum M-09-21). This guidance requires Federal agencies to develop internal policies and procedures for reviewing reported data and to highlight certain data elements for review.	Did DOL establish a process to perform limited data quality reviews in order to identify material omissions and/or significant reporting errors, and notify recipients of the need to make appropriate and timely changes?	No	Q4FY 2009	Q2 FY2010	1
Employment and Training Administration - Office of Workforce Investment	National Emergency Grants for Health Coverage Assistance	\$150,000,000	Combination	OIG Staff	Recovery Act: Audit of National Emergency Grants (NEGs) for Health Coverage Assistance	As a part of the Recovery Act, Congress appropriated \$150 million to the DOL for NEGs that will allow states to provide for 80 percent of the cost of qualifying health insurance coverage for eligible individuals, until such time as they can be enrolled in the Internal Revenue Service's (IRS) Health Coverage Tax Credit (HCTC) program. States can pay this benefit for up to 3 months. In 2004, OIG issued an Alert Report informing ETA of significant underuse of grant funds awarded under the Trade Adjustment Assistance (TAA)/HCTC bridge/gap program, which is similar to the Recovery Act's funding for Health Insurance Coverage for TAA participants. OIG found less than 9 percent of the funds had been spent among 10 states that participated in the program.	Are grant funds effectively used by the States? Are States' use of grant funds in line with initial cost projections and estimates? If grant funds are underused by a state, does DOL modify the grants to reduce the award amount to reflect more accurate assessment of the state's needs? Were underused funds redirected to other States that demonstrated greater need?	No	Q1 FY 2010	Q3 FY 2010	1

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Employment and Training Administration - Office of Workforce Investment	Competitive Grants for High Growth Worker Training	\$750,000,000	Administrative / Financial	Contractor	Recovery Act: Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors (See note at end of this report.)	The Recovery Act provided the Department of Labor (DOL) Employment and Training Administration (ETA) with \$750 million to award in competitive grants for worker training and placement in high-growth and emerging-industry sectors. It specified that \$500 million is for research, labor exchange, and job training projects for careers in energy efficiency and renewable energy. In awarding the remaining \$250 million, DOL must give priority to projects that prepare workers for careers in health care. To ensure accountability and transparency in procurement, the Office of Management and Budget (OMB) issued "Responsible Spending with Recovery Act Funds" guidance for Federal agencies. Highlights of this guidance include ensuring merit-based decision-making, avoiding funding of imprudent projects, and enhancing transparency related to lobbying on behalf of grant applicants or recipients.	Did ETA use merit-based selection criteria, as required by OMB, in awarding \$750 million in Recovery Act funds for competitive grants for worker training and placement in high-growth and emerging-industry sectors? Did ETA's guidance during grant solicitation and post-solicitation activities address Congress' intent regarding use of these funds? Did grant agreements require adherence to Recovery Act reporting and tracking requirements?	yes	Q2 FY 2010	Q3 FY 2010	1

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ETA, OSEC, OSHA, ESA, EBSA	Departmental Management	\$0	Other	Contractor	Recovery Act: DOL Coordination with Federal Infrastructure and Unemployment Insurance Investments	The Recovery Act provided the Department of Labor with \$80 million for "Departmental Management" (DM) to support a range of enforcement, oversight and coordination activities to support achievement of the Recovery Act's goals. Specifically, the Recovery Act mentions "coordination activities related to the infrastructure and unemployment insurance investments in this Act." For example, DOL is using \$710,000 from the DM funds to support the Office of the Director of Recovery for Auto Workers and Communities. This office is responsible to ensure communities and workers affected by layoffs in the auto industry have "coordinated access to Federal programs and resources" to help in economic recovery and reemployment efforts. Additionally, the Employment and Training Administration (ETA) issued guidance (TEGL 14-08) encouraging States to align their WIA Recovery Act funds with other Recovery Act investments targeting key industries "such as construction, transportation, healthcare, and other industries with emerging 'green' jobs."	Does DOL's Recovery Act Plan or any of its program-specific Recovery Act plans include goals and related measures for coordination activities related to the infrastructure and unemployment insurance investments in the Act? Is DOL providing adequate technical assistance and monitoring to ensure States and local workforce areas engaged in coordination activities mentioned in the Recovery Act?	No	Q2 FY 2010	Q4 FY 2010	1	

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ETA - Office of Workforce Investment	WIA Youth Formula Grants	\$1,200,000,000	Performance	Contractor	Recovery Act: Services and Outcomes under Year-Round WIA Youth Program	The Recovery Act provided the Department of Labor (DOL) with \$1.2 billion for Workforce Investment Act (WIA) grants to States for youth activities. By the end of July 2009, more than 225,000 young people had been employed through Recovery Act-funded summer programs nationwide. However, not all summer youth participants will be returning to school. The Recovery Act extended eligibility for WIA youth services to age 24 so local programs could serve "young adults who have become disconnected from both education and the labor market." In Training and Employment Guidance Letter No. 14-08 dated March 18, 2009, ETA provided guidance on Recovery Act funding for activities authorized under WIA. The TEGl urges workforce boards to work with partners in the workforce system to develop sector strategies for training and employment opportunities for WIA participants, including youth, such sectors as renewable energy, broadband and telecommunications, and health care.	How are local areas spending or planning to spend their allocation of WIA youth formula funds? Who are the participants in year-round programs? What services are participants in the year-round program receiving? What were the outcomes?	No	Q2 FY 10	Q4 FY 10	1	

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ETA - Office of Workforce Investment	Trade Adjustment Assistance	\$0	Performance	OIG Staff	Recovery Act: Required Employment and Case Management Services under Trade and Globalization Adjustment Assistance Act of 2009	The Recovery Act reauthorized the Trade Adjustment Assistance (TAA) Act as the Trade and Globalization Adjustment Assistance Act (TGAAA). Since 1974, the TAA has provided training and benefits to eligible workers who lost jobs due to imports, outsourcing, and other trade policies. TGAAA requires States to provide eight specific employment and case management services to eligible workers, and authorizes additional funds to pay for these activities. Because States previously received no TAA program funds for case management, they had to cover costs for those services out of administrative funds or other sources such as Workforce Investment Act formula funds. In June 2009, the ETA provided States with a supplemental distribution of more than \$455 million to implement new employment and case management services requirements in the TGAAA. However, implementation may pose challenges. When ETA conducted its Recovery Act "readiness" reviews, States and local areas specifically requested technical assistance on how to effectively implement the required case management services.	Did States provide eligible workers with employment and case management services, as required by the Trade and Globalization Adjustment Assistance Act of 2009? Did ETA conduct adequate technical assistance and oversight of States' implementation of the TGAAA to provide assurance eligible workers received employment and case management services, as required?	No	Q3 FY 2010	Q1 FY 2011	1	

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ETA - Office of Workforce Security	Unemployment Insurance	Recovery Act authorizes transfer of up to \$7 billion from the Federal Unemployment Account	Administrative / Financial	Contractor	Recovery Act: Special Transfers for Unemployment Compensation Modernization	The Recovery Act provides for transfer of up to \$7 billion from the Federal Unemployment Account to state accounts as "incentive payments" to encourage states to enact specific reforms, such as coverage of part-time workers and benefits to workers who voluntarily separate from their jobs due to compelling family circumstances. Incentive payments expire October 1, 2011. The maximum incentive payment a state could receive would be calculated using the same methods DOL uses to determine Reed Act distributions. This calculation is related to the state's share of estimated Federal unemployment taxes made by the state's employers as estimated at the end of FY2008. OIG and GAO have conducted numerous audits of the UI program. However, because it is new, this specific initiative has not been audited.	Did states which received unemployment compensation incentive grants spend the funds according to DOL guidance? How are states using incentive funds to expand eligibility for unemployment benefits?	No	Q3 FY 2010	Q1 FY 2011	1
Employment Standards Administration - Wage and Hour Division	Davis-Bacon Act	\$0	Other	Contractor	Recovery Act: Enforcement of Davis-Bacon Prevailing Wage Determinations under the Recovery Act	Section 1606 in Title XVI (General provisions) of the Recovery Act requires that workers on Recovery Act-funded construction projects, including those for weatherization, must be paid at least the prevailing wage, as determined under the Davis-Bacon Act (DBA). Because the Recovery Act may increase the Federal share of infrastructure spending as much as \$104 billion (double the current level), The Employment Standards Administration/ Wage and Hour Division (ESA/WHD) expects to double the number of DBA complaint investigations over the next 2 years — increasing from approximately 400 investigations to 800.	Did ESA-WHD's use of more than \$4.6 million provided by the Recovery Act (part of funds for DOL Departmental Management) address past OIG and GAO concerns and recommendations for improving the timeliness and reliability of prevailing wage determinations used in the DBA program? Did ESA-WHD provide assurance that Recovery Act-funded contractors and subcontractors on infrastructure projects complied with the DBA and regulations?	No	Q3 FY 2010	Q1 FY 2011	1

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Employment Standards Administration - Office of Federal Contract Compliance Programs	EEO Enforcement	\$0	Other	Contractor	Recovery Act: Enforcement of Federal Equal Employment Opportunity Laws	The Office of Federal Contract Compliance Programs (OFCCP) enforces Federal laws that ban discrimination and require Federal contractors and subcontractors to take affirmative action to ensure equal opportunity for employment, regardless of race, gender, disability, color, religion, national origin, or status as a Vietnam era or special disabled veteran. Due to infrastructure investments under the Recovery Act, OFCCP expects to monitor an additional 3,350 contractors and 15,070 facilities and construction sites. To provide OFCCP with supplemental resources to carry out this monitoring, DOL transferred \$7.2 million from its Departmental Management funds under the Recovery Act to the program.	Did OFCCP provide assurance that Federal contractors that received Recovery Act funds complied with EEO laws and regulations and exercised fairness in employment activities?	No	Q3 FY 2010	Q1 FY 2011	1	
Employment and Training Administration - Office of Workforce Investment	Reemployment Services	\$250,000,000	Performance	Contractor	Recovery Act: Reemployment Services to UI Claimants	The Recovery Act provided \$400 million to States from the Employment Security Administration Account in the Unemployment Trust Fund. The Recovery Act requires, however, that States use \$250 million to provide reemployment services to Unemployment Insurance claimants. The legislation also requires the Department of Labor to establish planning and reporting procedures "necessary to provide oversight of funds used for the services."	Did the Department establish sufficient and timely planning and reporting procedures to assure adequate oversight of how reemployment services funds are used? Did States use reemployment services funds, as intended? What were the outcomes?	No	Q4 FY 2010	Q2 FY 2011	1	

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Office of the Secretary and Office of Assistant Secretary for Administration and Management	Job Corps Procurement	\$81,998,806	Administrative / Financial	OIG Staff	Recovery Act: Job Corps Multi-Year Lease Agreements	The Recovery Act gives Job Corps the authority to use funds for multi-year lease agreements if resulting in construction within 120 days of the Act. Job Corps currently has such an arrangement for the Los Angeles Job Corps Center. Buildings constructed (or leasehold improvements) may increase the market value of the building. Multi-year lease arrangements impose monitoring requirements related to the changing values of property over time. Property valuations impact insurance, replacement, and maintenance costs as well as amortization adjustments.	Has DOL evaluated the efficiency of its lease arrangements? Could multi-year lease agreements be a model investment in Job Corps facilities?	No	Q4 FY 2010	Q2 FY 2011	1	
<p>Note: OIG planned to start the audit, "Recovery Act: Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors," in FY 2009, but the Department had not yet announced the grant awards. Therefore, we plan to do the audit in 2010. However, in FY 2009, we started the audit, "Recovery Act: YouthBuild Grants Awarded under the American Recovery and Reinvestment Act of 2009," which has the same objectives.</p>												