

HIGHLIGHTS

October 1, 2020–March 31, 2021 Volume 85

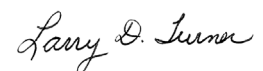
Message from the Acting Inspector General

As millions of COVID-19 vaccine doses are distributed around the world, our country is looking to a future beyond this pandemic. Businesses are reopening, and the U.S. economy is beginning to show signs of recovery. However, millions of workers are still filing for unemployment insurance (UI) each week. U.S. Department of Labor (DOL) programs support the health, safety, and financial stability of every working American. Now, the need for these programs to function efficiently and effectively is more important than ever. As the federal agency with primary oversight of DOL, the Office of Inspector General (OIG) is committed to ensuring that DOL meets its challenges head-on and to assisting DOL and Congress in protecting the American workforce. We are diligently focused on reducing the negative impacts of the pandemic as the country continues to reopen.

We continue to conduct oversight that focuses on the Department's response to the pandemic and in particular, the Department's actions under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the American Rescue Plan Act of 2021 (ARPA), and other relevant legislation. Specific areas of review include DOL's efforts to administer and oversee the expansion of unemployment benefits, protect workers from exposure to COVID-19, and provide guidance and enforce CARES Act regulations related to paid leave. During this reporting period, we issued an alert memorandum and two audit reports on COVID-19 and the pandemic, in addition to 15 audit and other reports reviewing DOL programs and operations. A short summary of each pandemic-related report is included herein, and the full publications and additional information about how we are conducting oversight and responding to the pandemic are available on the OIG's Pandemic Response Portal.

This *Highlights* edition presents a summary of selected activities, accomplishments, and findings reported in the OIG's *Semiannual Report to Congress* for the 6-month period ending March 31, 2021. During this reporting period, the OIG issued 18 audit and other reports, with 91 recommendations for corrective action, along with \$2 million in questioned costs and \$5.41 billion in funds put to better use. The OIG's investigative work resulted in a total of 195 indictments, 81 convictions, and more than \$200 million in monetary accomplishments.

We will continue to work constructively with the Department and Congress on our shared goals of identifying improvements to DOL programs and operations and protecting the interests and benefits of the nation's workers and retirees during this unprecedented time.



Larry D. Turner,
Acting Inspector General

Worker and Retiree Benefit Programs

During this reporting period, we completed several audits and investigations involving worker and retiree programs. Highlights of our work in this area include the following:

Unemployment Insurance Programs

- An audit of states' efforts to implement the Pandemic Unemployment Assistance program revealed that 98 percent of the states' survey respondents reported implementation challenges, including a lack of resources to address the high volume of claims, incompatible legacy systems, and untimely and unclear guidance from the Employment and Training Administration (ETA).
- An alert memorandum summarized potentially fraudulent UI activities after an OIG examination of the unemployment insurance (UI) program's expansion under the CARES Act identified more than \$5.4 billion of potentially fraudulent UI benefits claims.
- With OIG assistance, the Oklahoma Employment Security Commission blocked more than 1,800 fraudulent UI claims, which stopped international criminals from obtaining more than \$6.5 million in UI benefits.
- A Pennsylvania man was sentenced to 75 months in prison and ordered to pay more than \$500,000 for a UI and tax return fraud scheme.
- A man was sentenced to 24 months in prison for his role in a scheme to defraud the unemployment systems in Arizona and California.
- An Arkansas woman was sentenced to 3 years of probation and ordered to pay more than \$21,000 in restitution for her role in a UI benefits conspiracy.
- A New York man was arrested in connection with a UI benefits scheme that resulted in the loss of more than \$1.4 million from the New York State Department of Labor.
- A southern California man pleaded guilty to fraudulently obtaining more than \$500,000 in COVID-19-related UI benefits in the names of foreign nationals.

Employee Benefit Plans

- Two Georgia men were sentenced to prison for terms of 57 and 37 months and ordered to pay more than \$5 million in restitution for their roles in a money laundering conspiracy targeting retirement accounts, for business e-mail compromise schemes, and for online romance schemes.
- A former CFO was sentenced for embezzling more than \$1 million from her employer to pay for personal expenses.
- Eleven defendants were sentenced to 70+ years in a \$200 million scheme to defraud health plans.

Worker Safety, Health, and Workplace Rights

Occupational Safety and Health Administration

The mission of the Occupational Safety and Health Administration (OSHA) is to ensure that employers provide every working man and woman in America with safe and healthy working conditions. Our work in this area during this reporting period includes the following:

- An audit to determine what plans and guidance OSHA developed to address challenges created by COVID-19 and to what extent these challenges affected OSHA's ability to protect the safety of workers and its workforce found that OSHA had taken a series of actions to address specific challenges and

had issued guidance in response to the pandemic. But increased complaints, reduced inspections, and the fact that most inspections are not being conducted on-site increase the safety risk for employees.

- A report on the Department's whistleblower protection program revealed problems with the completeness and timeliness of whistleblower complaint investigations, and the results were worse than those reported by the OIG in its 2010 and 2015 audits.

Mine Safety and Health Administration

OIG audits continue to identify weaknesses in the Mine Safety and Health Administration (MSHA) program. An example is below:

- An audit of MSHA's efforts to protect coal miners from respirable crystalline silica determined that MSHA has not sufficiently protected coal miners from exposure to respirable crystalline silica.
- An audit to determine whether MSHA properly managed the process established to issue, terminate, modify, and vacate violations found that MSHA did not properly manage the process, which resulted in the identification of significant weaknesses that jeopardized MSHA's mission to maintain miner safety.

Wage and Hour Division

The Wage and Hour Division is responsible for enforcing labor laws related to minimum wage and overtime pay, prevailing wages, child labor, family and medical leave, and migrant workers, among others. Our work in this area includes the following:

- A review to determine whether DOL had followed a sound process in promulgating a Notice of Proposed Rulemaking (NPRM) to rescind portions of its 2011 tip regulations under the Fair Labor Standards Act found that it had followed a sound process in promulgating the 2017 NPRM and did not fully adhere to regulatory guidance.

Employment and Training Programs

ETA provides employment assistance, labor market information, and job training through the administration of programs authorized by the Workforce Innovation and Opportunity Act for adults, youth, dislocated workers, and other targeted populations. ETA also administers several foreign labor certification programs that allow U.S. employers to employ foreign workers to address American worker shortages. Our work during this semiannual period included the following:

Employment and Training Administration

- An audit found that ETA needs to improve the administration of its Disaster National Dislocated Worker Grants program under the Bipartisan Budget Act of 2018.

Job Corps

- A performance audit revealed that Job Corps did not sufficiently evaluate the suitability of incoming students.

Foreign Labor Certification Programs

- A report on four foreign labor certification programs—permanent, H-1B, H-2A, and H-2B—showed continuing vulnerabilities that were noted in our 2003 report, as well as new vulnerabilities.

- A California business owner was sentenced to 12 months in prison for his role in operating an unlicensed money transmitting business that exploited H-2A workers.
- A New York man pleaded guilty to wire fraud conspiracy in connection with a scheme to defraud New York State by creating bogus experience and education credentials for his company's employees contracted to New York State.

Labor Racketeering

The OIG conducts investigations into labor racketeering activities involving labor unions, employee benefit plans, and labor-management relations. Our investigative accomplishments for this reporting period include the following:

- Fiat Chrysler Automobiles pleaded guilty to conspiring to violate the Labor Management Relations Act by making illegal payments to officers of the International Union, United Automobile, Aerospace, and Agricultural Implement Workers of America.
- A former United Industrial Service Workers of America union president and health plan trustee was sentenced to 144 months in federal prison for embezzling nearly \$800,000 from the union's health plan trust fund.
- A California woman pleaded guilty to submitting fraudulent claims to health insurance companies and benefit plans, including the International Longshore and Warehouse Union, Pacific Maritime Association Benefit Plan.

Departmental Management

The OIG conducts audits related to the Department's management of its procurement activities, information technology systems, and financial systems. Following is one example:

- An evaluation of the Department's information security program and practices found that continued improvements are needed in the Office of the Chief Information Officer's oversight and accountability over the Department's information security control environment.

OIG Hotline

The OIG Hotline is open to the public and to federal employees 24 hours a day, 7 days a week, to receive allegations of fraud, waste, and abuse concerning DOL programs and operations.

Phone: 202.693.6999 or 800.347.3756

Fax: 202.693.7020

Website: www.oig.dol.gov