



# Office of Audit Workplan

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


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Building



United States  
Department  
of Labor

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Fiscal Year 2018


# Message from the Assistant Inspector General for Audit

I am pleased to provide the Office of Inspector General's (OIG) Audit Workplan for Fiscal Year (FY) 2018. We prepared this workplan to inform Department of Labor (DOL) agencies and Congress of audits and reviews that will be completed or initiated in FY 2018. Our audits are presented by DOL agency and then further broken down into mandatory and discretionary audits. This workplan does not include unanticipated work that will come from legislative mandates, congressional requests, DOL requests, or emerging programmatic issues.

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

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

We prepared this audit workplan by considering risks to major DOL programs that may prevent DOL from achieving strategic goals and objectives under its FY 2014–18 Strategic Plan. As required, DOL will issue a new strategic plan in FY 2018 to reflect priorities of the current administration. We will consider that plan's strategic goals and objectives in future risk-based audit planning.



Elliot P. Lewis  
Assistant Inspector General for Audit  
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# U.S. Department of Labor Office of Inspector General Office of Audit FY 2018 Workplan

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## **Office of Audit**

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

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## **DOL Agencies**

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

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## **FY 2018 Workplan**

The FY 2018 Audit Workplan is presented by DOL agency and then further broken down into mandatory and discretionary audits in the sections that follow.

# FY 2018 Audit Workplan

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## Employee Benefits Security Administration (EBSA)

### Discretionary Audits

**EBSA's Oversight of Employee Stock Ownership Plans (ESOPS).** We will determine if EBSA provided effective enforcement oversight of ESOPS and ESOP-like plans. Such plans hold an estimated \$1.4 trillion in investments.

**EBSA Oversight of the Thrift Savings Plan—In Progress.** We will continue our work to determine if EBSA has been conducting adequate oversight of the Thrift Savings Plan.

## Employment and Training Administration (ETA)

### Mandatory Audits

#### Job Corps

**Outreach and Admissions.** We will determine if Job Corps' processes and performance for recruiting and enrolling participants are effective in meeting the program's mission.

**Contractor Indirect Costs.** We will review the effectiveness of the Office of the Assistant Secretary for Management's processes for negotiating indirect cost rates with Job Corps contractors and ensuring DOL reimburses them for only allowable indirect costs.

**Contractor Use of Federal Funds.** We will determine if the Office of Job Corps ensures that national training contractors use and report federal funds in accordance with laws, regulations, and guidance.

**Integrity of Center Information System Data.** We will determine if Job Corps has effective controls in place to ensure the integrity and reliability of performance metrics and student data processed within its Center Information System. We will also determine if these data are sufficiently reliable to use for management decisions for the program.

**Integrity of Student Testing and Reported Results—In Progress.** We will continue our work to determine if Job Corps exercised effective oversight of the integrity of student academic testing performed at Job Corps centers and reported accurate and reliable performance results.

**Job Corps Participant Placement in Jobs and Advanced Education—In Progress.** We will continue our work to determine if Job Corps improved the employability of its participants by evaluating the status of participants prior to enrolling in Job Corps, the training they received, initial job placements, and job retention. We will also continue our work to determine if placement data reported by Job Corps and its contractors were accurate and reliable.

## Discretionary Audits

### ETA Grant Programs

**Use of Certifications and Credentials in Finding Employment.** We will determine if participants in Workforce Innovation and Opportunity Act (WIOA) programs earn credentials and certificates aligned with employer needs and high-demand occupations.

**American Apprenticeship Initiative Grants.** We will determine if grantees' strategies and performance met program goals and review ETA's oversight of grantees.

**WIOA Implementation Readiness Review—In Progress.** We will continue our work to assess ETA's readiness to implement program changes, as required by WIOA. The work will be limited to WIOA Title I (Adult, Dislocated Worker, or Youth Formula programs).

**Reintegration of the Ex-Offenders (RExO) Program—In Progress.** We will continue our work to determine if RExO Program grantees met performance goals, spent funds properly, and provided appropriate services to participants. We will also determine if different levels and duration of services had an impact on post-program employment and recidivism.

**YouthBuild Participant Placement in Jobs and Education—In Progress.** We will continue our work to determine if YouthBuild improved the employability of its participants. We will also evaluate if placement data reported by YouthBuild and its grantees were accurate and reliable.

**Experience Works, Inc., Senior Community Service Employment Program (SCSEP) Grant—In Progress.** We will continue our work to determine whether expenses charged to the SCSEP grant by Experience Works, Inc., were allowable, necessary, and prudent.

**H-1B Technical Skills Grants** – We will continue our work to determine if grantees' training lead to participants receiving and retaining employment in occupations for which employers are using H-1B visas to hire foreign workers.

### **Foreign Labor Certification (FLC) Program**

**Debarment Use in Foreign Labor Programs.** We will determine if the Office of Foreign Labor Certification's (OFLC) debarment process held companies that violated laws and policies accountable for their actions.

**Integrity Reviews of Certified H-2A Applications.** We will determine if OFLC designed its integrity review procedures to ensure employers complied with H-2A regulations and ensured fair working conditions for foreign labor.

**H-1B Application Review and Oversight Process.** We will determine if OFLC's H-1B application review process and oversight of employers' self-attestations sufficiently protected American workers' jobs, wages, and working conditions.

**H-2B Prevailing Wage and Processing Backlog—In Progress.** We will continue our work to determine if OFLC processed prevailing wage determinations timely, and if the application review process improved to eliminate the backlog.

**ETA Management of Permanent Labor Certification Program (PERM) Applications Review—In Progress.** We will continue our work to determine if ETA properly managed the PERM program.

### **Unemployment Insurance Program (UI)**

**Modernization of States' UI Information Technology (IT) Systems.** We will determine if states effectively used federal funds to modernize UI IT systems, and achieved intended results. These include preventing, detecting, and recovering improper payments.

**Detecting UI Recipients, Who Have Returned to Work, but Continue to Collect Benefits—In Progress.** We will continue our work to assess selected states' efforts to reduce UI improper payments caused by recipients continuing to claim benefits after returning to work.

Mine Safety and Health Administration  
(MSHA)

**Discretionary Audits**

**MSHA's Oversight of Underground Operators' Mine Rescue Teams.** We will determine if MSHA provided effective oversight of how mine operators train, staff, and equip their underground mine rescue teams.

**Vacating Violations—In Progress.** We will continue our work to determine if MSHA had adequate controls over issued citations and orders.

**MSHA Civil Monetary Penalties—In Progress.** We will continue our work to determine if MSHA effectively used available data to ensure civil monetary penalties assessed against mine operators served as a deterrent to unsafe mine working conditions.

Occupational Safety and Health Administration  
(OSHA)

**Discretionary Audits**

**Complaint Investigations.** We will determine if OSHA used complainant and witness testimony to ensure thorough investigations of alleged safety and health hazards.

**Process to Issue and Manage Regulations.** We will determine if OSHA's process to identify safety and health issues, implement new rules and perform "look-back" reviews of current ones, was timely.

**Deterrent Effect of Penalties.** We will determine if OSHA's process for setting penalties (including modifications) deterred employers from future safety and health violations, and if the agency adequately publicized inspection/penalty results to secure safe and healthy workplaces, particularly in high-risk industries.



**Risk-Based Targeting.** We will determine if OSHA used data to target its compliance assistance and enforcement resources on the highest hazard states, industries, and occupations.

**OSHA Rulemaking Process—In Progress.** We will continue our work to determine if OSHA established and followed appropriate procedures for issuing guidance documents as supplements to existing OSHA standards and requirements.

Office of Federal Contract Compliance Programs  
(OFCCP)

**Discretionary Audits**

**OFCCP Enforcement of Federally-Funded Construction Contracts—In Progress.** We will continue our work to determine if OFCCP’s policies and procedures for enforcing equal employment opportunity requirements over federal or federally-funded construction contracts were adequate.

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

**Mandatory Audits**

**Federal Information Security Management Act Audit—Annual.** We will determine if DOL’s management ensured the security and privacy of DOL’s information contained in agency computer systems and if required security controls were operating effectively.

**Charge Card Risk Assessment—Annual.** We will determine if DOL has established controls over its purchase and travel card programs to prevent and detect illegal, improper, or erroneous purchases and payments.

**Discretionary Audits**

**Retention and Management of DOL’s Electronic Records.** We will determine if DOL effectively administered its records management program, in accordance with laws, regulations, and guidance.

**Reimbursable Work Authorizations.** We will determine if DOL effectively used reimbursable work authorizations (RWAs). Like many federal agencies, DOL leases buildings and other property from the General Services Administration (GSA). When these properties require repairs or alterations, DOL executes a written agreement with GSA, called an RWA. The RWA specifies the work GSA will provide, and DOL certifies it has the funds to obligate and reimburse GSA for the cost of its goods and services, indirect costs, and fees. Our work will also determine if DOL ensured that RWAs met expectations and that costs were reasonable and valid.

**Effectiveness of DOL’s Management of Mobile Telecommunications Services and Devices—In Progress.** We will continue our work to determine if DOL effectively managed its acquisition and oversight of mobile telecommunications services and devices, including security.

**DOL Physical Security—In Progress.** We will continue our work to determine if physical security at DOL-owned and leased facilities safeguarded its occupants.

**Application Software Security—In Progress.** We will continue our work to determine if DOL has taken adequate measures to secure its public web sites.

Office of the Chief Financial Officer  
(OCFO)

**Mandatory Audits**

**DATA Act Audit—In Progress.** We will continue our work to determine if DOL complied with the DATA Act, which identified requirements for agencies, including DOL, to make publicly available their spending data.

**DOL Consolidated Financial Statements Audit—Annual.** We will determine if DOL’s consolidated financial statements presented fairly, in all material respects, the financial position of DOL as of September 30, 2017. We will consider DOL’s internal controls over financial reporting and test DOL’s compliance with applicable laws, regulations, contracts, and grant agreements that could have a direct and material effect on the consolidated financial statements.

**Review of DOL’s Improper Payment Reporting in the Annual Financial Report—Annual.** We will determine if DOL complied with the *Improper Payments Information Act*, as amended, which requires DOL to: 1) conduct a program-specific risk assessment for each required program or activity; 2) publish and meet annual reduction targets for each program assessed to be at risk for improper payments; and 3) report information on its efforts to recapture improper payments.

**Independent Auditors Report on Special Purpose Financial Statement (closing package)—Annual.** We will determine if DOL’s special purpose financial statements presented fairly, in all material respects, the financial position of DOL as of September 30, 2018. We will consider DOL’s internal controls over financial reporting specific to the closing package financial statements and test DOL’s compliance with certain provisions of the Treasury’s Financial Manual Chapter 4700 and the Supplemental Guidance.

### Discretionary Audits

**Controls over DOL’s Unpaid Obligations.** We will determine if OCFO effectively monitored and managed the status and validity of its unpaid obligations for material or services that have not yet been received, to ensure the funds do not expire, and that DOL can use such funds for other purposes prior to expiration.

**DOL Working Capital Fund—In Progress.** We will continue our work to determine if DOL effectively administered the Working Capital Fund, including its cost allocation methodologies.

## Office of Workers’ Compensation Programs (OWCP)

### Mandatory Audits

**Report Relating to the FECA Special Benefit Fund—Annual.** We will determine if: 1) the Schedule of Actuarial Liability, Net Intra-Governmental Accounts Receivable, and Benefit Expense was fairly presented for the year ending September 30, 2017; and 2) internal controls over financial reporting related to the Schedule were in compliance with laws and regulations that could have a direct and material effect on the Schedule.

**Longshore and Harbor Workers’ Compensation Act (LHWCA) Special Fund—Annual.** We will determine if DOL’s LHWCA Special Fund financial statement presented fairly, in all material respects, the financial position of the LHWCA Special Funds on September 30, 2017.

**District of Columbia Workmen’s Compensation Act (DCCA) Special Fund Financial Statement Audits—Annual.** We will determine if DOL’s DCCA Special Fund financial statement presented fairly, in all material respects, the financial position of the DCCA Special Funds on September 30, 2017.

**FECA Statement on Standards for Attestation Engagements (SSAE) No. 18—Annual.** We will determine if DOL’s Integrated Federal Employees’ Compensation System transaction processing for application and general controls, as described in the

report, were fairly presented, suitably designed, and operating effectively for the period October 1, 2017, through June 30, 2018.

### Discretionary Audits

**Management of the Medical Benefits Provided in the Energy Employees Occupational Illness Compensation (Energy) Program.** We will determine if OWCP's processes and controls ensured that Energy claimants received the medical services claimants are qualified to receive under the program. We will also determine if OWCP's management of the Energy Program provided effective stewardship of the medical services provided to the claimants.

**OWCP Medical Bill Payment Integrity Controls.** We will determine if OWCP's program integrity controls in its medical bill payment systems were effectively implemented. These controls include enforcing legislative and program requirements, as well as determining if controls are effective in limiting treatments (medical procedures, prescriptions and supplies) to those medically necessary and approved for the condition.

**OWCP Second Opinion and Referee Medical Exams—In Progress.** We will continue our work to review OWCP's processes for selecting medical examiners and its management and oversight of related contracts.

**OWCP Oversight of Pharmaceutical Costs and Compounding Medications—In Progress.** We will continue our work reviewing OWCP's management of pharmaceutical costs in its compensation programs.

## Wage and Hour Division (WHD)

### Discretionary Audits

**WHD's Enforcement Program.** We will determine if WHD adequately enforced federal wage and hour laws and regulations.

**Davis-Bacon Prevailing Wages Survey Accuracy and Timeliness—In Progress.** We will continue our work to determine if WHD: 1) issued prevailing wage determinations that were current and accurate; and 2) adequately monitored the survey process to ensure the Department met its performance goals.

Multi-Agency

**Mandatory Audits**

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

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