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*"Rummaging in the government's attic"*

Description of document: Department of Labor (DOL) records provided to Senator Charles E. Grassley and Senator Tom Coburn concerning the independence of the Inspector General necessary to promote efficiency and prevent fraud, waste and abuse in agency programs, in response to the Senators' inquiry, 2011-2012

Requested: 15-April-2012

Released date: 21-May-2012

Posted date: 04-July-2012

Source of document: Disclosure Officer  
Office of Inspector General  
U.S. Department of Labor  
200 Constitution Ave., N.W., Room S-5506  
Washington, DC 20210  
Fax: (202) 693-7020

Note: This is one of several files on the same subject for various agencies available on governmentattic.org. See: <http://www.governmentattic.org/6docs/GrassleyCoburn.htm>

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May 21, 2012

This is in response to your April 15, 2012, Freedom of Information Act (FOIA) request for a copy of each biannual response to Senators Grassley and Coburn regarding their April 8, 2010 request to the Labor Department Office of Inspector General to provide a summary of the non-public management advisories and closed investigations. Your request was received on April 18, 2012 and assigned FOIA case number 212035.

The policy of the Inspector General is to make, to the extent possible, full disclosure of our identifiable records in accordance with the provisions of the Freedom of Information Act. Accordingly, I am enclosing a copy of all materials responsive to your request; the DOL OIG biannual responses with the corresponding reports to Senators Grassley and Coburn. However, certain information has been excised from the enclosed documents for the reason set forth below.

Exemption (b)(7)(C) of the FOIA authorizes the withholding of names and details of personal information related to various individuals which, if disclosed to the public, could reasonably be expected to constitute an unwarranted invasion of personal privacy. In this case, details related to certain investigations which would lead to the identities of complainants and individuals who were the subjects of OIG investigations have been deleted on portions of the enclosed pages.

You have the right to appeal my decision to (partially) deny your request within 90 days from the date of this letter. Should you decide to do this, your appeal must state, in writing, the grounds for appeal, together with any statement or arguments. Such an appeal should be addressed and directed to the Solicitor of Labor, citing OIG/FOIA No.212035 Room N-2428, 200 Constitution Avenue, N.W., Washington, D.C. 20210. Please refer to the Department of Labor regulations at 29 C.F.R. 70.22 for further details on your appeal rights.

We hope you find this information helpful. Because the cost to process this request was de minimus, fees were not charged. Should you have any questions concerning your FOIA request, please contact the FOIA office at 202-693-5116. We look forward to assisting you.

Sincerely,

A handwritten signature in cursive script that reads "Kim Pacheco".

Kim Pacheco  
Disclosure Officer  
Office of Inspector  
General

Enclosures:

# United States Senate

WASHINGTON, DC 20510

April 8, 2010

## Via Electronic Transmission

The Honorable J. Anthony Ogden  
Inspector General  
U.S. Government Printing Office  
732 North Capitol Street, NW  
Washington, DC 20401

Dear Inspector General Ogden:

As the Ranking Members of the Senate Committee on Finance and the Senate Committee on Homeland Security and Governmental Affairs, Permanent Subcommittee on Investigations, we have a duty to conduct oversight into the actions of executive branch agencies. Integral to this effort is ensuring that Inspectors General have the independence necessary to carry out audits, evaluations, and investigations within their respective agencies. During our time in Congress, we have sought to protect the independence of Inspectors General and write today in that continued effort.

Recently we learned that several agencies have sought to interfere with, limit, or outright block investigations, evaluations, or audits by, among others, Inspectors General, or otherwise impede their activities. Simply put, Inspectors General cannot get their job done without assistance and cooperation from the agencies they serve. Despite the need for cooperation, agencies are not always forthcoming with assistance required for Inspectors General to achieve their respective goals. In an effort to monitor agency cooperation, we request that your office list and describe any instances when the Department/Agency resisted and/or objected to oversight activities and/or restricted your access to information. Even temporary delays in granting access to information can be unnecessary and frustrate the mission of Inspectors General, so please include descriptions of instances where information was ultimately provided but only after a substantial delay. Where possible, please include the Department/Agency's reasoning for its actions, if any. When responding to this request, please include all applicable information from October 1, 2008 to the date of this letter. In the event a matter occurs subsequent to the date of this letter, please advise the staff members identified below immediately. We would appreciate receiving this information on June 15, 2010.

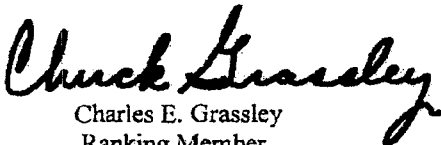
Secondly, we are requesting that you provide our staff with biannual reports on all closed investigations, evaluations, and audits conducted by your office that were not disclosed to the public. For example, this may include findings that resulted in an internal Management Implication Report. We would appreciate this non-public information for the period of January 1, 2009 through April 30, 2010 on June 15, 2010.

Thirdly, section 6(f)(3)(E) of the Inspector General Act states that an Inspector General shall have his/her comments included in the budget of the United States Government submitted to Congress if the Inspector General concludes that the budget would "substantially inhibit" the OIG from performing its respective duties. This requirement is essential if Congress is to ensure that Inspectors General are adequately funded. We were troubled to learn of an allegation that the Office of Management (OMB) and Budget told an Assistant Inspector General that OMB would "make life miserable" for the IG if they chose to communicate with Congress concerning their budget. We are also aware that a survey was done and that the Inspector General community did not identify any other situations of concern. In any event, we request that if any federal official threatens and/or otherwise attempts to impede your office's ability to communicate with Congress, whether that communication concerns the budget or any other matter, we wish to be advised immediately.

Finally, we understand that the Ranking Member of the House Committee on Oversight and Government Reform has requested that you provide information on outstanding recommendations that have not been fully implemented. Please provide a courtesy copy of your reply to us as well.

Thank you in advance for your cooperation with this request. If you have any questions, please do not hesitate to contact Christopher Armstrong on Senator Grassley's staff at (202) 224-4515, or Chris Barkley on Senator Coburn's staff at (202) 224-3721. All written responses should be sent in electronic format to [Brian\\_Downey@finance-rep.senate.gov](mailto:Brian_Downey@finance-rep.senate.gov).

Sincerely,



Charles E. Grassley  
Ranking Member  
Committee on Finance



Tom Coburn  
Ranking Member  
Permanent Subcommittee on Investigations  
Homeland Security and Governmental Affairs Committee



JUN 18 2010

The Honorable Charles E. Grassley  
United States Senate  
135 Hart Senate Office Building  
Washington, DC 20510-0405

The Honorable Tom Coburn  
United States Senate  
172 Russell Senate Office Building  
Washington, DC 20510-0405

Dear Senators Grassley and Coburn:

I am writing in response to your April 8, 2010, request for information regarding agency cooperation with respect to Office of Inspector General (OIG) activities. Specifically, you requested that we provide the following information:

- 1) Instances when the Department resisted and/or objected to oversight activities and/or restricted access to information from October 1, 2008 to April 8, 2010;
- 2) Biannual reports on all closed non-public investigations and audits for the period of January 1, 2009 through April 30, 2010;
- 3) Any threats and/or attempts to impede my office's ability to communicate with Congress regarding the budget or any other matter; and,
- 4) Our response to Representative Issa's request for outstanding OIG recommendations that have not been fully implemented by the Department.

Regarding your first and third requests the OIG has not encountered any situations where the Department of Labor sought to restrict or delay investigations or audits. In addition, we have not encountered any instances where there has been an attempt to impede or influence our communication with Congress about any issue to include our budget.

With regard to closed investigations and audits conducted by the OIG, my staff contacted Emilia DiSanto and Jason Foster from your staff to clarify the parameters of this request. We were informed that we should provide: a.) Summaries of internal investigations of DOL employees at the Grade 15 and higher level which were closed during this period of time and which resulted in a referral to Departmental management; and b.) Summaries of all investigations concerning allegations of retaliation for whistleblowing activities.

We have identified two closed internal investigations involving Department SES and GS 15 employees during the period in question (January 1, 2009 through April 30, 2010), as follows:

Enclosed for your review are two copies of

- We conducted an investigation of a GS-12 employee who was allegedly using government time and equipment to further his outside private legal practice. During this investigation, the employee told the OIG that he used his government computer and other government resources to conduct research on private legal cases he was working on for his government co-workers and supervisors, including two GS 15 employees. This matter was referred to Department management, and administrative action was taken against one of the GS 15 employees. No administrative action was taken against the other GS 15 employee because that employee retired before any administrative action could be taken.
- We received an anonymous complaint that an SES employee intentionally concealed the outcome and existence of a Final Draft Report conducted by the (b) (7)(C) which was requested by (b) (7)(C) after the (b) (7)(C). Our investigation concluded that the employee deliberately concealed the results of the (b) (7)(C) report from senior management within (b) (7)(C). We also determined that several other employees, including a GS 15 employee, withheld the same information, at the request of the SES employee, from non-technical members of (b) (7)(C) (b) (7)(C). The SES employee resigned from (b) (7)(C) as a result of the investigation, and administrative action was taken against the GS 15 employee.

In addition, we have identified one case concerning allegations of retaliation for whistleblowing activities during the period in question:

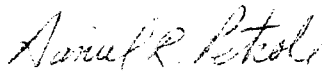
- In January, 2009 the Secretary of Labor received a complaint from the Office of Special Counsel (OSC), and the OIG agreed to provide investigative support for this OSC referral. The OIG's investigative results were forwarded to the Secretary in September, 2009, and were subsequently forwarded to OSC (for further disclosure to Congress and to the President). The complaint in question was received from an employee with the (b) (7)(C). The employee alleged that (b) (7)(C) officials, including an SES employee and a GS 15 employee, abused their authority during a (b) (7)(C) investigation of a (b) (7)(C) and retaliated against him for "blowing the whistle" on these alleged abuses.

It should be noted that the (b) (7)(C) employee had previously directly contacted the OIG with similar allegations, and the OIG conducted a limited review but did not find any support for these allegations. When the OIG received the OSC referral from the Secretary, we conducted a full investigation of the employee's allegations. This investigation did not substantiate any of the seven allegations regarding abuses of authority by (b) (7)(C) managers. The investigation did reveal delays in the investigation that were attributed to the inexperience (b) (7)(C) regional managers. The investigation determined that these delays were not intentional delays intended to obstruct or delay the investigation, and the investigation did not substantiate the employee's retaliation allegations.

Finally, you requested a copy of our response to a request from Representative Issa for outstanding OIG recommendations that have not been fully implemented by the Department. A courtesy copy is enclosed.

If you or your staff has any questions or concerns, or if we may be of further assistance on this or any other matter, please contact me or Nancy Ruiz de Gamboa, Assistant Inspector General, Office of Management and Policy, at (202) 693-5100.

Sincerely,

A handwritten signature in cursive script, appearing to read "Daniel R. Petrole".

Daniel R. Petrole  
Acting Inspector General



MAY 12 2010

The Honorable Darrell E. Issa  
Ranking Member  
Committee on Oversight and Government Reform  
United States House of Representatives  
Washington, D.C. 20515-6143

Dear Mr. Chairman:

In response to your request dated March 24, 2010, I am enclosing our report on open audit recommendations my office has made to the Department of Labor (DOL) (Enclosure 1). This report is an update to the information provided to you in April 2009. Enclosure 2 provides a summary of the three open recommendations my office considers to be the most important, per your request. The Department has made some progress in closing recommendations since January 2009, as evidenced by the 353 recommendations it has implemented. However, we also recognize that much remains to be done to close the recommendations that are still open, and we are continuing to work with the Department to that end.

Please note that the enclosed report does not include recommendations from audits of DOL grantees pursuant to the Single Audit Act. These audits are not conducted by the Office of Inspector General (OIG), but rather by independent public accountants through contracts or other arrangements with the grantees. The OIG's role with respect to such audits is limited to reviewing the resulting audit reports for findings and questioned costs related to DOL awards, and to ensure that the reports comply with the requirements of OMB Circular A-133.

You also asked for any legislative suggestions I have to further improve the IG Act or the IG Reform Act of 2008. I concur with the recommendations made by the Council of the Inspectors General on Integrity and Efficiency (CIGIE) in a letter to you dated April 2, 2010. In particular, I believe that expanding the Inspectors General subpoena authority to include compelling the attendance and testimony of non-Federal agency witnesses would enhance the IG's ability to conduct thorough audits and investigations. From a DOL standpoint, the authority to access state Unemployment Insurance wage records, Social Security wage records, and employment information from the National Directory of New Hires would help reduce overpayments in DOL programs, including the Unemployment Insurance and Federal Employees' Compensation Act programs.

Please contact me at 202-693-5100 if you have any questions. Alternatively, your staff can contact Constance Christakos of my staff at 202-693-5238.

Sincerely,

A handwritten signature in dark ink, reading "Daniel R. Petrole".

Daniel R. Petrole  
Deputy Inspector General

Enclosures (2)

cc: The Honorable Edolphus Towns, Chairman

*Working for America's Workforce*



OPEN AUDIT RECOMMENDATIONS  
U.S. DEPARTMENT OF LABOR

Enclosure

U. S. DEPARTMENT OF LABOR			
OPEN AUDIT RECOMMENDATIONS - AS OF MARCH 31, 2010			
FY	Total Number of Recommendations Made	Total Number of Open Recommendations	Potential Cost Savings/ Funds Put to Better Use
2001	314	12	0
2002	303	16	0
2003	653	29	0
2004	467	12	0
2005	342	63	0
2006	297	33	0
2007	234	46	338,709
2008	433	146	0
2009	300	208	0
2010	197	179	142,435,344
TOTAL	3540	744	142,774,053

**Open Recommendations with Potential Cost Savings/  
Funds Put to Better Use**

1. If the Job Corps Program collects a refund due from the National Park Service resulting from underutilization of its facility, it will net a cost saving of \$190,367.  
(Report No. 26-07-001-01-370, issued March 30, 2007)
2. If San Diego Workforce Partnership, Inc. had complied with the requirements set out in OMB Circular A-110 for program income, it could have used net income of \$149,342 to further its eligible project or program objectives.  
(Report No. 09-07-001-03-390, issued February 14, 2007)
3. Only \$8 million of \$150 million the Recovery Act made available for the Department's Health Coverage Tax Credit National Emergency Grants has been awarded to states. The remaining \$142 million could be better used if the Department takes action to evaluate and strengthen the Health Coverage Tax Credit program.  
(Report No. 19-10-003-03-390, issued March 31, 2010)

OPEN AUDIT RECOMMENDATIONS  
U.S. DEPARTMENT OF LABOR

Enclosure 1

4. The contractor hired by DOL to conduct the required statistical review of the Department's procurement data in the FPDS-NG could not provide support for its report. By ensuring the contract requirements were specific and included time lines, staff qualifications/key personnel, and schedule of progress reports and other deliverables, the \$190,718 paid for this work could have been put to better use.  
(Report No. 03-10-001-07-711, issued February 22, 2010)
5. For the Job Corps contract modification totaling \$122,103 that OASAM could not demonstrate was issued based on merit, either issue a modification incorporating a SOW that is within the scope of the original contract or re-compete the work, and provide documentation that \$122,523 of Recovery Act funds spent for repairs not eligible for Recovery Act funding was re-obligated.  
(Report No. 18-10-005-07-001, issued March 30, 2010)

**Summary of the 3 Open Recommendations at the U. S. Department of Labor  
Considered Most Important by the OIG**

**1. Report/Recommendation:** Our audit entitled "Employers with Reported Fatalities Were Not Always Properly Identified and Inspected Under OSHA's Enhanced Enforcement Program," found that OSHA has not placed the appropriate management emphasis and resources on this program to ensure indifferent employers were properly designated for EEP and subject to enhanced enforcement actions. By more effectively utilizing the EEP program, OSHA could potentially reduce the risk of future injuries, illnesses, and fatalities. We recommended OSHA form an EEP Task Force to make recommendations to improve program efficiency and effectiveness. (Report No. 02-09-203-10-105, issued March 31, 2009)

**Agency Agree/Disagree:** Agree

**Cost Savings:** N/A

**Implementation Plans:** On April 22, 2010, OSHA unveiled its Severe Violator Enforcement Program directive, intended to replace the Enhanced Enforcement Program. The directive is aimed at focusing additional enforcement on recalcitrant employers who endanger workers by demonstrating indifference to their responsibilities under the law. OIG is currently reviewing the directive to determine if it is adequate to close our recommendation.

**2. Report/Recommendation:** Our audit entitled "MSHA Could Not Show It Made the Right Decision in Approving the Roof Control Plan at Crandall Canyon Mine" was conducted in response to the Crandall Canyon mine tragedy. We found MSHA could not demonstrate that it had made the right decision in approving the roof control plan; or that it had done everything appropriate to ensure that the roof control plan was sufficient to protect miners. We recommended that MSHA establish explicit criteria and guidance for assessing the quality of, and potential safety risk associated with, proposed mine roof control plans. (Report No. 05-08-003-06-001, issued March 31, 2008)

**Agency Agree/Disagree:** Agree

**Cost Savings:** N/A

**Implementation Plans:** MSHA has not yet developed and implemented explicit criteria and guidance for assessing the quality of, and potential safety risk associated with, proposed roof control plans. It has been two years since we recommended such criteria and guidance be developed and implemented as part of our audit of MSHA's process for approving roof control plans.

**Summary of the 3 Open Recommendations at the U. S. Department of Labor  
Considered Most Important by the OIG**

In 2005, MSHA's Office of Technical Support Roof Control Division, in collaboration with the National Institute on Occupational Safety and Health (NIOSH), developed a pillar recovery risk factor checklist. This checklist included key risk factors such as production pillar design, barrier pillar design, mobile roof supports, geologic hazards and age of mine workings. MSHA stated that it would use this checklist to develop the criteria for identifying potential problems in specific retreat mining plans. Because the checklist was developed with NIOSH, MSHA wanted NIOSH's input and concurrence prior to issuing any final criteria. MSHA has informed OIG that NIOSH is conducting a study at the request of Congress on the safety of deep cover pillar recovery. MSHA stated that the study, which has been completed and is in the final review process within the CDC, will contain specific recommendations concerning the mining of barrier pillars, splitting pillars at deep cover, burst assessments, etc. MSHA also stated that, in conjunction with the study, NIOSH has revised the Analysis of Retreat Mining Pillar Stability (ARMPS) software, which will affect the MSHA evaluation of certain aspects of deep cover pillar plans. MSHA stated that it has been briefed on certain aspects of the study and the changes to ARMPS, but explicit criteria and guidance for assessing proposed mine roof control plans have not been formalized due to the lack of a final NIOSH report.

**3. Report/Recommendation:** Our audit entitled "Recovery Act: The U.S. Department of Labor Needs to Evaluate Its Role in the Health Coverage Tax Credit (HCTC) Program" found that \$142 million of the \$150 million the Recovery Act designated for use by the Department's Health Coverage Tax Credit (HCTC) National Emergency Grants (NEG) program had gone unused. We recommended that the Department assess the need for the unused \$142 million by obtaining an annual estimate of the amount of Recovery Act HCTC NEG funds needed by each state. (Report No. 05-08-003-06-001, issued March 31, 2008)

**Agency Agree/Disagree:** Agree

**Cost Savings:** \$142,000,000

**Implementation Plans:** The agency response to the report containing planned corrective actions and milestones for completing those actions is due on June 1, 2010.

**U.S. Department of Labor**

Office of Inspector General  
Washington, DC. 20210



01/14/2011

The Honorable Charles E. Grassley  
United States Senate  
135 Hart Senate Office Building  
Washington, DC 20510-0405

The Honorable Tom Coburn  
United States Senate  
172 Russell Senate Office Building  
Washington, DC 20510-0405

Dear Senators Grassley and Coburn:

I am writing in response to your request for biannual reports on all non-public, closed investigations, evaluations, and audits, as well as an update to your April 8, 2010, request for information regarding agency cooperation with respect to Office of Inspector General (OIG) activities. Specifically, we are providing the following information:

- 1) Instances when the Department resisted and/or objected to oversight activities and/or restricted access to information from May 1, 2010, through September 30, 2010;
- 2) Biannual reports on all closed non-public investigations and audits through September 30, 2010;
- 3) Any threats and/or attempts to impede my office's ability to communicate with Congress regarding the budget or any other matter; and
- 4) Information on outstanding OIG recommendations that have not been fully implemented by the Department.

Regarding your first and third requests, the OIG has not encountered any situations in which the Department of Labor sought to restrict or delay investigations or audits. In addition, we have not encountered any instances where there has been an attempt to impede or influence our communication with Congress about any issue to include our budget.

With regard to closed investigations and audits conducted by the OIG, as indicated in my prior letter to you, we are providing: a) Summaries of internal investigations of DOL employees at the Grade 15 and higher level which were closed during this period of time and which resulted in a referral to departmental management; and b) Summaries of all investigations concerning allegations of retaliation for whistleblowing activities.

We have identified two closed internal investigations involving a Department GS-15 and an SES employee during the period in question (May 1, 2010, through September 30, 2010), and one whistleblower review, as follows:

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- During the course of an investigation regarding a DOL employee, the subject's supervisor, an (b) (7)(C) Regional Administrator in the Senior Executive Service (SES), showed a lack of candor during interviews. The Regional Administrator consistently provided information that appeared to only serve to exonerate the subject; however, when that same information became incriminatory, the Regional Administrator refused to acknowledge that they provided it. The OIG referred the case to (b) (7)(C) management. The Regional Administrator received a 15-day suspension for misconduct, including negligence in the performance of duties, and violations of the Standards of Ethical Conduct for Executive Branch Employees. The Regional Administrator did not appeal the suspension.
- We conducted an investigation into an allegation that a GS-15 employee in the (b) (7)(C) had misused a government owned vehicle. The investigation determined that the GS-15 employee was using the vehicle to conduct official (b) (7)(C) business; however, while en route to a meeting, he stopped at a doctor's office for an appointment. The results of the investigation were referred to (b) (7)(C) management who suspended the employee for vehicle misuse.
- With respect to investigations concerning allegations of retaliation for whistleblowing activities during this period, we received an allegation from (b) (7)(C) employees (through their attorney) who claimed that they were subjected to a hostile work environment by (b) (7)(C) officials in retaliation for providing information to the OIG regarding misconduct by other (b) (7)(C) employees. We conducted a preliminary review of this allegation, including interviews of the complainants and their attorney by a senior OIG attorney. Based on this review, we determined that there was insufficient support for the existence of a hostile work environment, or of a nexus to the alleged whistleblowing, to refer the matter for a full investigation. The (b) (7)(C) employees and their attorney were notified of this determination.

Finally, as detailed in the attached chart, since FY 2001 the OIG has made 3,798 audit recommendations, of which 924 have not been fully implemented by the Department.

If you or your staff has any questions or concerns, or if we may be of further assistance on this or any other matter, please contact me or Nancy Ruiz de Gamboa, Assistant Inspector General, Office of Management and Policy, at (202) 693-5100.

Sincerely,



Daniel R. Petrole  
Acting Inspector General

Enclosures (1)

OPEN AUDIT RECOMMENDATIONS  
U.S. DEPARTMENT OF LABOR

U.S. DEPARTMENT OF LABOR			
OPEN AUDIT RECOMMENDATIONS - AS OF SEPTEMBER 30, 2010			
FY	Total Number of Recommendations Made	Total Number of Open Recommendations	Potential Cost Savings/ Funds Put to Better Use
2001	314	11	
2002	303	18	
2003	653	29	
2004	467	17	
2005	342	54	
2006	297	27	
2007	234	43	338,709 <sup>1</sup>
2008	433	127	
2009	300	153	
2010	455	447	1,372,757,626 <sup>2</sup>
<b>TOTAL</b>	<b>3,798</b>	<b>926</b>	<b>1,373,096,335</b>

**Notes for Open Recommendations with Potential Cost Savings**

<sup>1</sup> \$338,709 comprises:

- \$190,367 which represents a net cost savings that the Job Corps Program should collect as a refund from the National Park Service due to the underutilization of its facility. (Report No. 26-07-001-01-390. issued March 30, 2007)

- \$148,342 which represents net income that could have been used by the San Diego Workforce Partnership, Inc. to further eligible project or program objectives, if the Partnership had complied with OMB Circular A-110 requirements for program income.

<sup>2</sup> \$1,372,757,626 comprises:

- \$32 million which represents Recovery Act funds that could be better used if the Department takes action to evaluate and strengthen the Health Coverage Tax Credit program. ETA awarded to states only \$8 million of \$150 million the Recovery Act made available for the Department's Health Coverage Tax Credit National Emergency Grants (NEGs). Congress recaptured \$110 million of the \$142 million in Recovery Act funds for the Department's Health Coverage Tax Credit NEG, leaving \$32 million unobligated. (Report No. 18-10-003-03-390)

- \$244,626 which represents \$122,103 in Recovery Act contract modifications that were not merit-based and \$122,523 in obligations that were not eligible for Recovery Act funding. (Report No. 18-10-005-07-001)

- \$2.9 million which represents Disabled Veterans' Outreach Program (DVOP) funding that could have been better used, given the low number of veterans that Texas Veterans Commission (TVC) reported as having received case management services to address veterans' barriers to employment. (Report No. 06-10-001-02-001, issued May 28, 2010)
- \$713,000 which represents deficiencies that could have been corrected and funds put to a better use, if Veterans' Employment and Training Services (VETS) had not lacked adequate controls over the contract for Transition Assistance Program (TAP) workshops, undermining VETS' ability to ensure veterans succeeded in obtaining meaningful employment. (Report No. 06-10-002-02-001, issued September 30, 2010)
- \$5.9 million which represents program funds that may have been put to better use, if VETS had provided effective oversight of underperforming grants in its Homeless Veterans Reintegration Program. (Report No. 06-10-003-02-001, issued September 30, 2010)
- \$1.3 billion which represents UI modernization benefits that were unlikely to be applied for by ten states. To ensure the funds were put to better use, we recommended that ETA work with Congress to reinstate unused UI modernization funds into the Federal Unemployment Account (FUA) and work with the states to ensure administrative funds are spent as intended. (Report No. 18-10-012-03-315, issued September 30, 2010)
- \$31 million which represents Recovery Act funds that could have been put to a better use for the building of a new Job Corps facility. A government constructed Job Corps facility may have cost \$31 million less than the \$82 million multi-year lease agreement Job Corps signed. (Report No. 18-10-009-03-370, issued September 30, 2010)



U.S. Department of Labor

Office of Inspector General  
Washington, DC 20210



JUN - 1 2011

The Honorable Charles E. Grassley  
United States Senate  
135 Hart Senate Office Building  
Washington, DC 20510-0405

The Honorable Tom Coburn  
United States Senate  
172 Russell Senate Office Building  
Washington, DC 20510-0405

Dear Senators Grassley and Coburn:

I am writing in response to your request for biannual reports on all non-public, closed investigations, evaluations, and audits, as well as an update to your April 8, 2010, request for information regarding agency cooperation with respect to Office of Inspector General (OIG) activities. Specifically, we are providing the following information:

- 1) Instances when the Department of Labor (DOL) resisted and/or objected to oversight activities and/or restricted access to information from October 1, 2010, through March 31, 2011;
- 2) Biannual reports on all closed non-public investigations and audits through March 31, 2010;
- 3) Any threats and/or attempts to impede my office's ability to communicate with Congress regarding the budget or any other matter; and
- 4) Information on outstanding OIG recommendations that have not been fully implemented by DOL.

Regarding your first and third requests, the OIG has not encountered any situations in which DOL sought to restrict or delay investigations or audits. In addition, we have not encountered any instances where there has been an attempt to impede or influence our communication with Congress about any issue to include our budget.

With regard to closed investigations and audits conducted by the OIG, as indicated in my prior letter to you, we are providing summaries of internal investigations of DOL employees at the Grade 15 and higher level which were closed during this period of time and which resulted in a referral to departmental management.

We have identified two closed internal investigations involving two SES employees and one Department GS-15 during the period in question (October 1, 2010, through March 31, 2011) as follows:


Working for America's Workforce

- We conducted an investigation involving allegations that an Assistant Secretary was having an inappropriate relationship with a contractor. The allegations against the Assistant Secretary were not substantiated.
- We conducted an investigation involving several allegations against a career SES manager. The OIG substantiated that the SES manager submitted inaccurate time-and-attendance records, used business travel as a pretext to conduct personal affairs, had an intimidating management style, and made offensive comments to staff. During this investigation, the OIG became aware of allegations involving a GS-15 subordinate supervisor and substantiated that the supervisor had submitted inaccurate time and attendance records. As a result of the investigation, the SES manager was allowed to retire in lieu of being terminated, and the GS-15 supervisor received a 14-day suspension.

Finally, as detailed in the attached chart, since 2002 the OIG has made 3,701 audit recommendations, of which 885 have not been fully implemented by the Department. These 885 recommendations include 462 recommendations resulting from audits issued in the past two years, and in many cases, the Department has corrective actions plans in place. Many of the older recommendations involve grant or contract audits with questioned costs that the Department is still attempting to collect, as well as IT security recommendations for which we are working with the Department to ensure full implementation.

If you or your staff has any questions or concerns, or if we may be of further assistance on this or any other matter, please contact me or Nancy Ruiz de Gamboa, Assistant Inspector General, Office of Management and Policy, at (202) 693-5100.

Sincerely,



Daniel R. Petrole  
Acting Inspector General

Enclosure

OPEN AUDIT RECOMMENDATIONS  
U.S. DEPARTMENT OF LABOR

U.S. DEPARTMENT OF LABOR			
OPEN AUDIT RECOMMENDATIONS - AS OF MARCH 31, 2011			
FY	Total Number of Recommendations Made	Total Number of Open Recommendations	Potential Cost Savings/ Funds Put to Better Use
2002	303	6	
2003	653	24	
2004	467	13	
2005	342	51	
2006	297	16	
2007	234	32	148,342 <sup>1</sup>
2008	433	115	
2009	300	126	
2010	455	336	1,340,757,626 <sup>2</sup>
2011	173	166	5,700,000 <sup>3</sup>
<b>TOTAL</b>	<b>3,701</b>	<b>885</b>	<b>1,346,605,968</b>

**Notes for Open Recommendations with Potential Cost Savings**

<sup>1</sup> \$148,342 comprises:

- \$148,342, which represents net income that could have been used by the San Diego Workforce Partnership, Inc. to further eligible project or program objectives, if the Partnership had complied with OMB Circular A-110 requirements for program income.

<sup>2</sup> \$1,340,757,626 comprises:

- \$1.3 billion, which represents UI modernization benefits that were unlikely to be applied for by 10 states. To ensure the funds were put to better use, we recommended that ETA work with Congress to reinstate unused UI modernization funds into the Federal Unemployment Account (FUA) and work with the states to ensure administrative funds are spent as intended.

(Report No. 18-10-012-03-315, issued September 30, 2010)

- \$31 million, which represents Recovery Act funds that could have been put to better use for the building of a new Job Corps facility. A government constructed Job Corps facility may have cost \$31 million less than the \$82 million multi-year lease agreement Job Corps signed.

(Report No. 18-10-009-03-370, issued September 30, 2010)

- \$5.9 million, which represents program funds that may have been put to better use, if VETS had provided effective oversight of underperforming grants in its Homeless Veterans Reintegration Program.

(Report No. 06-10-003-02-001, issued September 30, 2010)

- \$2.9 million, which represents Disabled Veterans' Outreach Program (DVOP) funding that could have been better used, given the low number of veterans that Texas Veterans Commission (TVC) reported as having received case management services to address veterans' barriers to employment.

(Report No. 06-10-001-02-001, issued May 28, 2010)

- \$713,000, which represents deficiencies that could have been corrected and funds put to better use, if Veterans' Employment and Training Services (VETS) had not lacked adequate controls over the contract for Transition Assistance Program (TAP) workshops, undermining VETS' ability to ensure veterans succeeded in obtaining meaningful employment.

(Report No. 06-10-002-02-001, issued September 30, 2010)

- \$244,626, which represents \$122,103 in Recovery Act contract modifications that were not merit-based and \$122,523 in obligations that were not eligible for Recovery Act funding.

(Report No. 18-10-005-07-001)

<sup>3</sup>\$5,700,000 comprises

- \$5.7 million, which represents funds that could have been put to better use if the funds had been expended on eligible participants. YouthBuild grantees, including some who received Recovery Act Funds, could not support the eligibility status (e.g., low income, disadvantaged, or school dropout) for about 20 percent of program participants.

(Report No. 18-11-001-03-001, issued March 31, 2011)

U.S. Department of Labor

Office of Inspector General  
Washington, DC 20210



NOV 29 2011

The Honorable Charles E. Grassley  
United States Senate  
135 Hart Senate Office Building  
Washington, DC 20510-0405

The Honorable Tom Coburn  
United States Senate  
172 Russell Senate Office Building  
Washington, DC 20510-0405

Dear Senators Grassley and Coburn:

I am writing in response to your request for biannual reports on all non-public, closed investigations, evaluations, and audits, as well as an update to your April 8, 2010, request for information regarding agency cooperation with respect to Office of Inspector General (OIG) activities. Specifically, we are providing the following information:

- 1) Instances when the Department of Labor (DOL) resisted and/or objected to oversight activities and/or restricted access to information from April 1, 2011, through September 30, 2011;
- 2) Biannual reports on all closed non-public investigations and audits through September 30, 2011;
- 3) Any threats and/or attempts to impede my office's ability to communicate with Congress regarding the budget or any other matter; and
- 4) Information on outstanding OIG recommendations that have not been fully implemented by DOL.

Regarding your first and third requests, the OIG has not encountered any situations in which DOL sought to restrict or delay investigations or audits. In addition, we have not encountered any instances where there has been an attempt to impede or influence our communication with Congress about any issue to include our budget.

With regard to closed investigations and audits conducted by the OIG, as indicated in my prior letter to you, we are providing summaries of internal investigations of DOL employees at the Grade 15 and higher level which were closed during this period of time and which resulted in a referral to departmental management.

We have identified two closed internal investigations involving Department GS-15 employees during the period in question (April 1, 2011, through September 30, 2011) as follows:

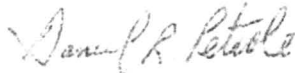
Working for America's Workforce

- We conducted an investigation into an allegation by a DOL manager that a GS-15 Regional Administrator had engaged in a "pattern and practice of abuse of authority and position of trust." It was alleged that the Regional Administrator may have violated contracting actions and appropriations laws, by using FY2010 funds for a training session, requiring travel, in the 2<sup>nd</sup> quarter of FY2011; as well as mismanagement in the expenditure of approximately \$15,000 in funds for the construction and subsequent demolition and rebuilding of a conference room. We did not substantiate the allegations.
- We conducted an investigation involving an allegation against a (b) (7)(C) GS-15 Division Chief. The Division Chief received a letter of reprimand and was reassigned following an investigation that showed he used his position as a contract task monitor to influence a contractor to hire his son-in-law and brother-in-law. As a task monitor overseeing the contractor (b) (7)(C), the Division Chief had provided the resumes of his relatives to the contractor's project manager resulting in both individuals being hired. Although our investigation did not substantiate that the Division Chief specifically told the project manager to hire his relatives, his action created, at a minimum, the appearance that the Division Chief used his official Federal position to obtain employment for individuals he was related to or with whom he had a close personal relationship.

Finally, as detailed in the attached chart, since 2002 the OIG has made 3,803 audit recommendations, of which 708 have not been fully implemented by the Department. These 708 recommendations include 453 recommendations resulting from audits issued in the past two years, and in many cases, the Department has corrective actions plans in place. Many of the older recommendations involve grant or contract audits with questioned costs that the Department is still attempting to collect, as well as IT security recommendations for which we are working with the Department to ensure full implementation.

If you or your staff has any questions or concerns, or if we may be of further assistance on this or any other matter, please contact me or Nancy Ruiz de Gamboa, Assistant Inspector General, Office of Management and Policy, at (202) 693-5100.

Sincerely,



Daniel R. Petrole  
Acting Inspector General

Enclosure

OPEN AUDIT RECOMMENDATIONS  
U.S. DEPARTMENT OF LABOR

U.S. DEPARTMENT OF LABOR			
OPEN AUDIT RECOMMENDATIONS - AS OF OCTOBER 31, 2011			
FY	Total Number of Recommendations Made	Total Number of Open Recommendations	Potential Cost Savings/ Funds Put to Better Use
2002	503	5	
2003	653	14	
2004	467	7	
2005	342	22	
2006	297	13	
2007	234	30	148,342 <sup>1</sup>
2008	433	76	
2009	300	88	
2010	455	209	9,513,000 <sup>2</sup>
2011	319	244	682,780,000 <sup>3</sup>
<b>TOTAL</b>	<b>3803</b>	<b>708</b>	<b>692,441,342</b>

**Notes for Open Recommendations with Potential Cost Savings**

<sup>1</sup> \$148,342 comprises:

• \$148,342, which represents net income that could be used by the San Diego Workforce Partnership, Inc. to further eligible project or program objectives, if the Partnership had complied with OMB Circular A-110 requirements for program income.

(Report No. 09-07-001-03-390, issued February 14, 2007)

<sup>2</sup> \$9,513,000 comprises:

• \$5.9 million, which represents program funds that could be put to better use, if Veterans' Employment and Training Service (VETS) provides effective oversight of underperforming grants in its Homeless Veterans Reintegration Program.

(Report No. 06-10-003-02-001, issued September 30, 2010)

• \$2.9 million, which represents Disabled Veterans' Outreach Program funding that could be better used, given the low number of veterans that Texas Veterans Commission reports as having received case management services to address veterans' barriers to employment.

(Report No. 06-10-001-02-001, issued May 28, 2010)

• \$713,000, which represents deficiencies that could be corrected and funds put to better use, if VETS implements adequate controls over the contract for Transition

Assistance Program (TAP) workshops, to improve VETS' ability to ensure veterans succeed in obtaining meaningful employment.  
(Report No. 06-10-002-02-001, issued September 30, 2010)

<sup>3</sup>\$682,780,000 comprises:

- \$5.7 million, which represents funds that could be put to better use if the funds are expended on training eligible participants. YouthBuild grantees, including some who received Recovery Act Funds, could not support the eligibility status — low income, disadvantaged, or school dropout — for about 20 percent of program participants.

(Report No. 18-11-001-03-001, issued March 31, 2011)

- \$124 million, which represents funds that could be put to better use if the funds are expended on training associated with employment by Adult and Dislocated Workers exiters. Analysis of 37 percent of the sampled exiters disclosed they either did not obtain employment or their employment was unrelated to the training they received.

(Report No. 03-11-003-03-390, issued September 30, 2011)

- \$327.3 million, which represents funds that could be put to better use if an evaluation of the Green Jobs Program determines that the grantees can not effectively use the funds and deliver targeted employment outcomes by the end of the grant periods. Any of the \$327.3 million determined not to be needed should be recouped and to the extent permitted by law, made available for other purposes.

(Report No. 18-11-004-03-390, issued September 30, 2011)

- \$61.18 million, which represents funds that could be put to better use if Job Corps improves oversight of its service providers to increase the number of students trained by Job Corps to find vocational training-related employment.

(Report No. 26-11-004-03-370, issued, September 30, 2011)

- \$164.6 million, which represents funds that could be put to better use if Job Corps implement planned changes to its student enrollment process policy of allowing potential students to self-certify their family income levels, which has resulted in 42.3 percent ineligible students being involved in Job Corps.

(Report No. 26-11-005-03-370, issued September 30, 2011)