

**FY 2023**

**CONGRESSIONAL BUDGET JUSTIFICATION**

**OFFICE OF INSPECTOR GENERAL**

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# OFFICE OF INSPECTOR GENERAL

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# OFFICE OF INSPECTOR GENERAL

## INSPECTOR GENERAL REFORM ACT

The Inspector General Act of 1978 [Public Law 95-452; 5 U.S.C. App., as amended through P.L. 114-317] requires certain specifications concerning Office of Inspector General (OIG) budget submissions each fiscal year. Each Inspector General (IG) is required to transmit a budget request to the head of the establishment to which the IG reports specifying: the aggregate amount of funds requested for the operations of the OIG, the portion of this amount requested for OIG training, including a certification from the IG that the amount requested satisfies all OIG training requirements for that fiscal year, the portion of this amount necessary to support the Council of the Inspectors General on Integrity and Efficiency, and any comments from the IG with respect to the proposal.

For FY 2023, this information is as follows:

- OIG's aggregate funding request is \$108,218,000.
- OIG's funding request for training needs is \$850,000 which is sufficient to meet the needs of the agency.
- Funding necessary to support the Council of Inspectors General on Integrity and Efficiency is \$389,585.

# OFFICE OF INSPECTOR GENERAL

## APPROPRIATION LANGUAGE

*For salaries and expenses of the Office of Inspector General in carrying out the provisions of the Inspector General Act of 1978, \$102,024,000, together with not to exceed \$5,841,000 which may be expended from the Employment Security Administration account in the Unemployment Trust Fund.*

*Note.— A full-year 2022 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2022 (Division A of P.L.117-43, as amended). The amounts included for 2022 reflect the annualized level provided by the continuing resolution.*

## OFFICE OF INSPECTOR GENERAL

<b>AMOUNTS AVAILABLE FOR OBLIGATION</b>						
(Dollars in Thousands)						
	<b>FY 2021 Revised Enacted</b>		<b>FY 2022 Full Year C.R.</b>		<b>FY 2023 Request</b>	
	<b>FTE</b>	<b>Amount</b>	<b>FTE</b>	<b>Amount</b>	<b>FTE</b>	<b>Amount</b>
<b>A. Appropriation</b>	<b>288</b>	<b>\$85,187</b>	<b>244</b>	<b>\$85,187</b>	<b>257</b>	<b>\$102,024</b>
<i>Subtotal</i>	288	\$85,187	244	\$85,187	257	\$102,024
Offsetting Collections From:						
Reimbursements	0	\$500	0	\$500	0	\$500
Unemployment Trust Fund	35	\$5,660	35	\$5,660	35	\$5,841
Black Lung Disability Trust Fund	1	\$314	1	\$323	1	\$353
Sequestration Reduction Pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985 as Amended	0	\$0	0	\$0	0	\$0
<i>Subtotal</i>	36	\$6,474	36	\$6,483	36	\$6,694
Supplemental Appropriations	20	\$36,471	0	\$26,121	0	\$300
Coronavirus Aid, Relief, and Economic Security Act (CARES Act)	20	\$23,971	0	\$14,381	0	\$0
American Rescue Plan Act of 2021 (ARPA)	0	\$12,500	0	\$11,740	0	\$300
<b>B. Gross Budget Authority</b>	<b>344</b>	<b>\$128,132</b>	<b>280</b>	<b>\$117,791</b>	<b>293</b>	<b>\$109,018</b>
Reimbursements	0	-\$500	0	-\$500	0	-\$500
Coronavirus Aid, Relief, and Economic Security Act (CARES Act)	-20	-\$23,971	0	-\$14,381	0	\$0
American Rescue Plan Act of 2021 (ARPA)	0	-\$12,500	0	-\$11,740	0	-\$300
<i>Subtotal</i>	324	\$91,161	280	\$91,170	293	\$108,218
<b>C. Budget Authority Before Committee</b>	<b>324</b>	<b>\$91,161</b>	<b>280</b>	<b>\$91,170</b>	<b>293</b>	<b>\$108,218</b>
Reimbursements	0	\$500	0	\$500	0	\$500
<i>Subtotal</i>	324	\$91,661	280	\$91,670	293	\$108,718
<b>D. Total Budgetary Resources</b>	<b>324</b>	<b>\$91,661</b>	<b>280</b>	<b>\$91,670</b>	<b>293</b>	<b>\$108,718</b>
Lapsed FTE & Unobligated Balance Expiring	-38	-\$283	0	\$0	0	\$0
Reimbursements	0	\$0	0	\$0	0	\$0
<b>E. Total, Estimated Obligations</b>	<b>286</b>	<b>\$91,378</b>	<b>280</b>	<b>\$91,670</b>	<b>293</b>	<b>\$108,718</b>

# OFFICE OF INSPECTOR GENERAL

## SUMMARY OF CHANGES

(Dollars in Thousands)

	FY 2022 Full Year C.R.	FY 2023 Request	Net Change
<b>Budget Authority</b>			
General Funds	\$85,187	\$102,024	+\$16,837
Trust Funds	\$5,983	\$6,194	+\$211
<b>Total</b>	<b>\$91,170</b>	<b>\$108,218</b>	<b>+\$17,048</b>
 <b>Full Time Equivalents</b>			
General Funds	244	257	13
Trust Funds	36	36	0
<b>Total</b>	<b>280</b>	<b>293</b>	<b>13</b>

Explanation of Change	FY 2023 Change							
	FY 2022 Base		Trust Funds		General Funds		Total	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
<b>Increases:</b>								
<b>A. Built-Ins:</b>								
To Provide For:								
Costs of pay adjustments	280	\$43,531	0	\$211	0	\$4,081	0	\$4,292
Personnel benefits	0	\$18,096	0	\$0	0	\$0	0	\$0
Federal Employees' Compensation Act (FECA)	0	\$0	0	\$0	0	\$0	0	\$0
Travel and transportation of persons	0	\$1,184	0	\$0	0	\$0	0	\$0
Transportation of things	0	\$1	0	\$0	0	\$0	0	\$0
Rental payments to GSA	0	\$5,506	0	\$0	0	\$0	0	\$0
Rental payments to others	0	\$133	0	\$0	0	\$0	0	\$0
Communications, utilities, and miscellaneous charges	0	\$0	0	\$0	0	\$0	0	\$0
Printing and reproduction	0	\$8	0	\$0	0	\$0	0	\$0
Advisory and assistance services	0	\$8,444	0	\$0	0	\$0	0	\$0
Other services from non-Federal sources	0	\$634	0	\$0	0	\$0	0	\$0
Working Capital Fund	0	\$7,920	0	\$0	0	\$943	0	\$943
Other Federal sources (DHS Charges)	0	\$633	0	\$0	0	\$0	0	\$0
Other goods and services from Federal sources	0	\$1,370	0	\$0	0	\$0	0	\$0
Operation and maintenance of facilities	0	\$2	0	\$0	0	\$0	0	\$0
Operation and maintenance of equipment	0	\$140	0	\$0	0	\$0	0	\$0
Supplies and materials	0	\$360	0	\$0	0	\$0	0	\$0
Equipment	0	\$2,525	0	\$0	0	\$0	0	\$0
Grants, subsidies, and contributions	0	\$0	0	\$0	0	\$0	0	\$0



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FY 2023 Change

Explanation of Change	FY 2022 Base		Trust Funds		General Funds		Total	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Insurance claims and indemnities	0	\$100	0	\$0	0	\$0	0	\$0
<b>Built-Ins Subtotal</b>	<b>280</b>	<b>+\$90,587</b>	<b>0</b>	<b>+\$211</b>	<b>0</b>	<b>+\$5,024</b>	<b>0</b>	<b>+\$5,235</b>
<b>B. Programs:</b>								
Investigate Fraud in the Unemployment Insurance (UI) Program	280	\$91,170	0	\$0	13	\$10,000	13	\$10,000
OIG Operations	280	\$91,170	0	\$0	0	\$2,106	0	\$2,106
<b>Programs Subtotal</b>			<b>0</b>	<b>\$0</b>	<b>13</b>	<b>+\$12,106</b>	<b>13</b>	<b>+\$12,106</b>
<b>Total Increase</b>	<b>280</b>	<b>+\$90,587</b>	<b>0</b>	<b>+\$211</b>	<b>13</b>	<b>+\$17,130</b>	<b>13</b>	<b>+\$17,341</b>
<b>Decreases:</b>								
<b>A. Built-Ins:</b>								
To Provide For:								
Federal Employees' Compensation Act (FECA)	0	\$583	0	\$0	0	-\$293	0	-\$293
<b>Built-Ins Subtotal</b>	<b>0</b>	<b>+\$583</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>-\$293</b>	<b>0</b>	<b>-\$293</b>
<b>B. Programs:</b>								
<b>Total Decrease</b>	<b>0</b>	<b>+\$583</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>-\$293</b>	<b>0</b>	<b>-\$293</b>
<b>Total Change</b>	<b>280</b>	<b>+\$91,170</b>	<b>0</b>	<b>+\$211</b>	<b>13</b>	<b>+\$16,837</b>	<b>13</b>	<b>+\$17,048</b>

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<b>SUMMARY BUDGET AUTHORITY AND FTE BY ACTIVITY</b>								
(Dollars in Thousands)								
	FY 2021 Revised Enacted		FY 2022 Full Year C.R.		FY 2023 Request		Diff. FY23 Request / FY22 Full Year C.R.	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
<b>OIG Program Activity</b>	<b>286</b>	<b>91,161</b>	<b>280</b>	<b>91,170</b>	<b>293</b>	<b>108,218</b>	<b>13</b>	<b>17,048</b>
General Funds	250	85,187	244	85,187	257	102,024	13	16,837
Unemployment Trust Funds	35	5,660	35	5,660	35	5,841	0	181
Black Lung Disability Trust Funds	1	314	1	323	1	353	0	30
<b>Total</b>	<b>286</b>	<b>91,161</b>	<b>280</b>	<b>91,170</b>	<b>293</b>	<b>108,218</b>	<b>13</b>	<b>17,048</b>
<b>General Funds</b>	<b>250</b>	<b>85,187</b>	<b>244</b>	<b>85,187</b>	<b>257</b>	<b>102,024</b>	<b>13</b>	<b>16,837</b>
<b>Unemployment Trust Funds</b>	<b>35</b>	<b>5,660</b>	<b>35</b>	<b>5,660</b>	<b>35</b>	<b>5,841</b>	<b>0</b>	<b>181</b>
<b>Black Lung Disability Trust Funds</b>	<b>1</b>	<b>314</b>	<b>1</b>	<b>323</b>	<b>1</b>	<b>353</b>	<b>0</b>	<b>30</b>

NOTE: FY 2021 reflects actual FTE. FY 2022 reflects estimated FTE usage at the annualized level of the CR.

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<b>BUDGET AUTHORITY BY OBJECT CLASS</b>					
(Dollars in Thousands)					
		FY 2021 Revised Enacted	FY 2022 Full Year C.R.	FY 2023 Request	Diff. FY23 Request / FY22 Full Year C.R.
	Full-Time Equivalent				
	Full-time Permanent	314	280	293	13
	<b>Total</b>	<b>314</b>	<b>280</b>	<b>293</b>	<b>13</b>
	Average ES Salary	\$185,725	\$185,725	\$189,500	\$3,775
	Average GM/GS Grade	13	13	13	0
	Average GM/GS Salary	\$131,250	\$131,250	\$133,875	\$2,625
11.1	Full-time permanent	42,593	42,602	52,584	9,982
11.3	Other than full-time permanent	0	0	0	0
11.5	Other personnel compensation	929	929	929	0
11.9	<b>Total personnel compensation</b>	<b>43,522</b>	<b>43,531</b>	<b>53,513</b>	<b>9,982</b>
12.1	Civilian personnel benefits	18,679	18,679	20,565	1,886
21.0	Travel and transportation of persons	1,184	1,184	1,184	0
22.0	Transportation of things	1	1	1	0
23.1	Rental payments to GSA	5,506	5,506	5,506	0
23.2	Rental payments to others	133	133	133	0
23.3	Communications, utilities, and miscellaneous charges	0	0	0	0
24.0	Printing and reproduction	8	8	8	0
25.1	Advisory and assistance services	8,444	8,444	8,444	0
25.2	Other services from non-Federal sources	634	634	4,871	4,237
25.3	Other goods and services from Federal sources 1/	9,923	9,923	10,866	943
25.4	Operation and maintenance of facilities	2	2	2	0
25.7	Operation and maintenance of equipment	140	140	140	0
26.0	Supplies and materials	360	360	360	0
31.0	Equipment	2,525	2,525	2,525	0
41.0	Grants, subsidies, and contributions	0	0	0	0
42.0	Insurance claims and indemnities	100	100	100	0
	<b>Total</b>	<b>91,161</b>	<b>91,170</b>	<b>108,218</b>	<b>17,048</b>
	1/Other goods and services from Federal sources				
	Working Capital Fund	7,920	7,920	8,863	943
	DHS Services	633	633	633	0
	HHS Services	320	320	320	0
	Services by Other Government Departments	1,050	1,050	1,050	0

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## AUTHORIZING STATUTES

<b>Public Law/Act</b>	<b>Legislation</b>	<b>Statute No. U.S. Code</b>	<b>Expiration Date</b>
Pub. L. 95-452, as amended	Inspector General Act of 1978	5 U.S.C. Appendix	Indefinite
Pub. L. 114-317, as amended	Inspector General Empowerment Act of 2016	5 U.S.C. Appendix	Indefinite

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<b>APPROPRIATION HISTORY</b>					
(Dollars in Thousands)					
	<b>Budget Estimates to Congress</b>	<b>House Allowance</b>	<b>Senate Allowance</b>	<b>Appropriations</b>	<b>FTE</b>
2013					
Base Appropriation...1/	\$85,108			\$79,310	403
2014					
Base Appropriation	\$86,041			\$80,311	387
2015					
Base Appropriation	\$83,993			\$81,590	379
2016					
Base Appropriation	\$87,985	\$84,660	\$79,311	\$86,300	373
2017					
Base Appropriation	\$94,541			\$87,721	357
2018					
Base Appropriation...2/	\$86,136	\$89,147		\$89,147	347
2019					
Base Appropriation...3/	\$87,721			\$89,147	345
2020					
Base Appropriation	\$90,121	\$90,847		\$90,847	334
2021					
Base Appropriation	\$90,847			\$90,847	324
2022					
Base Appropriation...4/	\$95,740	\$95,740			0
2023					
Base Appropriation	\$108,218				

Unemployment Insurance (UI) trust fund is included in the amount for each year indicated.  
Black Lung Disability (BL) trust fund is not included in the amount for each year indicated.

1/ Reflects a 0.2% across the board rescission pursuant to P.L. 113-6 and the sequestration reduction pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985.

2/ A full-year 2018 appropriation for this account was not enacted at the time the budget was prepared.

3/ This bill was passed by the Senate. It was passed out of the House Subcommittee but was not reported out of the House Committee or by the full House.

4/ This bill was passed by the House. It was not taken up by the Senate Appropriations Subcommittee or full Appropriations Committee.

# OFFICE OF INSPECTOR GENERAL

## OVERVIEW

### **Introduction**

The Office of Inspector General (OIG) at the U.S. Department of Labor (DOL) serves the American workforce, DOL, and Congress by providing independent and objective oversight of Departmental programs through audits and investigations, and by combatting the influence of labor racketeering in the workplace.

The OIG conducts audits to review the effectiveness, efficiency, economy, and integrity of all DOL programs and operations, including those performed by its contractors and grantees. The OIG conducts this work to determine whether: DOL efficiently and economically uses its resources; DOL programs achieve their intended results; and DOL programs and operations comply with applicable laws and regulations.

The OIG also conducts criminal, civil, and administrative investigations relating to violations of Federal laws, rules or regulations, including those performed by DOL contractors and grantees; as well as investigations into allegations of misconduct on the part of DOL employees. In addition, the OIG conducts criminal investigations to combat the influence of labor racketeering and organized crime in the nation's labor unions. The OIG conducts labor racketeering investigations in three areas: employee benefit plans, labor-management relations, and internal union affairs. The OIG also works with law enforcement partners on human trafficking matters.

### **OIG COVID-19 Pandemic Oversight Response**

The OIG is the primary federal law enforcement agency responsible for investigating fraud involving Unemployment Insurance (UI) benefit programs. As reported by OIG in numerous [reports](#)<sup>1</sup>, fraudulent activity poses a significant threat to the integrity of UI programs, with identity thieves and organized criminal groups continuing to exploit federal and state program weaknesses during the pandemic. Indeed, the volume of UI investigative matters currently under review is unprecedented in OIG's history. Since the pandemic started, the OIG has received more than 140,000 UI fraud complaints from the National Center for Disaster Fraud and has opened more than 38,000 investigative matters concerning UI fraud. In the average year prior to the pandemic, the OIG opened approximately 120 UI investigative matters. That is an over 1,000 times increase in the volume of UI work that we are facing.

As of February 2022, our UI investigations have resulted in: the execution of more than 450 search warrants; 749 UI fraud related indictments; and over \$830 million in investigative monetary results. In addition, our data scientists in our Office of Investigations and Office of Audit worked collaboratively to identify approximately \$17 billion in potential UI fraud in four high-risk areas: multi-state claims, deceased individuals, incarcerated individuals, and claims associated with suspicious e-mail accounts. UI investigations now account for 94 percent of the OIG investigative case inventory, compared to 12 percent prior to the pandemic. The OIG focuses the vast majority of its limited investigative efforts on the most egregious UI offenders. Due to the magnitude of fraud and our limited resources, our efforts to thoroughly evaluate complaints and initiate additional investigations on potentially actionable, high-impact investigations have been hampered. In addition, based on past oversight experience of federal UI

<sup>1</sup> *DOL-OIG Pandemic Portal*. Available at: [https://www.oig.dol.gov/OIG\\_Pandemic\\_Response\\_Portal.htm](https://www.oig.dol.gov/OIG_Pandemic_Response_Portal.htm)

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disaster aid, the OIG expects to be actively investigating UI fraud relating to the pandemic for several years. Given the statute of limitations for most violations charged in UI fraud type prosecutions, and the extension of pandemic related UI benefits under the American Rescue Plan Act (ARPA), the OIG will likely be conducting these investigations through at least September 2026. Finally, although the OIG has focused the majority of its investigative resources on UI benefit programs, the OIG has a vast investigative jurisdiction covering other high-risk DOL programs that continue to warrant significant investigative oversight.

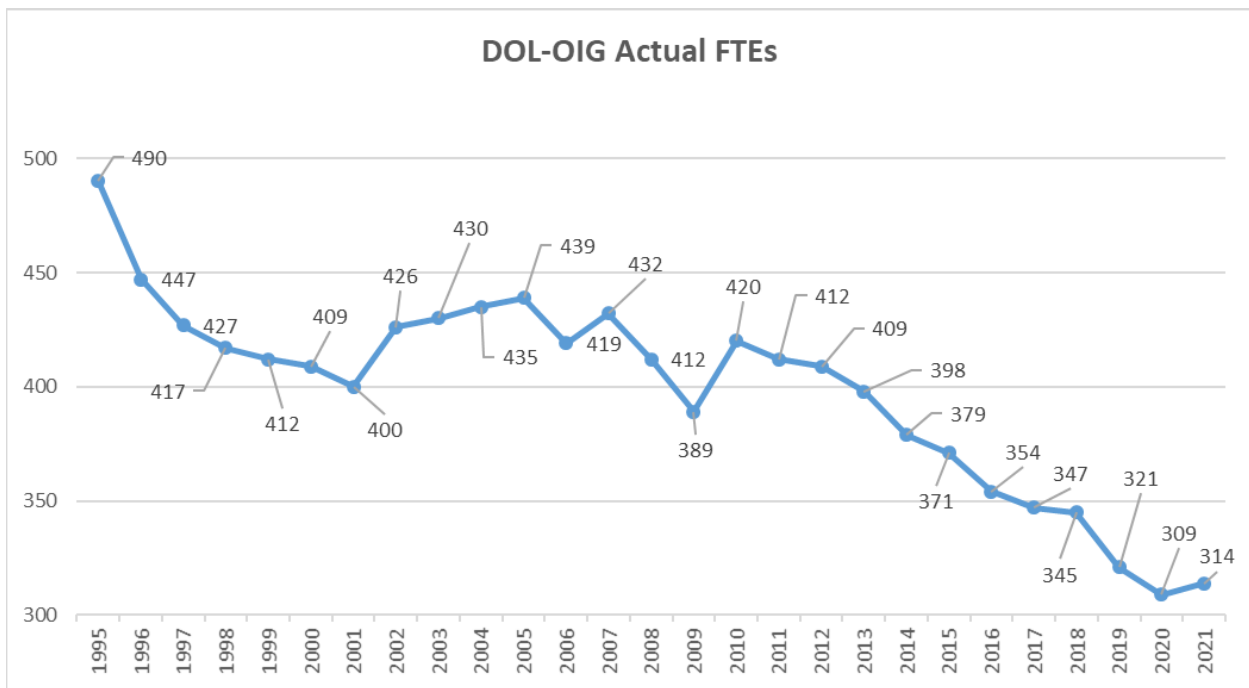
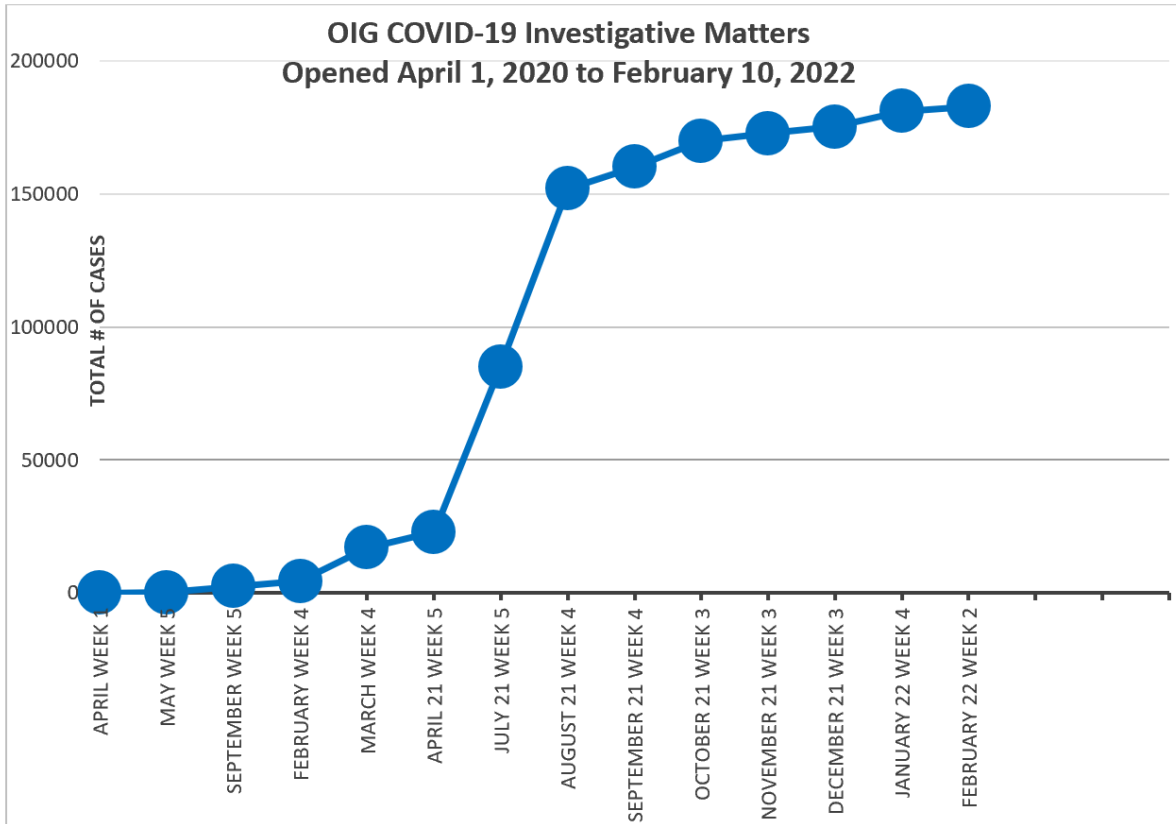
As part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and ARPA, unprecedented levels of federal funding have been allocated to the UI benefit program, currently estimated at approximately \$872.5 billion. In December 2021, in response to an August 2020 [OIG report<sup>2</sup>](#), DOL estimated an improper payment rate for the Federal Pandemic Unemployment Compensation (FPUC) and Pandemic Emergency Unemployment Compensation (PEUC) programs of 18.7 percent, using the same rate for regular UI programs for FY 2021. Based on the FY 2021 rate, the FPUC and PEUC programs paid about \$99 billion of \$529.2 billion improperly. DOL will provide an estimate for the Pandemic Unemployment Assistance (PUA) program by the end of FY 2022. Our audit and investigative work suggest that the improper payment rate for pandemic-related programs may be higher than 18.7 percent, with a significant portion attributable to fraud.

### **OIG Activities**

The magnitude of the issues that are surfacing as the OIG conducts its work on the pandemic response is unlike any that has ever been seen, all while OIG Full Time Equivalent (FTE) resources have been reduced. The following tables illustrate these trends:

<sup>2</sup> <https://www.oig.dol.gov/public/reports/oa/2020/19-20-008-03-315.pdf>

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Note: FY 2021 includes actual FTE associated with the CARES Act supplemental.



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In order to meet this unprecedented need in FY 2023, the OIG requests \$108,218,000 and 293 FTE to continue efforts to support numerous national priorities including the oversight activities of DOL's response to the COVID-19 pandemic under both the CARES Act and ARPA.

The FY 2023 funding that OIG requests will allow the Agency to continue its important criminal law enforcement and audit oversight activities. The FY 2023 request seeks funds for additional audits, investigations, and tools beyond those outlined in the [OIG Pandemic Response Plan](#)<sup>3</sup> which is supported through funding from the CARES Act and ARPA. The OIG Pandemic Response Oversight Plan, most recently updated in April 2021, but currently under revision to reflect lessons learned over the past two years, includes resources for mission-enabling functions necessary to support the oversight and investigative work. This includes additional legal capacity, additional capacity for whistleblower cases, and providing necessary information technology infrastructure and tools. The updated plan also focuses on reviewing how DOL and state agencies have used the information we have provided to them as a result of our ongoing work since the beginning of the pandemic to help reduce future fraud.

The OIG will continue to review the effectiveness and efficiency of DOL programs intended to serve those impacted by the pandemic, and to prevent waste, fraud, and abuse. Specifically, the OIG must be able to address how DOL, states, grantees, and contractors are administering and overseeing the expenditure of funds and ensuring the safety of American workers and program participants. This includes reviewing how DOL is providing guidance to states and grantees, establishing performance measures for activities, developing required reporting, and assessing what was accomplished with the additional funding. Finally, the OIG must be able to conduct any necessary data analytics and criminal investigations to immediately address fraud, abuse, misconduct, and other types of wrongdoing involving DOL's coronavirus response.

Beyond the UI work, the OIG's pandemic oversight will continue to involve a substantial focus on key areas of risk, including worker safety and health, and worker development programs. To the extent resources allow, we will also continue oversight over numerous other areas including: combatting threats to the integrity of foreign labor certification programs; addressing the opioid crisis by fighting fraud against the Federal Employees' Compensation Act (FECA) program; and overseeing the efficiency and integrity of other important DOL programs and operations.

The FY 2023 requested funding will allow the OIG to build back capacity to more effectively conduct oversight of all DOL activities. Without additional funding, the OIG will need to reduce and limit program integrity oversight and criminal investigative efforts. Consequently, the significant, positive return on investment that the OIG generates for the American taxpayer will be diminished.

### **Multi-Year Supplemental Appropriations**

In the last two years, OIG received two (2) supplemental appropriations in support of important initiatives:

- The Coronavirus Air, Relief, and Economic Security Act (CARES) provided \$25 million to carry out audits, investigations, and other oversight activities of Unemployment

<sup>3</sup> *DOL-OIG Pandemic Portal*. Available at: [https://www.oig.dol.gov/OIG\\_Pandemic\\_Response\\_Portal.htm](https://www.oig.dol.gov/OIG_Pandemic_Response_Portal.htm)

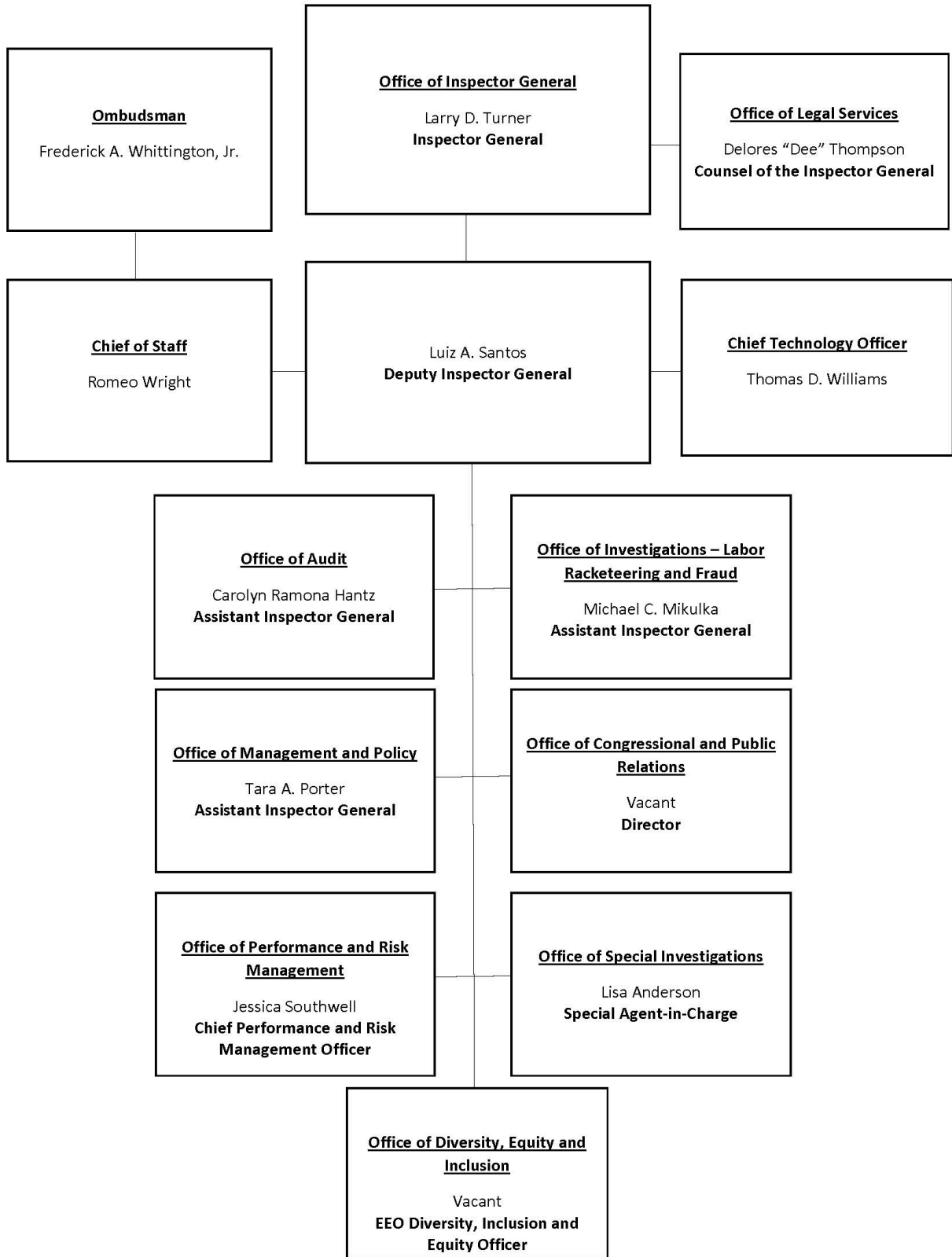
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Insurance program, as well as \$1 million for oversight activities of DOL's efforts to prevent, prepare for, and respond to coronavirus to remain available without fiscal year limitation. The OIG is using these funds to support hiring additional criminal investigators to assist with providing oversight of the Unemployment Insurance (UI) programs. Prior to the pandemic, the OIG opened approximately 120 UI investigative matters annually. Since the pandemic started, the OIG has received more than 143,000 UI fraud complaints from the U.S. Department of Justice's (DOJ) National Center for Disaster Fraud (NCDF) and has independently opened more than 38,000 investigative matters concerning UI fraud. That is an increase of more than 1000 times in the volume of UI work that the OIG is facing. UI investigations now account for approximately 94 percent of the OIG investigative case inventory, compared to approximately 11 percent prior to the pandemic. The OIG's increased level of effort would not be possible without this supplemental funding. However, it is important to note that even with these additional funds, the OIG has only 109 field agents to investigate over 8,500 currently open investigative matters, which is an average of 87 investigative matters per agent. This does not include the 140,000 additional UI fraud complaints that the OIG is vetting from NCDF.

- The American Rescue Plan Act of 2021 (ARPA) granted OIG \$12.5 million in to remain available until September 30, 2023 for oversight activities of DOL's efforts to prevent, prepare for, and respond to coronavirus. The OIG is using these funds to hire third party independent auditors to assist with providing oversight of nearly \$549 billion<sup>4</sup> in DOL programs in FY 2021.

<sup>4</sup> FY 2022 Department of Labor Budget in Brief. Available at:  
<https://www.dol.gov/sites/dolgov/files/general/budget/2022/FY2022BIB.pdf>

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## OFFICE OF INSPECTOR GENERAL PROGRAM ACTIVITY

<b>BUDGET AUTHORITY BEFORE THE COMMITTEE</b>				
(Dollars in Thousands)				
	<b>FY 2021 Revised Enacted</b>	<b>FY 2022 Full Year C.R.</b>	<b>FY 2023 Request</b>	<b>Diff. FY23 Request / FY22 Full Year C.R.</b>
<b>Activity Appropriation</b>	<b>91,161</b>	<b>91,170</b>	<b>108,218</b>	<b>17,048</b>
FTE	286	280	293	13

NOTE: FY 2021 reflects actual FTE. Authorized FTE for FY 2021 was 324. FY 2022 reflects estimated FTE usage at the annualized level of the CR.

### **Introduction**

Over the past ten fiscal years, every dollar invested in the U.S. Department of Labor (DOL), Office of Inspector General (OIG) resulted in a return on investment of nearly \$50 to the Federal government and American taxpayers. Over this period, the OIG identified more than \$44 billion in questioned costs, recommendations that funds be put to better use, and investigative recoveries and savings. This demonstrates that the OIG offers a solid investment for U.S. taxpayers, particularly in times of resource constraint.

The FY 2023 funding that OIG requests will allow the Agency to continue important oversight and criminal law enforcement activities. There is a particular emphasis on the OIG’s oversight activities of DOL’s response to the coronavirus (COVID-19) pandemic under both the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the American Rescue Plan Act (ARPA), and other legislation. Without additional funding, OIG will need to reduce and limit program integrity oversight and criminal investigative efforts. Consequently, the significant, positive return on investment that the OIG generates for the American taxpayer will be diminished.

In carrying out its statutory responsibility to conduct and supervise audits and investigations relating to the programs and operations of DOL, the Inspector General provides program direction over: the Office of Audit, the Office of Investigations – Labor Racketeering and Fraud, and the Executive Direction and Management function.

- **Office of Audit:** The Office of Audit is responsible for conducting and supervising audits relating to the Department’s programs and operations and for making recommendations to promote economy and efficiency in the administration of DOL programs and operations. This includes determining whether the programs and operations are in compliance with applicable laws and regulations; resources are used efficiently and economically; and the programs achieve their intended results. Finally, it assists the Inspector General in keeping the Secretary and the Congress fully informed about current problems and deficiencies relating to the administration of the Department’s programs and operations, as well as the necessity for, and progress of, corrective action.
- **Office of Investigations – Labor Racketeering and Fraud:** The mission of the Office of Investigations – Labor Racketeering and Fraud (OI) is to assist the Department in

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preventing and detecting fraud and abuse in DOL programs and operations. In order to accomplish this mission, the OIG conducts criminal investigations relating to programs, operations, and employees of the Department. In addition, the OIG conducts criminal investigations to combat the influence of labor racketeering and organized crime in the nation's labor unions and employee benefit plans.

Through criminal investigations and collaboration with other Federal law enforcement agencies, the OIG works diligently to ensure the prosecution of individuals involved in the infiltration, exploitation, and/or control of a union, employee benefit plan, employer entity, or workforce for personal benefit by illegal, violent, or fraudulent means.

OIG Hotline Operations is a component of OI. The OIG hotline receives complaints through various means, including telephone calls, website submissions, and through the mail. OIG Hotline Operations reviews and processes complaints, which may or may not result in an investigation, audit, or inspection performed by the OIG, or administrative action by the appropriate component of the Department.

- **Executive Direction and Management.** This function provides the overall strategic direction, planning, performance, management, internal controls, and inspections necessary to independently carry out the OIG's nationwide mission, supplying centralized management of OIG headquarters and regional staff while ensuring the efficient use of resources. The major components of the Executive Direction and Management function include:
  - Office of Management and Policy: Provides overall planning, direction and management of all administrative responsibility of the OIG. This includes: independently providing the full range of human resources; developing OIG policy; budget planning; and procurement.
  - Chief Technology Officer: Provides overall information technology support for the OIG. This includes: independently providing direct IT support for all OIG employees; database management support to facilitate data analytics on the vast amounts of DOL program data; and application support to support the efficient operations of the OIG.
  - Office of Legal Services: Advises the Inspector General, OIG senior leadership, and OIG's mission and operational programs, and represents the OIG in litigation and related matters. The Information Disclosure Program manages OIG's FOIA and Privacy Act functions; and the Records Management Program ensures the OIG records program is compliant with National Archives and Records Administration requirements.
  - Office of Special Investigations: Responsible for employee integrity investigations involving OIG employees and high-level DOL employees.

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- Office of Congressional and Public Relations: Provides independent Congressional, media and public relations services to the OIG. The office is also responsible for legislative review and external reporting.
- Office of Performance and Risk Management: Leads strategic planning, organizational performance and risk management activities across the OIG, working closely with the Assistant Inspectors General and senior leadership to improve how OIG manages performance and risks to the OIG mission.
- Office of Diversity, Equity, and Inclusion: Provides strategic direction and guidance on a wide range of OIG's equal employment opportunity and diversity, equity, and inclusion programs and activities.

### Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2018	\$89,147	347
2019	\$89,147	345
2020	\$90,847	334
2021	\$90,847	324
2022	\$0	0

NOTE: A full-year 2022 appropriation for this account was not enacted at the time the budget was prepared.

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## **FY 2023**

In FY 2023, the OIG requests \$107,865,000 (not including Black Lung Disability Trust Funds) and 293 FTE. The following is illustrative of FY 2023 OIG audit and investigative oversight activities of important DOL programs and operations. In particular, in FY 2023, the OIG will continue its efforts to provide oversight activities of DOL's response to the coronavirus (COVID-19) pandemic under both the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and the American Rescue Plan Act (ARPA).

The OIG requests additional resources to carry out necessary audit and investigative oversight activities of the expansion of DOL programs and operations in response to the coronavirus pandemic. At least \$10 million of these additional resources will be used by the OIG to investigate fraud against the UI program, in addition to the ongoing work the OIG is conducting related to oversight of the UI program. The magnitude of the issues that are surfacing as OIG conducts its work associated with the CARES Act is unlike any that has ever been seen by the organization, and \$12 million in additional resources is necessary for the OIG to meet the increased demand for its oversight work in order to improve the efficiency, effectiveness, and economy of DOL programs and combat fraud. The main areas of focus will be the UI and FECA programs, with an increased supporting effort from data analytics. However, the OIG will also use these funds to focus on other key areas of risk, including worker safety and health, and worker development programs. In addition, we will continue oversight over the following areas: combatting threats to the integrity of foreign labor certification programs; addressing the opioid crisis by fighting fraud against the Federal Employees' Compensation Act (FECA) program; and overseeing the efficiency and integrity of other important DOL programs and operations.

### **Combatting Improper Payments and Fraud in the Unemployment Insurance Benefit Program**

As the federal agency with primary oversight of DOL, the OIG remains committed to examining the challenges created by the COVID-19 pandemic and assisting DOL and Congress in improving the efficiency and integrity of the Unemployment Insurance (UI) benefit program. Strengthening the UI programs to prevent improper payments, including fraud, and to detect and recover improper payments that have been made, is key to ensuring unemployed workers expeditiously receive much needed benefits, while safeguarding tax dollars directed toward that goal.

For many years, the UI benefit program has been among the 10 Federal programs with the highest improper payment amounts. This trend continued in fiscal year 2021 as the UI benefit program had the second-highest amount of improper payments (\$77.3 billion) and the sixth-highest improper payment rate (18.7 percent) among all Federal programs.



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Over the years, OIG has reported on the limitations of DOL and State Workforce Agencies' (SWA) ability to measure, report, and reduce improper payments in the UI benefit program.

DOL historically has not estimated an improper payment rate for UI benefits provided in response to events, such as the COVID-19 pandemic. As previously noted, in December 2021, in response to an August 2020 OIG [report](#)<sup>1</sup> DOL estimated an improper payment rate for the Federal Pandemic Unemployment Compensation (FPUC) and Pandemic Emergency Unemployment Compensation (PEUC) programs of 18.7 percent, using the same rate for regular UI programs for FY 2021. Based on the FY 2021 rate, the FPUC and PEUC programs paid about \$99 billion of \$529.2 billion improperly. DOL will provide an estimate for the Pandemic Unemployment Assistance (PUA) program by the end of FY 2022. The OIG's initial pandemic audit and investigative work suggest that the improper payment rate for pandemic-related programs may be higher than 18.7 percent, with a significant portion attributable to fraud. For example, in our [May](#)<sup>2</sup> audit report on states implementation of the CARES Act we estimated over \$39 billion in improper payments as of January 2, 2021, including fraud at risk of not being detected and recovered that could have been put to better use. This included approximately \$17 billion associated with multi-state claimants, social security numbers of deceased, federal prisoners, and suspicious email accounts noted in alert memoranda in [February](#)<sup>3</sup> and [June](#)<sup>4</sup> 2021.

In FY 2019, the OIG opened 111 investigative matters related to UI benefit fraud. Between April 1, 2020 and February 10, 2022, the OIG opened more than 38,000 investigative matters involving UI fraud. During that same period, the OIG received more than 140,000 complaints from the National Center for Disaster Fraud pertaining to UI fraud. OIG investigations continue to identify significant amounts of fraud in the UI benefit program, as identity thieves and organized criminal groups have found ways to exploit program weaknesses. In addition, OIG investigations continue to combat complex, large-scale, multi-state fictitious and fraudulent employer schemes to defraud the multi-billion dollar UI benefit program.

Our UI investigations conducted during the pandemic have resulted in significant investigative accomplishments. From April 1, 2020 through February 10, 2022, we have executed more than 450 search warrants; indicted 749 individuals for UI fraud; and obtained more than \$830 million in investigative monetary results. Our investigative efforts in the UI program have resulted in significant results including:

- In April 2021, an Illinois man was sentenced to 81 months in prison, followed by 24 months of supervised release, for his involvement in a UI benefits fraud scheme that ran from November 2013 through December 2015. Additionally, he was ordered to pay restitution of approximately \$788,000.

<sup>1</sup> <https://www.oig.dol.gov/public/reports/oa/2020/19-20-008-03-315.pdf>

<sup>2</sup> <https://www.oig.dol.gov/public/reports/oa/2021/19-21-004-03-315.pdf>

<sup>3</sup> <https://www.oig.dol.gov/public/reports/oa/2021/19-21-002-03-315.pdf>

<sup>4</sup> <https://www.oig.dol.gov/public/reports/oa/2021/19-21-005-03-315.pdf>

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- In April 2021, a California woman was sentenced to 37 months in federal prison for fraudulently obtaining more than \$500,000 in COVID-19-related unemployment benefits by using the stolen personal information of dozens of individuals obtained from the darknet.
- In February 2022, a one-time California EDD employee was sentenced to more than 5 years in prison for fraudulently obtaining nearly \$4.3 million in UI funds.

In FY 2023, the OIG will continue to support investigations and audit oversight efforts to combat UI fraud schemes. Also, the OIG Pandemic Oversight Response Plan depicts that in FY 2023, OIG will be concluding Phase 3 of its oversight work, which will focus on significant issues the OIG identified in the pandemic UI programs during Phase 2, lessons learned, and impacts on normal operations at both the national and state levels.

In addition, audit work assessing DOL's actions in response to new COVID-19 related legislation will be conducted in both Phase 3 and Phase 4. Our investigative activities will continue to focus on criminal investigations and coordinating with auditors to identify systemic program weaknesses or fraud vulnerabilities, and to report on overall programmatic outcomes during the pandemic.

### **Leveraging Data & Predictive Analytics to Strengthen Programmatic Oversight**

The power and use of data and predictive analytics enables OIG auditors and investigators to continuously monitor DOL programs and operations to prevent, detect, and investigate fraud. Continuous monitoring serves as a deterrent to fraud, allows the OIG to promptly discover areas of weakness, and enables DOL management to timely correct problems.

Through its data analytics program, the OIG has established direct access to more data than ever before. The availability of this data enables the OIG to proactively analyze the data to identify areas in need of greater oversight, and reduce the burden on the Department for specific data requests that otherwise would be made throughout the audit and investigation processes.

Since 2020, the OIG developed a modular and platform-independent data warehouse, OIG Warehouse & Learning System (OWLS). The OWLS is the central repository for our collected data from our Department program offices. OWLS also houses our in-house developed Warehouse Analytics Service Portal (WASP). The WASP is a user interface that allows our auditors and investigators to search for data in a standard manner while also allowing our programmers and data scientists the ability to create new tools and processes.

The OIG leveraged our data analytics capabilities to combat large-scale fraud in the UI benefit program during the pandemic. Our data scientists in our Offices of Investigations and Audit worked collaboratively to identify approximately \$17 billion in potential UI fraud involving

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deceased beneficiaries, incarcerated claimants, multi-state claims, and claims associated with suspicious e-mail accounts.

As we continue to expand the capabilities of the data analytics program, we have begun looking to other infrastructure changes, which will advance security, processing, analysis, storage, and accessibility of the data. In FY 2023, the OIG will continue expanding its use of data analytics in its oversight and investigative activities.

### Use of Data Analytics for Audits

The OIG has integrated data analytics into several audits and reviews of DOL programs, most recently the pandemic unemployment compensation benefit programs. In cross-function audits and investigative reviews, the OIG identified through the use of data analytics about \$17 billion of potentially fraudulent UI benefits paid to individuals with Social Security numbers filed in multiple states, to individuals with Social Security numbers of deceased persons and federal inmates, and to individuals with Social Security numbers used to file for UI claims with suspicious email accounts. The OIG issued two separate alert memorandums in [February](#)<sup>5</sup> and [June](#)<sup>6</sup> 2021 notifying DOL of the amount of potential fraud in these four high risk areas and recommending DOL take corrective actions.

Likewise, using data analytics, the OIG was able to analyze 18 years of the Mine Safety and Health Administration's (MSHA) public datasets, producing critical support for our determinations on the impact of the Civil Monetary Penalty Program. Data analytics was also used extensively to assist auditors to complete a review of home health care costs in the Energy Employees Occupational Illness Compensation Act (Energy Workers) program. Finally, the OIG is currently using data analytics to assess the use and cost of pharmaceuticals in the Federal Employees' Compensation Act (FECA) program, as well as to review OSHA efforts to address rising injury rates at warehouse facilities of online retailers due to the increase in e-commerce during the COVID-19 pandemic, and the adequacy of OSHA's plans and use of funding provided under ARP to carry out COVID-19 related worker protection activities.

In FY 2023, OIG will make further advancements in enhancing its data warehouse through the receipt of recurring sets of Departmental data and applying data mining and predictive modeling to identify under-performing grantees and establish risk profiles of DOL programs and funding recipients. These activities will provide for greater oversight of the Department's highest risk programs as well as grant administration and management processes. Further, in FY 2023, OIG will expand its use of data analytics in audits of programs across the Department to increase the scope of the work and decrease resource burden. Audited programs will include unemployment insurance and worker safety and health.

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### Use of Data Analytics for Investigations

Data analytics is also an integral part of OIG investigative work. In FY 2020 and FY 2021, the OIG completed more than 1,500 separate analysis requests. This aided in the successful investigation, criminal prosecution, and conviction of numerous individuals and entities who committed fraud against the DOL programs. Further, data analytics has allowed OIG to quickly triage new UI complaints to identify matters for further investigation as well as those that, while not meeting guidelines for federal prosecution, should be referred back to state workforce agencies (SWA) for further action. To date, the OIG has referred more than 8,000 fraud matters back to SWAs for action. From October 2019 through September 2021, OIG investigative work has resulted in 1,022 indictments, 461 convictions, and more than \$395 million in monetary accomplishments. Data analytics has contributed significantly to these accomplishments, including:

- Identifying and investigating 9,531 California state UI claims that matched the SSNs of inmates at Federal Bureau of Prisons facilities nationwide. These claims totaled more than \$29.5 million in benefits paid.
- Through our outreach, we identified 13 email addresses with suspicious activity as identified by a banking company, that were used to disburse UI benefit payment accounts, uncovering nearly \$2 million in UI payments to ineligible claimants.
- A joint investigation with the Oklahoma Employment Security Commission stopped more than \$2.8 million in unemployment benefits from reaching the hands of international criminals.
- A massive and sophisticated criminal enterprise targeting Maryland's UI system for more than \$500 million in fraudulent claims was uncovered by the OIG, Maryland state officials and the U.S. Attorney's Office.
- Following an investigation, two individuals agreed to pay \$41 million to resolve allegations of unnecessary urine drug testing, data analytics was used to query FECA data and identify billing codes used for fraud and assist with final allocation of settlement.

In FY 2023, the OIG also requires additional funding to enhance the level of data it can directly access and leverage that data to establish or augment existing analytics that identifies areas of programmatic weakness and integrity pitfalls, including the misuse of program funds. Such analysis will help the OIG identify where programmatic funds should be put to better use, and possibly where funds should be returned to the U.S. Treasury.

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From the start of the pandemic, nearly \$900 billion was allocated to pandemic-related Federal UI Spending. The use of data analytics is critical to identifying and investigating the most severe UI fraud offenders. Data analytics identified claimants who are fraudulently receiving payments in multiple states, claimants who provided SSNs of deceased individuals, claimants in custody of the Federal prison system, and claimants who applied for benefits in multiple states.

More specifically, the OIG obtained Bureau of Prisons (BOP) data from the U.S. Department of Justice that included identifiers for current federal inmates. The OIG data analytics program conducted an analysis to compare the inmates' SSNs against UI claim data reported by states. This analysis determined that the SSNs of 13,446 potentially ineligible federal prisoners were used to file for UI claims that paid out more than \$303 million in UI benefits. The results of the OIG's analysis were referred back to the SWAs so that they could make definitive determinations about benefit eligibility and recoup fraudulently obtained benefits. Matters that met federal prosecution guidelines were referred to OIG field offices or partner federal law enforcement agencies for further investigation and potential prosecution. The OIG will continue to use its data analytics program to highlight these previously undetected fraud schemes and provide oversight of ETA as they increase efforts to ensure SWAs implement effective controls to mitigate fraud in these high risk areas.

The Federal BOP analytical model is being used to also identify claimants in the State and Local prison systems. While in New Jersey, BOP's Fort Dix facility was the facility identified as having the second highest total benefit amounts paid totaling more than \$820,000 from 262 claims that used inmates' SSNs. This analytical model has launched OIG investigations nationwide and has strengthened our law enforcement investigative efforts to combat UI fraud federally and locally.

In FY 2023, the OIG will continue using artificial intelligence, machine learning, and predictive analytics to identify previously unknown cases of fraud within the UI system. Further, the OIG will work with ETA to provide guidance to SWA's to help prevent future fraudulent claims.

### **Protecting the Health and Safety of Workers, Including Miners**

The Occupational Safety and Health Administration (OSHA) is responsible for the safety and health of 130 million workers employed at more than 8 million establishments, and OSHA must ensure employers are providing the level of protection required under relevant laws and policies. In FY 2023, OIG will continue its oversight of OSHA's ability to target its compliance activities to areas where it can have the greatest impact.

OSHA carries out its compliance responsibilities through a combination of self-initiated and complaint-based inspections. However, due to resource limitations, the program only reaches a

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fraction of the regulated entities. Consequently, OSHA must target the most egregious or persistent violators to protect the most vulnerable worker populations. Since the start of the pandemic, OSHA has received an influx of complaints. At the same time, OSHA has had to reduce the number of its inspections, particularly on-site inspections, as a way to reduce person-to-person contact. It received 15 percent more complaints in 2020, but performed 50 percent fewer (13,164 less) inspections compared to a similar period in 2019. Therefore, the risk that OSHA may not ensure the level of protection that workers need at various job sites has increased. OSHA's on-site presence during inspections has historically resulted in timely mitigation efforts for at least a portion of the hazards identified. However, with most OSHA inspections done remotely during the pandemic, workplace hazards may remain unidentified and unabated longer, thereby leaving more employees vulnerable. OIG plans to follow-up on workplace safety during and following this pandemic.

Further, in FY 2023, OIG will continue its oversight of the Mine Safety and Health Administration's (MSHA) ability to complete mine inspections while safeguarding the health of miners and the agency's staff during and/or following the COVID-19 pandemic. Mine operators' underreporting of occupational injuries and illnesses hinders MSHA's ability to focus its resources on addressing concerns at the most dangerous mines, emphasizing the need for continued OIG oversight. OIG is also concerned with the high incidence of powered haulage accidents in mines, which accounted for about half of all mine fatalities in 2017 and 2018 and a quarter of all mine fatalities in 2019. Finally, lung disease in Appalachian coal mining states related to quartz content in respirable dust remains a worker health concern that OIG will continue to monitor in FY 2023. Quartz can cause deadly and incurable chronic diseases such as silicosis and black lung disease.

### **Improving the Performance Accountability of Workforce Development Programs**

In FY 2023, OIG will conduct oversight of Department's efforts to ensure that its investment in workforce development programs during the pandemic is successful in advancing participants' skills and placing them in suitable employment. The high unemployment rates caused by the pandemic make it more important than ever that the Department's workforce development programs address the needs of disadvantaged workers and employers. Critical to this task is the Department's ability to obtain accurate and reliable data to measure, assess, and make decisions regarding the performance of grantees, contractors, and states in meeting the programs' goals.

As part of this focus, OIG will provide oversight of the Department's efforts to ensure investments in credential attainment align with the needs of local employers and have the desired impact on participants' ability to obtain or advance in a job. In a [2018 audit](#)<sup>7</sup> that followed up on the employment status of a sample of Job Corps students 5 years after they left the program, OIG

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found that Job Corps faced challenges in demonstrating the extent to which its training programs helped those participants obtain meaningful jobs related to their training.

To date, the Employment and Training Administration (ETA) has approved up to \$116 million in National Health Emergency Grants for 21 states and the Cherokee Nation to address the opioid crisis. In FY 2023, OIG will monitor the risk and provide additional oversight, as appropriate, regarding the performance of discretionary DOL grants awarded for the delivery of services to employers and workers affected by the opioid crisis.

### **Combatting Threats to the Integrity of Foreign Labor Certification Programs**

The intent of DOL foreign labor certification programs is to permit U.S. businesses to hire foreign workers when necessary to meet their workforce needs while protecting the jobs and wages of U.S. workers. OIG audits and criminal investigations since the inception of the program have shown these visa programs to be susceptible to significant fraud and abuse, particularly by dishonest immigration attorneys, labor brokers, employers, and organized criminal enterprises. OIG investigations have revealed schemes in which fraudulent applications were filed with DOL on behalf of individuals and fictitious companies. The OIG's investigations have also uncovered numerous instances of unscrupulous employers misusing Foreign Labor Certification (FLC) programs to engage in human trafficking, with victims often exploited for economic gain. These investigations protect jobs for U.S. workers and protect compliant companies from unfair advantages gained by those who misuse or circumvent the programs.

The OIG has also seen numerous instances of unscrupulous employers misusing FLC programs to engage in labor trafficking. Victims are often exploited for economic gain, and are forced to work for far less than the prevailing wage, often under deplorable conditions. This causes significant harm to U.S. workers because the payment of proper prevailing wages is vital to ensuring that U.S. workers are not displaced by foreign workers.

In November 2020, OIG [issued](#)<sup>8</sup> an overview of vulnerabilities in foreign labor certification programs—permanent (PERM), H-1B, H-2A, and H-2B. For example, DOL continues to have limited authority over the H-1B program as it can only deny incomplete and obviously inaccurate applications and conduct complaint-based investigations. Similarly, the PERM program relentlessly has employers not complying with the qualifying criteria. Therefore, the PERM and H-1B programs remain highly susceptible to fraud.

In FY 2023, the OIG will continue investigating foreign worker visa fraud schemes and labor trafficking offenses in order to protect American workers from harm caused by these types of criminal activities. The OIG will also continue a number of oversight activities relating to DOL

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FLC programs. These activities include ongoing or planned work relating to debarment use in all FLC programs, H-1B program enforcement, and H-2A program application integrity.

### **Fighting Fraud Involving Opioids and Other Pharmaceuticals in the Federal Employees' Compensation Act (FECA) Program**

In addition to the OIG's investigative work combatting recent increases in the costs and abuse of compounded drug medications in the FECA program, the OIG has initiated more investigations relating to criminal activity involving opioids. The Office of Workers' Compensation Programs (OWCP) has focused significant resources towards its Program Integrity Unit as well as in managing opioid use. Since 2019, the OIG has received over 220 criminal fraud referrals made by the OWCP Program Integrity Unit to the OIG for further investigation. The OIG expects a further increase in the amount of criminal fraud referrals made to the OIG by OWCP in the area of opioid fraud and abuse.

In FY 2023, the OIG will continue working with OWCP and other OIGs that face similar problems with opioids in an effort to identify best practices and programmatic changes that reduce susceptibility to fraud. In addition, the OIG will continue its review of OWCP's management of pharmaceutical costs in all of its compensation programs, which remains an area of concern for the OIG. The FY 2023 funding that OIG requests will allow the Agency to continue important criminal law enforcement and audit oversight activities.

#### Audit Oversight

Since OIG's audit of OWCP pharmaceutical spending began in 2016, annual opioid spending in the FECA program has fallen by approximately \$30 million. However, 41 percent of pharmaceutical cases received at least one opioid prescription in FY 2020.

As a result of OIG audit oversight and reports, OWCP instituted controls to address opioid risks, such as requiring letters of medical necessity before approving prescriptions.

OWCP is also ramping up its data analytics capabilities in response to OIG recommendations. This will allow the tracking of opioid users and identify those at risk of addiction or in need of treatment. In May 2019, OIG issued its final [report](#)<sup>9</sup> (*OWCP Must Continue Strengthening Management of FECA Pharmaceuticals, Including Opioids – Report No. 03-19-002-04-431*). This report found that OWCP has made progress in addressing recommendations from our first report but more action is needed.

The OIG currently has an ongoing audit work assessing the use and cost of pharmaceuticals in the Federal Employees' Compensation Act (FECA) program.



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Additional FY 2023 funding will allow OIG to follow up on OWCP's status in implementing OIG recommendations. Further, the OIG will assess the new controls implemented as a part of the OWCP Pharmacy Benefit Manager (PBM) contract to ensure it is achieving its intended results and helping to reduce the risk of opioid dependency and fraud in the program.

Additional FY 2023 funding will also provide the resources OIG needs to continue collaborating with OWCP and other OIGs to monitor data and proactively identify changes in the trends of opioid prescriptions under the FECA program. Further, OIG will seek to identify additional best practices and effect programmatic changes that reduce susceptibility to fraud, waste, and abuse. The FY 2023 funding requested will allow OIG to continue these important audit oversight activities.

### Investigations

The OIG is the only Agency within DOL authorized to conduct criminal investigations relating to the FECA program, and we focus our resources on medical provider fraud. OWCP recently received additional resources to identify and reduce fraud within the FECA program. OWCP's criminal fraud referrals has contributed significantly to the OIG's investigative work in the FECA program including:

- In October 2021, a former Arkansas executive plead guilty to conspiracy to commit mail fraud, wire fraud, health care fraud, fraud to obtain federal employees' compensation, and illegal remunerations (paying kickbacks), in connection with a scheme to defraud the U.S. government and private insurance companies by overbilling for unnecessary medications provided to workers' compensation patients.
- In January 2022, a Houston clinic owner was sentenced to 24 months incarceration for her role in an illegal kickback and money laundering scheme involving the FECA program.

The OIG anticipates further increases in criminal fraud referrals in the area of opioid fraud and abuse resulting from OWCP's increased resources. The OIG requires additional FY 2023 funding in order to keep up with the referrals, ensuring that allegations against this important program are properly and timely investigated.

### Department of Labor Management Processes

The OIG conducts a number of audits related to the management of DOL procurement activities, information technology (IT) systems, and financial systems.

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In FY 2023, OIG will finalize its review of the controls over ongoing and planned DOL IT modernization projects to determine if they are adequate to manage project deliverables and control related costs. OIG will also continue its annual audit of DOL consolidated financial statements and will conduct information security audits in accordance with the Federal Information Security Management Act of 2002, as amended. Further, the OIG will determine if DOL complied with the Improper Payments Information Act, as amended, assess the risk related to the use of government charge cards, and determine whether DOL complied with the Data Accountability and Transparency Act requirements to submit accurate, timely, quality financial and award data for publication on USASpending.gov.

In FY 2023, OIG will also audit the Department's Enterprise Risk Management (ERM) process. OMB Circular A-123 requires agencies to implement an ERM process, which is required to be coordinated with the Government Performance and Results Modernization Act of 2010's strategic planning, performance management and review process, OMB Circular A-11 part 6, and the internal control process required by the Federal Managers' Financial Integrity Act and GAO's Green Book. OIG will determine whether management has implemented an effective ERM process that identifies, assesses, responds, and reports on risks.

### **FY 2022**

The assumed funding level for FY 2022 in the FY 2023 Budget is a full-year continuing resolution. At this level, OIG will be funded at \$90,847,000. In FY 2022, OIG will prioritize the following:

- Combatting Improper Payments and Fraud in the Unemployment Insurance Benefit Program
- Leveraging Data & Predictive Analytics to Strengthen Programmatic Oversight
- Protecting the Health and Safety of Workers, Including Miners
- Improving the Performance Accountability of Workforce Development Programs
- Combatting Threats to the Integrity of Foreign Labor Certification Programs
- Fighting Fraud Involving Opioids and Other Pharmaceuticals in the Federal Employees' Compensation Act (FECA) Program
- Department of Labor Management Processes

### **FY 2021**

In FY 2021, OIG was funded at \$90,847,000. In FY 2021, OIG completed 33 audits and 161 investigations. OIG audits have resulted in: 133 recommendations for corrective actions, over \$34 billion in questioned costs (which include alleged violations of law, regulations, contracts, grants, or agreements; costs not supported by adequate documentation; or the expenditure of funds for an intended purpose that was unnecessary or unreasonable), and \$5.4 million in funds

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put to better use. During FY 21, our investigations have resulted in: the execution of more than 350 search warrants; 613 indictments; 263 convictions; and over \$241 million in investigative monetary results. In addition, our data scientists in our Office of Investigations and Office of Audit worked collaboratively to identify approximately \$17 billion in potential UI fraud in four high-risk areas: multi-state claims, deceased individuals, incarcerated individuals, and claims associated with suspicious email accounts.

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<b>WORKLOAD AND PERFORMANCE SUMMARY</b>				
	<b>FY 2021 Revised Enacted</b>		<b>FY 2022 Full Year C.R.</b>	<b>FY 2023 Request</b>
	<b>Target</b>	<b>Result</b>	<b>Target</b>	<b>Target</b>
<b>OIG Program Activity</b>				
<b>Strategic Goal ALL - All Strategic Goals</b>				
<b>Strategic Objective ALL.1 - All Strategic Objectives</b>				
<b>Audits</b>				
OIG Audits	30	33	36	36
OIG Investigations	225	161	310	310

Legend: (r) Revised (e) Estimate (base) Baseline -- Not Applicable TBD - To Be Determined [p] - Projection

## OFFICE OF INSPECTOR GENERAL PROGRAM ACTIVITY

<b>BUDGET ACTIVITY BY OBJECT CLASS</b>					
(Dollars in Thousands)					
		<b>FY 2021 Revised Enacted</b>	<b>FY 2022 Full Year C.R.</b>	<b>FY 2023 Request</b>	<b>Diff. FY23 Request / FY22 Full Year C.R.</b>
11.1	Full-time permanent	42,593	42,602	52,584	9,982
11.3	Other than full-time permanent	0	0	0	0
11.5	Other personnel compensation	929	929	929	0
11.9	<b>Total personnel compensation</b>	<b>43,522</b>	<b>43,531</b>	<b>53,513</b>	<b>9,982</b>
12.1	Civilian personnel benefits	18,679	18,679	20,565	1,886
21.0	Travel and transportation of persons	1,184	1,184	1,184	0
22.0	Transportation of things	1	1	1	0
23.1	Rental payments to GSA	5,506	5,506	5,506	0
23.2	Rental payments to others	133	133	133	0
23.3	Communications, utilities, and miscellaneous charges	0	0	0	0
24.0	Printing and reproduction	8	8	8	0
25.1	Advisory and assistance services	8,444	8,444	8,444	0
25.2	Other services from non-Federal sources	634	634	4,871	4,237
25.3	Other goods and services from Federal sources 1/	9,923	9,923	10,866	943
25.4	Operation and maintenance of facilities	2	2	2	0
25.7	Operation and maintenance of equipment	140	140	140	0
26.0	Supplies and materials	360	360	360	0
31.0	Equipment	2,525	2,525	2,525	0
41.0	Grants, subsidies, and contributions	0	0	0	0
42.0	Insurance claims and indemnities	100	100	100	0
	<b>Total</b>	<b>91,161</b>	<b>91,170</b>	<b>108,218</b>	<b>17,048</b>
	1/Other goods and services from Federal sources				
	Working Capital Fund	7,920	7,920	8,863	943
	DHS Services	633	633	633	0
	HHS Services	320	320	320	0
	Services by Other Government Departments	1,050	1,050	1,050	0

# OFFICE OF INSPECTOR GENERAL PROGRAM ACTIVITY

## CHANGES IN FY 2023

(Dollars in Thousands)

**Activity Changes**

**Built-In**

To Provide For:

Costs of pay adjustments	\$4,292
Personnel benefits	0
Federal Employees' Compensation Act (FECA)	-293
Travel and transportation of persons	0
Transportation of things	0
Rental payments to GSA	0
Rental payments to others	0
Communications, utilities, and miscellaneous charges	0
Printing and reproduction	0
Advisory and assistance services	0
Other services from non-Federal sources	0
Working Capital Fund	943
Other Federal sources (DHS Charges)	0
Other goods and services from Federal sources	0
Operation and maintenance of facilities	0
Operation and maintenance of equipment	0
Supplies and materials	0
Equipment	0
Grants, subsidies, and contributions	0
Insurance claims and indemnities	0

**Built-Ins Subtotal** **\$4,942**

**Net Program** **\$12,106**

**Direct FTE** **13**

	Estimate	FTE
<b>Base</b>	<b>\$96,112</b>	<b>280</b>
<b>Program Increase</b>	<b>\$12,106</b>	<b>13</b>
<b>Program Decrease</b>	<b>\$0</b>	<b>0</b>