

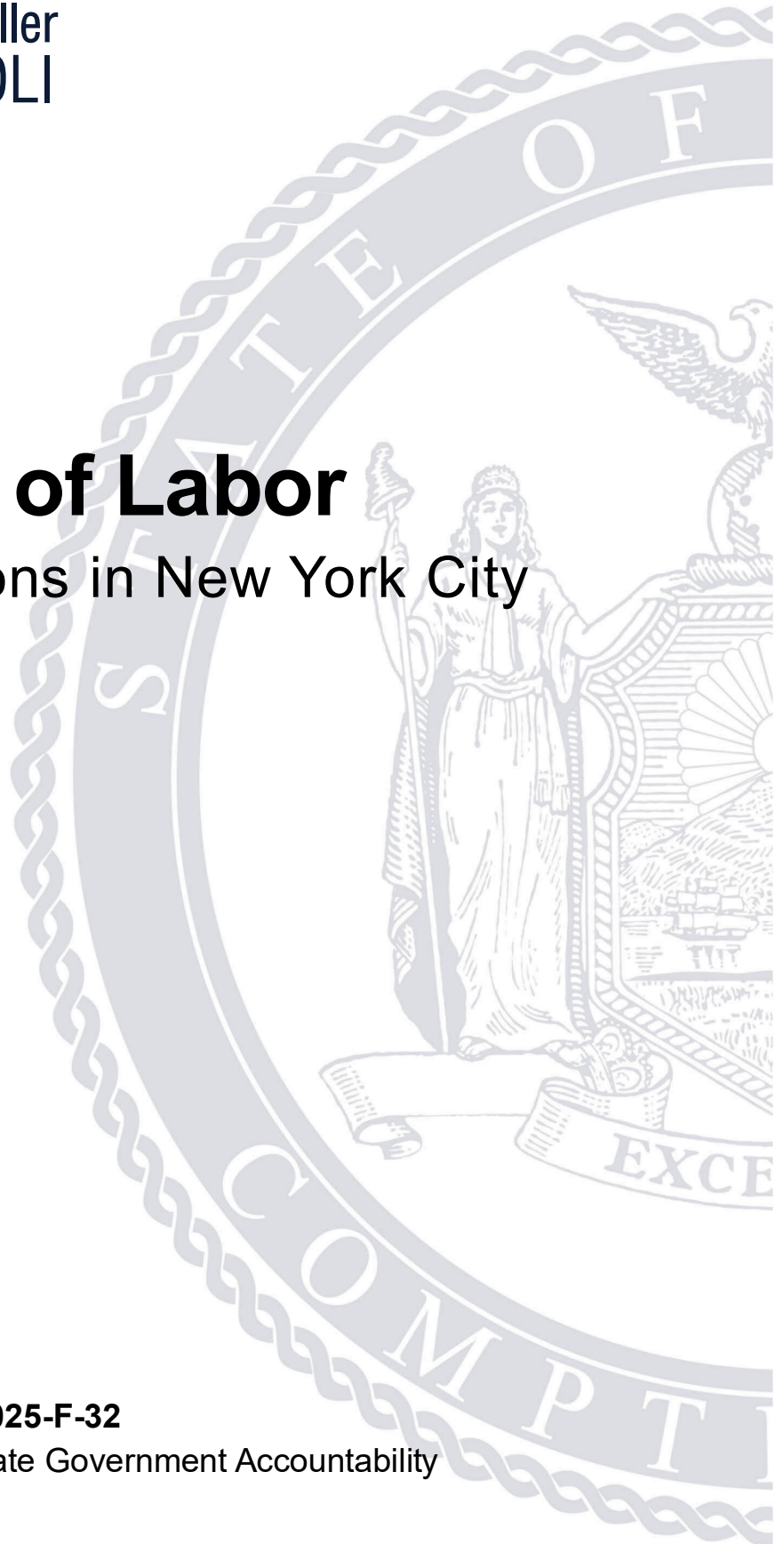
New York State Comptroller
THOMAS P. DiNAPOLI

Department of Labor

Labor Investigations in New York City
(Follow-Up)

September 2026 | Report 2025-F-32

Prepared by the Division of State Government Accountability



Contents

Authority	3
Background, Objective, and Scope	3
Summary Conclusions and Status of Audit Recommendations	4
Reporting Requirements	8

Authority

Pursuant to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution and Article II, Section 8 of the State Finance Law, we have followed up on the actions taken by officials of the Department of Labor to implement the recommendations contained in our initial audit report, [*Labor Investigations in New York City \(Report 2022-S-17\)*](#).

Background, Objective, and Scope

New York Labor Laws (Labor Laws), which establish rules regarding minimum wage, overtime, hours of work, child labor, and payment of wages and wage supplements, protect the rights of and improve working conditions for New York's workforce. The Department of Labor (DOL, or Department) is responsible for enforcing employers' compliance with the Labor Laws and investigating labor violations related to minimum wage, overtime, illegal deductions, underpaid wages, and child labor.

DOL's Division of Labor Standards (Division), which operates six district offices in New York City (NYC), is responsible for receiving and investigating labor complaints and has the authority to assess penalties and fines when employers are found to be in violation of labor laws. Labor complaints (claims) can come from different sources, such as a complainant (i.e., an individual), a concerned citizen or advocacy group, or a referral from the Workers' Compensation Board.

Claims that are identified as valid (i.e., having merit) are registered as cases in the Worker's Protection Audit/Management system (WPM), which is used to track case information, such as claim, case, claimant, and employer details. Once assigned a case in WPM, an investigator is responsible for tracking its progress and noting key milestones in WPM. The Division's Labor Standards' Field Investigator's Manual (Manual) provides guidance to investigators to follow when conducting investigations, including target completion dates. A case is complete when the investigator concludes that the initial complaint is not substantiated, the employer agrees that the violation(s) occurred and to pay restitution, or the employer is unwilling to comply with the investigator's recommendations (in these cases, the Division may assess penalties against the employer).

As indicated in our initial audit report, from January 1, 2019 through June 7, 2022, the Division received 44,082 claims statewide, including 7,847 claims involving employers located in NYC. Of these 7,847 claims, 1,694 were entered in WPM as cases for further investigation.

The objective of our initial audit, issued on January 31, 2024, was to determine whether DOL was adequately conducting labor violation investigations in NYC. The audit found significant issues with DOL's claim processing and investigation activities, which delayed case resolution and restitution for workers. Many claims were classified as pending or incomplete and remained open for long periods, resulting in delays in investigations of those claims. A majority of the sampled child labor and wage-related cases were not completed in a timely manner, as prescribed in the Manual. Furthermore, for some case types, DOL did not establish target completion time frames. While some case types, such as child labor cases involving hazardous employment, had shorter target completion time frames, DOL's case management system,

WPM, did not distinguish those cases from other child labor cases. While DOL communicated changes and updates to policies and procedures that impact how labor claims and cases are prioritized and managed, these changes were not documented in its Manual. The audit also identified other areas for improvement, including DOL's process for reassigning investigations when an investigator leaves DOL. In addition, the audit recommended increased collaboration between DOL and New York City Public Schools (NYCPS), formerly the New York City Department of Education (DOE).

The objective of our follow-up was to assess the extent of implementation, as of June 2026, of the seven recommendations included in our initial audit report.

Summary Conclusions and Status of Audit Recommendations

DOL made some progress in addressing the problems we identified in the initial audit report. Specifically, DOL has established new time frames for case types that previously lacked them, as well as shortened time frames for others. However, DOL should take additional steps to decrease claim processing times and develop its collaboration with NYCPS. Of the initial report's seven audit recommendations, two were implemented and five were partially implemented.

Follow-Up Observations

Recommendation 1 – Establish a mechanism to ensure claims are reviewed promptly and labeled accurately, and explore whether a dedicated Central Intake Unit might have a role in achieving this.

Status – Partially Implemented

Agency Action – In October 2024, DOL established the Pre-Investigative Unit (PIU), which is responsible for processing all complaints received statewide and determining the validity of the claims. In 2025, PIU developed procedures to help ensure accurate labeling of incoming claims. DOL's claim process includes an intake step in which claims are reviewed for merit by PIU and, if accepted, entered into WPM as cases. Within WPM, cases are assigned to an investigator who is supervised by a senior investigator. The senior investigator reviews the case's claim information to ensure it is complete, accurate, and appropriately labeled. In addition to creating the PIU, DOL, through two internal memoranda, requires a quarterly review (approximately every 90 days) to ensure claims are correctly assigned if accepted as cases (issued August 2025) and appropriately processed when claims are found to be duplicates or not accepted as cases (issued November 2023). Both memoranda state that the purpose of reviewing claims is to ensure they are not missed or left in pending status.

To determine whether PIU promptly reviewed, accurately labeled, and processed claims, we selected a random sample of 32 claims, including 20 wage-related claims and 12 child labor claims, from October 2024 through November 2025, with the statuses of declined, duplicate, incomplete, or no jurisdiction (indicating they were not accepted as cases). We found that the 20 sampled wage-related claims were received, but not entered into WPM for an average of 72 days, or up to 409 days, while the 12 child labor claims were received, but not entered into WPM for an average of 22 days, or up to 112 days. In addition, we found 15 wage-related and

three child labor claims for which no determination was made for an average of 64 and 61 days, respectively—or up to 154 days for wage-related claims and 91 days for child labor claims—after the claims were entered into WPM. Furthermore, two child labor claims processed after the August 2025 memo were not appropriately labeled, nor was there evidence that the claims had been reviewed on a quarterly basis. These deficiencies increase the risk that valid complaints may not receive timely consideration, potentially delaying investigative or enforcement actions. In addition, inaccurate claim labeling reduces management’s ability to effectively monitor claim processing. In response, DOL officials stated that they are monitoring these delays, and a future WPM version will improve DOL’s monitoring. Timely review of claims is a critical prerequisite to timely completion of investigations.

Recommendation 2 – Develop guidelines to identify child labor cases involving instances of hazardous employment.

Status – Implemented

Agency Action – In December 2023, DOL issued a memorandum that includes guidelines for identifying child labor cases involving instances of hazardous employment and establishes a new claim type specific to child hazardous labor, called “Prohibited Occupations,” so that a case can be categorized accordingly when a prohibited occupation is identified during a child labor investigation. The memorandum also states that allegations of child labor violations must be docketed separately from any other claim type. Furthermore, child labor and non-child labor cases for the same business must be associated in WPM.

Recommendation 3 – Develop target completion time frames for all child labor and wage-related case investigations and ensure they are being followed.

Status – Partially Implemented

Agency Action – DOL issued memoranda in July 2024 and in March 2024 establishing target completion time frames for child labor and wage-related case investigations, respectively. However, not all cases were completed within these new target time frames.

The July 2024 memorandum set target completion dates for child labor investigations. Child labor investigations involving prohibited occupations or underage employment should be completed within 30 days—preferably within 1 week or less—including serving the employer with the violation, if warranted. It also clarifies that all other child labor investigations should be completed within 90 days. The March 2024 memorandum states that all other cases, including wage-related claims, must be completed within 180 days, which shortened the time frame for completing overtime and minimum wage cases by 6 months. The completion of a case includes notifying the employer of the labor investigation findings, if any. Moreover, if a case does not meet the set time frames, the reasons for not meeting the guidelines should be documented in WPM.

We judgmentally selected and reviewed a sample of five NYC child labor cases initiated between October 2024 and November 2025 to determine whether they were closed within the prescribed time frames. We selected one case from each NYC district that had a child labor case (one district had none). Of the five cases, three cases, including two that involved prohibited

occupations and/or underage employment, were completed by the target completion dates. Two cases were not completed within the target 90-day time frame but were instead closed within 126 and 171 days, respectively.

Additionally, we randomly selected and reviewed a sample of 18 wage-related cases from October 2024 through November 2025 across the six NYC districts to determine whether wage-related cases were closed within 180 days, as required. We found that all the cases were closed within the required time limit.

Recommendation 4 – Revise the Manual to include updated policies and procedures.

Status – Partially Implemented

Agency Action – DOL officials are in the process of revising the Manual, but it has not yet been finalized. As noted, DOL has issued multiple memoranda updating its investigative policies and procedures. As a result, the Manual is no longer current and in some areas conflicts with these memoranda. For example, the current Manual states that child labor cases involving hazardous employment must be completed within 1 week of filing a claim or learning of the violation. However, a subsequent memo advised investigators that they have 30 days to complete an investigation. According to DOL officials, once finalized, the Manual will incorporate its updated policies and procedures. In light of the current discrepancies, we encourage DOL to complete its revisions to the Manual.

Recommendation 5 – Ensure claim and case information in the WPM includes all relevant data, including but not limited to dates of events/activities and investigators' notes.

Status – Partially Implemented

Agency Action – As previously discussed, DOL instituted a quarterly monitoring process to review claims and a monthly sampling methodology to review case information in WPM. To determine if WPM included relevant claim data, such as event/activity dates and investigator notes, we selected a random sample of 32 claims (20 wage-related claims and 12 child labor claims) from October 2024 through November 2025 with the status indicating DOL did not register them as cases in WPM. Of the 32 claims, one wage-related claim had relevant data or information missing from WPM, and in three other instances, information was either inaccurate or conflicting. For the one claim with missing information, the contact log, an area in WPM for internal notes and documents, indicated it was a duplicate claim; however, no further information, such as specifying the actual claim that was accepted and case number, was included. Without this information, it is unclear whether the claim was in fact a duplicate.

In three other instances, information in WPM was conflicting or inaccurate. For example, under the claim information for one rejected claim, the reason for the rejection differed from the reason stated in DOL's letter to the claimant informing them of the rejection. In another rejected wage-related claim, the claimant's address in WPM was incorrect, resulting in a 3-month delay in notifying the claimant of the rejection. In the third instance, notes in WPM indicated that, while DOL could accept and pursue certain parts of the claim, other parts required additional information. However, in its letter to the claimant, DOL stated that certain aspects of the claim were rejected and requested the claimant provide additional information. We noted that the letter

did not specify which parts of the claim could be accepted. In WPM, the claim status was then changed from accepted to incomplete. Despite the information in WPM noting that some parts of the claim could be accepted, no case was created and entered into WPM for those parts.

In addition to its quarterly review of claim information in WPM, DOL issued two memoranda requiring a monthly audit of closed cases. On a sample basis, cases are reviewed for completeness and accuracy. The reviewer must state in the contact log that they have reviewed the cases and noted instances in which staff were instructed to update them. To test this, we reviewed 18 randomly selected cases from the six NYC districts from July through September 2025. Our review found all 18 cases contained the relevant data. However, for three of the 18 cases, although reviewed by a supervisor, their reviews were not indicated in the contact log, as required.

As a result, incomplete, inaccurate, or conflicting information in WPM may impair DOL's ability to effectively manage and monitor claims, increase the risk of inconsistent claim determinations, delay claimant notifications, and reduce assurance that all eligible claims are appropriately processed and investigated.

Recommendation 6 – When investigators leave Department employment, ensure their cases are reassigned in a timely manner.

Status – Implemented

Agency Action – To determine if DOL timely reassigned cases of investigators who left the agency, we reviewed all 11 investigators who had left DOL between December 2024 and November 2025, as reported by DOL. Using the Statewide Financial System, we confirmed all 11 investigators were no longer employed by DOL as of December 2025. We then selected a judgmental sample of seven investigators based on the dates they left DOL. In WPM, we found that three of the seven investigators were assigned cases before leaving DOL and determined that all their cases were either closed or reassigned timely after the investigators left. We could not determine the case reassignment for the remaining four investigators because two performed intake work and two did not have any cases assigned to them during the time period. According to DOL officials, the two investigators did not have cases assigned to them because one worked in a Labor Standards district that handles interest penalties and collections, and the other investigator was hired only for a brief period of time.

Recommendation 7 – Collaborate and communicate with DOE on labor-related issues involving minors.

Status – Partially Implemented

Agency Action – DOL demonstrated some effort toward collaboration and communication with NYCPS. In June 2024, in response to the recommendation in our initial audit report, DOL issued an internal memorandum stating that collaboration is necessary to promote early intervention for students at risk of being exploited in the workplace. Consistent with the requirements of Article 4, Section 137 of the Labor Law, the memo established procedures for sending information about each minor found to be employed illegally to district school superintendents. This section of the

Labor Law is scheduled to sunset in May 2027, and it is unclear what DOL's planned efforts to collaborate and communicate with NYCPS are afterwards.

To determine whether DOL communicated cases involving minors who were found to be working illegally to NYCPS, we reviewed 43 NYC child labor cases from October 2024 through November 2025 and found DOL sent notices to the local superintendent, as per Section 137 of the Labor Law, for all 13 cases that concluded minors were employed illegally. In addition, we noted that DOL sent a notice to the local superintendent involving another child labor case, even though the case did not result in a child labor violation.

Furthermore, as noted in the initial audit report, a multiagency Child Labor Task Force (Task Force) was established in 2023 to combat child labor violations. The Task Force comprises multiple State agencies; however, NYCPS is not part of the Task Force. We reviewed the Task Force's meeting reports, including agendas, for the period from March 2023 through September 2025 and found limited evidence of collaboration with NYCPS through the Task Force. We found two agendas that mentioned an outreach campaign to an unspecified number of Brooklyn high schools in May and June 2023. Furthermore, we asked DOL officials to provide information showing direct collaboration with NYCPS other than through the Task Force, but no such evidence was provided.

At the closing conference, DOL officials stated that they work with the New York City Department of Youth & Community Development (DYCD) to educate parents and children on child employment. While DYCD connects NYC minors to employment opportunities, specifically during the summer, NYCPS plays a central role for minors in obtaining lawful employment by issuing work papers.

Reporting Requirements

DOL officials are requested, but not required, to provide information about any actions planned to address the unresolved issues discussed in this follow-up within 30 days of the report's issuance. We thank the management and staff of DOL for the courtesies and cooperation extended to our auditors during this follow-up.



Contact

Office of the New York State Comptroller
110 State Street
Albany, New York 12236

(518) 474-4044

www.osc.ny.gov

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Executive Team

Andrea C. Miller – Executive Deputy Comptroller
Tina Kim – Deputy Comptroller
Stephen C. Lynch – Assistant Comptroller

Contributors

Kenrick Sifontes – Audit Director
David Schaeffer – Audit Manager
Dmitri Vassiliev, CPA – Audit Supervisor
Sophia Lin – Examiner-in-Charge
Elsa James – Senior Examiner
Kelly Traynor – Senior Editor



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