EXECUTIVE SUMMARY

DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT
UNEMPLOYMENT INSURANCE SERVICES

Our audit found the calculation of unemployment benefit payments is accurate and reasonable based on the information available when a claim is initiated. However, procedures maintained for the verification of continued eligibility require improvement.

AUDIT HIGHLIGHTS

- Claimants are working and not reporting earnings. We statistically sampled 150 unemployment claims with payments totaling $1.5 million in fiscal years 2010 and 2011 and tested whether claimants were reporting earnings. We found 9 claims or 6 percent had unreported or failed to report earnings. Projecting our results to fiscal year 2010 and 2011 claims paid would amount to approximately $288 million in overpayments.

Samples from two target populations were also chosen to determine if they had significantly higher error rates. These samples were out-of-state residents and claimants reported on the National Directory of New Hires database. The sample error rates were 16 and 34 percent, respectively and were significantly higher than the overall sample.

- The National New Hire process does not function as intended. A remark is entered in a claimant’s online record when a match occurs with the National Directory of New Hires database. This requires the claimant to speak to an agent when certifying for benefits. Automated program logic utilized for submitting data for this match incorrectly excludes previously matched claimants. This occurred in 56 of 152 claims tested. Thirty of these claimants were employed by their matched employers and may have underreported or failed to report their earnings. In addition, 59 of the remaining 96 claimants with remarks in their online record, spoke to an agent but may have underreported or failed to report earnings. Forty-five of these 59 claimants were employed by their matched employer.

- Claimants unavailable to work continue to receive unemployment benefits. We found 50 claimants collected benefits totaling $237,000 after their date of death. Additionally, we found 198 claimants collected benefits totaling $354,000 after their date of incarceration. Ninety-six claimants totaling $135,000 were detected by the department, while 102 totaling $219,000 were exclusively detected by our audit.

- Sufficient information is not maintained in support of claim activity. All claims have been electronically maintained since 2001. During our testing of unemployment benefit payments we observed remarks that lacked a reason for the action taken and clarity.

AUDITEE RESPONSE
The department generally concurs with our findings and recommendations.

For the complete audit report, click here.