

April 16, 2021

MEMORANDUM TO: Jim Garner
Acting Administrator
Office of Unemployment Administration
for Employment and Training Administration

FROM: PETER REGIS
Managing Partner, Regis & Associates, PC

SUBJECT: Performance Audit of DOL and States' Efforts to Detect and Recover Improper Payments for programs authorized by the unemployment insurance (UI) provisions of CARES Act and Continued Assistance Act.

Please be advised that Regis & Associates, PC has been engaged by the Department of Labor, Office of Inspector General (DOL-OIG); and is initiating a performance audit of DOL and States' efforts to detect and recover Improper Payments for programs authorized by the unemployment insurance (UI) provisions of CARES Act and Continued Assistance Act. Our focus will be on states' PUA and PEUC claims, and FPUC payments for the period of March 27, 2020 to April 6, 2021. We have contacted your audit liaison to schedule an entrance conference meeting on Monday, April 19, 2021 at 4:00 PM, to discuss the following:

Objective: To conduct a performance audit of DOL's and State Workforce Agencies' (SWAs' or States') efforts to detect and recover improper payments for programs authorized by the unemployment insurance (UI) provisions of the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the Continued Assistance for Unemployed Workers Act (Continued Assistance Act).

Scope: The scope of this audit will cover states' PUA and PEUC claims, and FPUC payments for the period of March 27, 2020 to April 6, 2021. The period of performance for this contract is April 1, 2021 to December 31, 2021. The six States included in the scope of the audit are: Texas; Pennsylvania;

Attachment 1:
Entrance Conference Agenda

Washington; Connecticut; Wisconsin; and South Carolina

Fieldwork Location: Virtual

Mandatory Timeframe: The performance audit report is due to DOL-OIG by December 31, 2021.

We plan to begin work immediately after our meeting and would appreciate you notifying appropriate agency officials of our plans. To facilitate the start of the audit, we have attached an entrance conference agenda (Attachment 1) and an initial document and data request (Attachment 2); and we would appreciate these items being provided at the meeting. If you have questions, please contact Peter Regis, Audit Partner, at (301) 455-4897 or peter.regis@regiscpa.com

cc: Subri Raman, Chief, Division of Performance Management, ETA
Julie Cerruit, ETA Liaison
Greg Hitchcock, ETA Liaison
Dwight Gates, Audit Director, DOL-OIG
Lynda Sanford, Audit Manager, DOL-OIG
Lorenzo Thornton, Audit Liaison, DOL-OIG

Introductions:

- ❖ Department of Labor, Office of Inspector General (DOL-OIG)
- ❖ DOL- Employment and Training Administration (ETA)
- ❖ Regis & Associates, PC

Scope:

- ❖ Performance audit of DOL's and State Workforce Agencies' (SWAs' or States') efforts to detect and recover improper payments for programs authorized by the unemployment insurance (UI) provisions of the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the Continued Assistance for Unemployed Workers Act (Continued Assistance Act).
- ❖ The scope of this audit will cover states' PUA and PEUC claims, and FPUC payments for the period of March 27, 2020 to April 6, 2021.
- ❖ Six States¹ are included in the scope of the audit are:
 - Texas
 - Pennsylvania
 - Washington
 - Connecticut
 - Wisconsin
 - South Carolina

ETA Overview:

- ❖ Overview of ETA's program administration and oversight on the UI programs.
- ❖ Overview of ETA's improper payments initiatives on prevention, detection, reduction, and recovery.
- ❖ ETA's UI integrity strategic plan; and promotion of UI Integrity Act provisions.
- ❖ Guidance and technical assistance that ETA has been providing to the states in combating the improper payments.
- ❖ ETA's role in the Payment Integrity Information Act (PIIA) implementation.
- ❖ Role of Integrity Data Hub and the UI integrity Center data analytics.
- ❖ Changes implemented by ETA as a result of the CARES Act and the Continued Assistance Act
- ❖ ETA's key IT system used to plan and allocate resources for continuous operations, providing oversight and preventing fraud.
- ❖ ETA's performance measures on the improper payments.
- ❖ ETA's reports on UI improper payments to Congress and other stakeholders.

¹ Additional states may be added at the DOL-OIG discretion

- ❖ Risk rating of States – High Risk/High Impact (H-R/H-I) States, etc.
- ❖ States' practices that have greatest impact on reducing improper payments

In-Scope State Programs:

- ❖ ETA's evaluation of the risk associated with improper payments within the States in-scope.
- ❖ Risk Rating of in-scope States.
- ❖ Root causes of improper payments
- ❖ ETA's specific efforts, including technical assistance and other support to prevent, detect, and recover improper payments within the States in-scope.
- ❖ IT system modernization of the States in-scope
- ❖ Reports on IP submitted by in-scope States.
- ❖ States in-scope that have participation agreement for the Integrity Data Hub (IDH).
- ❖ States in-scope use of required and recommended tools (for example, SAVE, NDNH, SIDES, etc.).
- ❖ States in-scope methods and efforts to recover overpayments.

Other Matters:

- ❖ Key points of contact
- ❖ Next steps:
 - Detail walkthroughs
 - Document Request Lists

Please provide:

<u>Item #</u>	<u>Description</u>
1.	ETA reports for the selected six states related to improper payments both public and non-public.
2.	Provide organizational structure for administration of the UI programs; and, specifically, improper payments.
3.	Provide status of the implementation of the UI Integrity Strategic Plan.
4.	Provide a risk rating reports for the six selected States.