



BRIEFLY...

COVID-19: MORE CAN BE DONE TO MITIGATE RISK TO UNEMPLOYMENT COMPENSATION UNDER THE CARES ACT

August 07, 2020

WHY OIG CONDUCTED THE AUDIT

On March 27, 2020, Congress passed the Coronavirus Aid, Relief and Economic Security (CARES) Act. The CARES Act included an estimated \$260 billion in funding for new or expanded Unemployment Insurance (UI) benefits. It provided for additional benefit payments and created new programs that provided benefits to individuals not traditionally eligible for UI. These expanded benefits and new programs have significantly increased the risks for fraud, waste, and abuse.

WHAT OIG DID

We conducted this performance audit to answer the following question:

Was ETA's initial implementation of the CARES Act UI provisions sufficient to mitigate the risk of fraud, waste, and abuse?

To answer this question, we conducted interviews with ETA officials and reviewed and assessed guidance, oversight and fraud prevention plans, training offered to states, state agreements, program funding, plans for information technology assistance, and implementation challenges.

READ THE FULL REPORT

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

WHAT OIG FOUND

While ETA implemented CARES Act UI provisions timely, additional guidance could better assist states in mitigating the risk of fraud. Further, ETA has directed states to leverage their existing program integrity systems to include CARES Act UI programs, but ETA can do more to ensure adequate program assessment and reporting.

ETA's guidance did not sufficiently address the risk of fraud, waste, or abuse. On May 26, 2020, we issued an alert memorandum to highlight the risk of fraud in the Pandemic Unemployment Assistance (PUA) program given its reliance on self-certification. In response to our memorandum, ETA agreed to engage Congress regarding additional fraud prevention and program integrity measures.

ETA is leveraging existing tools to combat fraud, but more needs to be done. In April 2020, we issued an advisory report presenting our initial areas of concern regarding implementation of CARES Act UI provisions. ETA's implementation of the provisions has included measures to combat fraud and other improper payments. ETA directed states to include CARES Act UI programs in its Benefit Payment Control activities. However, ETA needs to do more to ensure existing tools are used effectively and to assist OIG obtain access to state data. Over the years, joint investigations between OIG and states have led to hundreds of successful prosecutions and monetary recoveries.

ETA's oversight plan does not sufficiently address the assessment of CARES Act UI program results. ETA does not include CARES Act UI programs in its program assessments, noting their temporary nature and the cost associated with including them. However, by not assessing these programs, it discounts the scope of programs that are estimated to cost \$260 billion.

WHAT OIG RECOMMENDED

We made four recommendations to ETA to improve management oversight of the UI program provisions under the CARES Act.

ETA agreed with three of our four recommendations. ETA did not agree to adapt its benefit accuracy measure program to provide for temporary program changes, such as with the CARES Act.