



BRIEFLY...

ETA DID NOT PROVIDE ADEQUATE OVERSIGHT OF EMERGENCY ADMINISTRATIVE GRANTS

July 27, 2023

WHY OIG CONDUCTED THE AUDIT

On March 18, 2020, Congress passed the Families First Coronavirus Response Act (FFCRA), which provided states with temporary flexibility to modify their unemployment compensation laws and additional administrative funding to respond to the economic downturn caused by the COVID-19 pandemic. Division D of the FFCRA, the Emergency Unemployment Insurance Stabilization and Access Act of 2020 (EUISAA), authorized the Department of Labor (DOL) to provide \$1 billion in emergency administrative grants to qualified states for the administration of their unemployment insurance programs.

WHAT OIG DID

We conducted this performance audit to answer the following question:

Did DOL provide adequate oversight of emergency administrative grants authorized under the Emergency Unemployment Insurance Stabilization and Access Act of 2020?

To answer this question, we interviewed DOL's Employment and Training Administration (ETA) officials about grant oversight, examined states' evidence for meeting grant requirements, and reviewed applicable statutes and audit reports.

READ THE FULL REPORT

<https://www.oig.dol.gov/public/reports/oa/2023/19-23-006-03-315.pdf>

WHAT OIG FOUND

ETA did not provide adequate oversight of the emergency administrative grants. Specifically, ETA did not verify if states were qualified to receive the grant funds and lacked assurance states used the grant funds as intended. According to ETA, this was due to the states' urgent need to address the increase in unemployment insurance claims caused by the pandemic, its reliance on states' self-attestations of compliance with EUISAA requirements, and its reliance on single audits to monitor states use of the funds, which did not disclose how grant funds are used.

ETA required states to maintain documentation as evidence the requirements were met. Our examination of documentation maintained by five states revealed that one state did not comply with all of the requirements to receive the first allotment of grant funds, and the remaining four states did not provide sufficient documentation to demonstrate compliance with EUISAA. Furthermore, ETA did not verify if an additional nine states qualified. Therefore, ETA authorized the transfer of over \$136 million in emergency administrative grant funds to 14 states that failed to demonstrate compliance with EUISAA requirements.

We also found ETA could not demonstrate how states used the emergency administrative grant funds. ETA stated these funds were transferred to the accounts of the states' regular administrative grant funds received yearly. ETA applied the same monitoring activities to the emergency grant funds as it did to the regular administrative grant funds, which consist of reliance on single audits conducted by independent auditors. However, the single audit reports did not disclose how the states used either of the grant funds. Consequently, \$1 billion in taxpayer dollars were vulnerable to misuse.

WHAT OIG RECOMMENDED

We made three recommendations to ETA to improve the future administration of emergency grants and address wasteful spending. ETA agreed or partially agreed to the recommendations.