

Employment Security Department

Agency 540

Audit Report	Finding Number	Finding and Corrective Action Status	
1034932	2023-006	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Employment Security Department made improper payments to ineligible beneficiaries of the Unemployment Insurance program.</p> <p>The Department does not concur with the finding.</p> <p>The State Auditor’s Office (SAO) made the assertion that the Department incorrectly interpreted guidance in the Unemployment Insurance Program Letter (UIPL) No. 16-20 requiring claimants to provide proof of employment to receive Pandemic Unemployment Assistance (PUA) payments. However, the section cited by SAO was paragraph b(ii) which only lays out the requirements for establishing the respond-by dates for providing documentation for review. The deadline for responses is different depending on whether the PUA claim was filed before January 31, 2021, or on/after that date. This paragraph does not establish the requirements for payment or non-payment of PUA weeks.</p> <p>In our finding response, the Department cited section C.2 of the UIPL, which states:</p> <p><i>If, in that timeframe, the individual fails to provide documentation or fails to show good cause to have the deadline extended, an overpayment must be established for all of the weeks paid beginning with the week ending January 2, 2021. This is because the individual cannot be deemed ineligible for a week of unemployment ending before the date of enactment solely for failure to submit documentation.</i></p> <p>Therefore, the three cases identified by SAO should not be exceptions under this guidance.</p> <p>Further, the Department received guidance from the U.S. Department of Labor on January 11, 2021, which confirmed the proper methodology used by the Department.</p> <p>Not Applicable</p> <p>Jay Summers                      External Audit Manager                      PO Box 9046                      Olympia, WA 98507-9046                      (360) 529-6718  <a href="mailto:Joshua.Summers@esd.wa.gov">Joshua.Summers@esd.wa.gov</a></p>

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1034932	2023-007	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Employment Security Department did not have adequate internal controls to ensure it submitted accurate financial reports for the Unemployment Insurance program.</p> <p>The Department has implemented procedures to ensure the ETA 9130 and ETA 2112 reports have a secondary review by management prior to submission to the federal grantor. Additionally, documentation of the review and submission will be maintained.</p> <p>February 2024, subject to audit follow-up</p> <p>Jay Summers            External Audit Manager            PO Box 9046            Olympia, WA 98507-9046            (360) 529-6718  <a href="mailto:Joshua.Summers@esd.wa.gov">Joshua.Summers@esd.wa.gov</a></p>

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Audit Report	Finding Number	Finding and Corrective Action Status	
1034932	2023-008	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Employment Security Department did not have adequate internal controls to ensure it submitted accurate monthly reports for the Unemployment Insurance program.</p> <p>In response to the prior year’s finding, the Department immediately implemented the secondary review of the monthly ETA 9055 performance reports. However, the auditor’s recommendation and the Department’s implementation occurred after state fiscal year 2023 had begun.</p> <p>The Department expects adequate internal controls to be in place and functioning for fiscal year 2024 and onward.</p> <p>The conditions noted in this finding were previously reported in finding 2022-005.</p> <p>May 2023, subject to audit follow-up</p> <p>Jay Summers            External Audit Manager            PO Box 9046            Olympia, WA 98507-9046            (360) 529-6718  <a href="mailto:Joshua.Summers@esd.wa.gov">Joshua.Summers@esd.wa.gov</a></p>

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1034932	2023-009	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Employment Security Department did not have adequate internal controls over and did not comply with federal requirements to conduct case reviews for the Benefit Accuracy Measurement program of the Unemployment Insurance program in a timely manner.</p> <p>Historically, the Benefit Accuracy Measurement (BAM) unit has been challenged to maintain full levels of staffing. Staff turnover, long training requirements, and unique skill sets make these positions difficult to maintain.</p> <p>During the prior audit period, the Department was in a hiring freeze for Unemployment Insurance administrative funding, furthering the challenge to fully staff the unit and meet program requirements. The hiring freeze was lifted in April 2023 and the unit began filling vacant positions in May 2023. Due to the lengthy training timelines for new positions, the Department anticipated the unit would not meet federally mandated performance measures for case reviews for state fiscal year 2023.</p> <p>As of November 2024, the Department has staffed the unit and improved its BAM sampling measurements and metrics in the required areas. The Department anticipates meeting the case sampling requirements in state fiscal year 2025.</p> <p>The Department continues to partner and frequently communicate with the U.S. Department of Labor (USDOL) Regional Offices to discuss staffing and training models. The Quality Assurance Manager and the Case Review Supervisor are committed to routinely monitor caseload, workload, and the overall assurance of meeting the BAM operations performance goals and measures as set forth by USDOL.</p> <p>The conditions noted in this finding were previously reported in findings 2022-006, 2021-005, and 2020-011.</p> <p>Corrective action is expected to be complete by March 2025</p> <p>Jay Summers                      External Audit Manager                      PO Box 9046                      Olympia, WA 98507-9046                      (360) 529-6718  <a href="mailto:Joshua.Summers@esd.wa.gov">Joshua.Summers@esd.wa.gov</a></p>

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Audit Report	Finding Number	Finding and Corrective Action Status
1034932	2023-010	<p>Finding: The Employment Security Department did not have adequate internal controls over and did not comply with requirements to ensure it profiled all claimants under the Unemployment Insurance program to identify people likely to need reemployment services and ensure staff providing those services received required training.</p> <p>Corrective Action: The Department concurs with the recommendation to review the calculation of the profile score within the Unemployment Tax and Benefit (UTAB) system. The Department will explore a plan and review resource allocations to more effectively validate the profile score to ensure that coefficient values are correctly determined and assigned by the UTAB system.</p> <p>The Department partially concurs with the recommendation to reconcile the UTAB and Reemployment Appointment Scheduler (RAS) interface. There is currently a process in place to notify the RAS team if a record fails at the time of data transmission between UTAB and RAS. The Department will review its processes to verify the complete UTAB exit file was successfully received by RAS.</p> <p>The Department does not concur with the recommendation to implement additional internal controls over the claimant profiling process. The Department has coordinated closely with the U.S. Department of Labor (USDOL) to conduct the randomized control trial (RCT) to evaluate the Reemployment Services and Eligibility Assessments (RESEA). The Department has written approval from USDOL to utilize this method concurrently with the program’s established process. All program-eligible applicants are scored and provided a risk profile score based on both established standards and a random score for the purposes of carrying out the RCT.</p> <p>The Department does not concur with the recommendation to ensure all employees receive the required RESEA training before providing reemployment screening services to claimants. The Department has internal controls in place to ensure training requirements are met and staff are not granted access to schedule appointments for RESEA services without first receiving the required training.</p> <p>The exceptions noted by the auditors relate to the annual refresher training. In the fall of 2022, the Department implemented procedures to formally track the refresher training completed by RESEA staff. The audit exceptions identified were for two staff not currently providing RESEA services to clients. These individuals will receive the refresher training prior to providing RESEA services going forward.</p> <p>Completion Date: Corrective action is expected to be complete by April 2025</p>

State of Washington - Office of Financial Management  
Status of Audit Resolution  
December 2024

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Audit Report	Finding Number	Finding and Corrective Action Status	
1034932	2023-010 (cont'd)	Agency Contact:	Jay Summers External Audit Manager PO Box 9046 Olympia, WA 98507-9046 (360) 529-6718 <a href="mailto:Joshua.Summers@esd.wa.gov">Joshua.Summers@esd.wa.gov</a>

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Audit Report	Finding Number	Finding and Corrective Action Status	
1034932	2023-011	Finding:	The Employment Security Department did not have adequate internal controls over and did not comply with requirements to ensure it filed reports required by the Federal Funding Accountability and Transparency Act for the Workforce Innovation and Opportunity grant.
		Corrective Action:	<p>The Department has implemented procedures to ensure the Federal Funding Accountability and Transparency Act (FFATA) reports are completed timely, and documentation of the review and submission to the federal agency is maintained. The Department:</p> <ul style="list-style-type: none"> <li>• Established new credentials within the federal reporting system which will allow the Department to provide verification of the timeliness of the reports.</li> <li>• Updated the process to require completing and saving supporting documentation for the reports prior to entering data into the federal system separately by the Grants Manager.</li> <li>• Expanded training on the federal FFATA requirements and system to additional staff within the Grants Management Unit to ensure adequate coverage.</li> </ul>
		Completion Date:	January 2024, subject to audit follow-up
		Agency Contact:	Jay Summers External Audit Manager PO Box 9046 Olympia, WA 98507-9046 (360) 529-6718 <a href="mailto:Joshua.Summers@esd.wa.gov">Joshua.Summers@esd.wa.gov</a>