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# U.S. DEPARTMENT OF LABOR OFFICE OF INSPECTOR GENERAL

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## PRESS RELEASE

# Labor Department Watchdog Announces Unemployment Insurance Information Technology Audit

April 27, 2026

### FOR IMMEDIATE RELEASE

U.S. Department of Labor, Office of Inspector General

**WASHINGTON** – The U.S. Department of Labor, Office of Inspector General (DOL OIG), led by Inspector General **Anthony P. D’Esposito**, today announced the [initiation of an audit](#) to determine whether states properly used Unemployment Insurance (UI) Information Technology (IT) modernization funds provided through the Department’s Employment and Training Administration (ETA) to strengthen and secure their UI systems.

During the COVID-19 pandemic, state UI programs struggled to process an unprecedented surge in claims, exposing widespread failures tied to outdated IT infrastructure. In response, Congress provided funding to the DOL —administered through ETA—to support states in modernizing their UI systems and strengthening their ability to respond to future emergencies.

DOL OIG’s audit will focus on whether states used UI IT modernization funds to upgrade their systems as intended and whether those investments have resulted in meaningful improvements to system reliability, integrity, and fraud prevention readiness.

**“When the pandemic hit, state unemployment systems were overwhelmed—largely because of decades of neglected technology and outdated infrastructure,”** said Inspector General D’Esposito. **“Congress responded by providing states with significant funding—administered through ETA—to modernize their systems and strengthen their defenses against fraud.”**

**“ETA has taken steps to provide guidance and support to states, yet too many states continue to point to ‘outdated IT infrastructure’ as an excuse while ignoring requests for action—despite accepting more than \$204 million in Unemployment Insurance IT modernization funding. That disconnect demands accountability.”**

**“Taxpayers provided these funds to fix broken systems—not to maintain the status quo. My audit team will follow the money, examine how these funds were used at the state level, and determine whether states delivered real modernization or simply continued business as usual.”**

Inspector General D’Esposito noted that this audit supports broader federal efforts to strengthen program integrity and prevent fraud through the **President’s Task Force to Eliminate Fraud**, which brings together federal partners to identify vulnerabilities, improve oversight, and ensure taxpayer dollars are protected.

**“Fraud isn’t victimless—it’s a tax on every American worker and taxpayer. Through our work with the President’s Task Force to Eliminate Fraud, we are going on offense—identifying weaknesses, closing gaps, and holding those responsible accountable when taxpayer dollars are put at risk.”**

The OIG anticipates issuing a final audit report during the third quarter of fiscal year 2027. However, such estimates are subject to change. The report will be made publicly available on the OIG’s [website](#).

For additional information on DOL OIG, please visit [oig.dol.gov](http://oig.dol.gov). If you suspect wrongdoing involving DOL programs or operations, contact the DOL-OIG Hotline at (800) 347-3756 or [oig.dol.gov/hotlinecontact.htm](http://oig.dol.gov/hotlinecontact.htm).

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