



January 26, 2026

MEMORANDUM FOR: HENRY MACK  
Assistant Secretary  
for Employment and Training

A handwritten signature in blue ink that reads "Laura B. Nicolosi".

FROM: LAURA B. NICOLOSI  
Assistant Inspector General  
for Audit

SUBJECT: Audit of COVID-19 – CARES Act Unemployment  
Insurance Programs Results,  
Project No. 19-P24-004-03-315

Please be advised that the Office of Inspector General is initiating an audit with the objective of determining to what extent the Department's response to the COVID-19 pandemic prepared the unemployment insurance program for future crises. We will contact your audit liaison to schedule an entrance conference to discuss the audit objectives, scope, and methodology.

We plan to begin work immediately after the entrance conference and would appreciate it if you could notify the appropriate agency officials of our plans. To facilitate the start of the audit, we have attached an initial document and information request and we would appreciate these items being provided at the meeting.

If you have any questions, please contact Betty Norwood, Audit Director, at [norwood.betty@oig.dol.gov](mailto:norwood.betty@oig.dol.gov) or Nicholas Cumby, Audit Manager, at [cumby.nicholas@oig.dol.gov](mailto:cumby.nicholas@oig.dol.gov).

Attachment

cc: Greg Hitchcock, Acting Deputy Administrator, Employment and Training  
Administration Office of Grants Management

Chantel Sollers, Senior OIG Liaison, Employment and Training  
Administration Office of Grants Management

We are requesting written responses with supporting documentation for each of the following items:

Item No.	Description	Date Requested	Expected Due Date
1	<p>Consistent with the Office of Inspector General’s prior work identifying key risk areas in the Unemployment Insurance (UI) program—most notably those outlined in CARES Act: Initial Areas of Concern Regarding Implementation of Unemployment Insurance Provisions (Report No. 19-20-001-03-315)—please describe the actions the Department has taken since March 2020 to strengthen the UI program in the areas listed below.</p> <p>To avoid duplication, please do not provide information already addressed in ETA’s Building Resilience: A Plan for Transforming Unemployment Insurance or Program Integrity plans. Where applicable, please explain how lessons learned from the COVID-19 pandemic have been applied to improve program integrity, performance, and preparedness for future crises.</p> <p>Specifically, please address the following areas of concern:</p> <ul style="list-style-type: none"> <li><b>a) State Preparedness</b> — including staffing strategies, modernization of IT systems, and steps taken to improve overall system readiness for future surges in claims.</li> <li><b>b) Initial Eligibility Determinations</b> — including payment timeliness, claimant self-certifications, equitable access, and the utilization of Integrity Data Hub cross-matches.</li> <li><b>c) Accuracy of Benefit Amounts</b> — including controls and verification steps implemented to ensure proper benefit calculations.</li> <li><b>d) Refusal-to-Return-to-Work Determinations</b> — including state processes, enforcement mechanisms, and oversight of compliance.</li> <li><b>e) Improper Payment Detection and Recovery</b> — including access to state UI data, overpayment recovery efforts, waiver authorities, application of finality provisions, and specific actions implemented to prevent improper payments, including in OIG-designated high-risk areas.</li> <li><b>f) Program Monitoring and Oversight</b> — including complete and accurate state reporting, grant compliance, and monitoring of state trust fund balances.</li> </ul> <p>Your response to Item 1 should also include any additional initiatives, reforms, or corrective measures—whether completed, ongoing, or planned—not captured above that demonstrate how</p>	1/26/2026	3/2/2026

	the Department has strengthened the UI program's integrity, performance, and resilience since the COVID-19 pandemic.		
2	Please identify any barriers to closing any outstanding OIG and GAO audit recommendations from audits on the pandemic-related UI programs.	1/26/2026	3/2/2026
3	Please update the list of state workforce agency contacts sent concurrently with this request.	1/26/2026	2/6/2026
4	Please provide the complete FY 2025 UI Integrity Strategic Plan and any available quarters for FY 2026.	1/26/2026	2/6/2026
5	Please provide the latest version of the UI Fraud Risk Profile, if updated from Version 1.	1/26/2026	2/6/2026
6	Please provide documentation related to continuity-of-operations planning and risk analyses for the UI program, including any plans to continue operations during times of crisis and any risk analyses performed since March 2020.	1/26/2026	2/6/2026
7	<p>If you are aware of any additional audits, evaluations, studies, or related work that supports or are relevant to this audit—beyond those identified below—please provide a list of the work and electronic copies.</p> <ul style="list-style-type: none"> <li>• <u>DOL OIG</u> <ul style="list-style-type: none"> <li>◦ All audits on pandemic-related UI programs</li> </ul> </li> <li>• <u>GAO Audits</u> <ul style="list-style-type: none"> <li>◦ Federal Program Supported Contingent Workers amid Historic Demand, but DOL Should Examine Racial Disparities in Benefit Receipt (June 2022)</li> <li>◦ Estimated Amount of Fraud during Pandemic Likely Between \$100 Billion and \$135 Billion (September 2023)</li> <li>◦ Biometric Identification Technologies - Considerations to Address Information Gaps and Other Stakeholder Concerns (April 2024)</li> </ul> </li> <li>• <u>UI Benefits Studies</u> <ul style="list-style-type: none"> <li>◦ Disparities in Access to Unemployment Insurance During the COVID-19 Pandemic: Lessons from U.S. and California Claims Data (February 2022)</li> <li>◦ Understanding Disparities in Unemployment Insurance Reciprocity (February 2022)</li> <li>◦ Gender, Race, and Denied Claims for Unemployment Insurance: The Role of the Employer (February 2023)</li> </ul> </li> <li>• <u>PRAC Reports</u> <ul style="list-style-type: none"> <li>◦ Key Insights: State Pandemic Unemployment Insurance Programs (December 16, 2021)</li> <li>◦ Best Practices and Lessons Learned from the Administration of Pandemic-Related Unemployment Benefits Programs (February 16, 2022)</li> <li>◦ Why Unemployment Insurance Fraud Surged During the Pandemic (April 16, 2024)</li> </ul> </li> </ul>	1/26/2026	3/2/2026

8	<p>According to ETA's Timeliness and Quality Reports, only 34 percent of reporting states paid regular UI first payments on time in November 2025 (i.e., within 14 days for states with a waiting week and within 21 days for states without a waiting week), compared to 75 percent before the pandemic began.</p> <p>Please provide a detailed explanation of ETA's assessment of the factors contributing to states' inability to achieve pre-pandemic levels of payment timeliness. Your response should identify: (1) the underlying causes, (2) the extent to which ETA has evaluated these issues, and (3) any actions ETA has taken or plans to take to address persistent timeliness challenges.</p>	1/26/2026	3/2/2026
9	<p>According to ETA's <i>Building Resilience: A Plan for Transforming Unemployment Insurance</i> document:</p> <p>"Through December 2023, the Department's Tiger Team initiative engaged with 36 states to identify immediate needs and areas for improvement in operational processes that can benefit timeliness and reduce backlogs, while also proposing solutions to combat fraud and support equitable access for eligible claimants. The Department has provided over 378 collaboratively identified, state-specific recommendations to the 36 participating states."</p> <p>Please provide a detailed explanation of the extent to which states have adopted the recommendations issued through the Tiger Team initiative, including any data, assessments, or monitoring ETA has conducted regarding state implementation rates.</p> <p>Based on ETA's <a href="#">UI modernization grants map</a> webpage, Tiger Team assessments were not awarded to all state workforce agencies. As of the latest available map, the following state workforce agencies do not appear to have received Tiger Team support: Arkansas, the District of Columbia, Florida, Louisiana, Massachusetts, Minnesota, New Jersey, New York, North Dakota, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, and Puerto Rico. Please notify us if this inaccurate.</p>	1/26/2026	3/2/2026
10	<p>Please provide the total amount of American Rescue Plan Act Unemployment Insurance Modernization Grant funds awarded and disbursed to date, and the amount of funds recalled, deobligated, or otherwise returned.</p>	1/26/2026	3/2/2026