

**U.S. Department of Labor  
Office of Inspector General  
Office of Audit**

## **BRIEFLY...**

Highlights of Report Number 04-13-001-03-315, issued to the Assistant Secretary for Employment and Training.

### **WHY READ THE REPORT**

The Unemployment Insurance (UI) program is designed to provide benefits to individuals out of work, generally through no fault of their own, for periods between jobs. The UI program is administered at the state level, but benefits are funded by both state and federal monies. State Workforce Agencies (SWA) are responsible for designing controls to detect and recover UI benefit overpayments. The Georgia Department of Labor (GDOL) is one of 53 SWAs designated to administer the UI program. Between October 1, 2008, and March 31, 2011, GDOL paid \$8 billion in federal and state-funded UI benefits.

In November 2009, the President issued Executive Order 13520 – Reducing Improper Payments. Its purpose was to reduce improper payments by intensifying efforts to eliminate payment error, waste, fraud, and abuse in the major programs administered by the federal government, while continuing to ensure these programs served and provided access to their intended beneficiaries.

According to the Government Accountability Office, of all federal programs, the U.S. Department of Labor UI program had the fourth highest estimated improper payment amount for fiscal year 2011, with an estimated \$13.7 billion in improper payments and an error rate of 12 percent. These improper payments were primarily the result of claimants continuing to claim benefits after returning to work (under-reported earnings) and other eligibility issues.

### **WHY OIG CONDUCTED THE AUDIT**

Our audit objective was to answer the following question:

Did GDOL have adequate controls and systems in place to detect and recover UI benefit overpayments?

### **READ THE FULL REPORT**

To view the report, including the scope, methodology, and full agency response, go to: <http://www.oig.dol.gov/public/reports/oa/2013/04-13-001-03-315.pdf>.

**March 2013**

## **GEORGIA DEPARTMENT OF LABOR MISSED OPPORTUNITIES TO DETECT AND RECOVER UNEMPLOYMENT INSURANCE OVERPAYMENTS**

### **WHAT OIG FOUND**

The OIG found that GDOL did not have adequate controls and systems in place to detect and recover UI benefit overpayments. GDOL missed opportunities to detect and recover overpayments; and ETA could not ensure GDOL's reported overpayment data were accurate, or measure the effectiveness of GDOL's recovery activities.

Although the National Directory of New Hires cross-match process to detect overpayments has been available to SWAs since 2008, GDOL did not implement it until December 2011. Consequently, GDOL missed opportunities to maximize overpayment detection.

GDOL did not conduct all data validation for UI detection and recovery data as required by ETA. While GDOL did submit Corrective Action Plans (CAP) to ETA to address its data validation deficiencies, the CAPs did not include specific milestones, which hindered ETA's ability to monitor and track GDOL's progress in taking corrective actions. This may have contributed to GDOL not making measurable improvements toward correcting its data validation deficiencies.

ETA did not define an acceptable level of performance for measuring recovery of overpayments. As such, ETA had no mechanism for evaluating the effectiveness of GDOL's recovery activities, including \$14.9 million of \$58.7 million (25 percent) in overpayments, and \$343,000 of \$2.24 million (15 percent) in Federal Additional Compensation overpayments.

### **WHAT OIG RECOMMENDED**

The OIG made five recommendations to the Assistant Secretary for Employment and Training to improve ETA's monitoring of overpayment recovery efforts and GDOL's detection and recovery of UI benefit overpayments.

The Assistant Secretary generally agreed with the recommendations and stated that the agency has either initiated or completed corrective actions to address all five recommendations.