



BRIEFLY...

COVID-19: UNEMPLOYMENT RELIEF FOR GOVERNMENTAL ENTITIES AND NONPROFIT ORGANIZATIONS SHOULD HAVE BEEN BETTER MANAGED

September 21, 2023

WHY OIG CONDUCTED THE AUDIT

The Emergency Unemployment Relief for Governmental Entities and Nonprofit Organizations program (EURGENO) was one of several new unemployment insurance (UI) programs created under the Coronavirus Aid, Relief, and Economic Security (CARES) Act to address the economic emergency resulting from the COVID-19 pandemic. The Employment and Training Administration (ETA) was responsible for ensuring implementation and program monitoring of EURGENO. Based on Office of Inspector General (OIG) audits of previous emergency UI program implementation and funding, we were concerned with ETA's ability to effectively and efficiently deploy UI funding under EURGENO, which totaled \$6.3 billion.

WHAT OIG DID

We contracted with the independent certified public accounting firm of Rocha & Company, PC (Rocha) to conduct an audit to answer the following question:

To what extent did ETA and states effectively execute EURGENO and ensure compliance with the related UI provisions of the CARES Act and subsequent legislation?

Rocha's audit procedures included assessing ETA's oversight, performing in-depth testing for 6 states, and surveying 47 other state workforce agencies.

WHAT OIG FOUND

Rocha found ETA and states did not effectively execute EURGENO or ensure full compliance with related provisions of the CARES Act and subsequent legislation. EURGENO was designed to mitigate the effects of the COVID-19 pandemic on employers that reimburse the states for eligible UI benefits paid (reimbursing employers). However, reimbursing employers experienced delays in receiving pandemic relief, and states received funding that needs to be returned to the federal government.

Federal guidance advised states to prioritize expediency; however, Rocha found the 6 states did not consistently provide refunds or credits to reimbursing employers in less than 30 days, with one state taking over a year. Also, 3 of 6 states issued bills to reimbursing employers that did not reflect EURGENO credits, resulting in reimbursing employers overpaying states. These issues occurred due to: state challenges in implementing new UI programs, legacy IT systems, ETA's insufficient monitoring, and untimely notifications to eligible employers of available EURGENO pandemic relief funds. As a result, pandemic relief intended to timely reimburse employers was delayed.

Rocha also found the 6 states received funding associated with ineligible benefit weeks, including weeks covered by another CARES Act provision. This resulted from ETA not providing sufficient guidance or monitoring reviews to ensure compliance with program requirements. Additionally, the states were provided funds based on claims later identified as fraudulent. As a result, states received millions in federal funding that they must return. ETA needs to perform a reconciliation to determine the exact amount of ineligible funds; however, Rocha identified at least \$29 million in questioned costs in the 6 states alone.

WHAT OIG RECOMMENDED

Rocha made three recommendations to ETA to improve oversight of the UI program. ETA agreed with our recommendations.

READ THE FULL REPORT

<https://www.oig.dol.gov/public/reports/oa/2023/19-23-010-03-315.pdf>