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

BRIEFLY...

COVID- 19: STATES CITE VULNERABILITIES IN DETECTING FRAUD WHILE COMPLYING WITH THE CARES ACT UI PROGRAM SELF-CERTIFICATION REQUIREMENT

October 21, 2020

WHY OIG CONDUCTED THE AUDIT

The Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020 creates several programs that temporarily expand unemployment benefits for workers affected by the COVID-19 pandemic. The CARES Act provides for up to 39 weeks of Pandemic Unemployment Assistance (PUA). The PUA program requires applicants to self-certify that they are unemployed because of a COVID-19 related reason, and advises claimants against making fraudulent representations.

This audit focused on the actions taken by the Employment and Training Administration (ETA) and states to deter and detect fraud relating to the self-certification process of the PUA program.

WHAT OIG DID

We conducted our audit to determine the following:

What steps are states taking to implement the PUA program and deter and detect fraud related to applicants' self-certification?

We interviewed ETA to determine what steps the Department has taken to oversee states' compliance. We also developed a survey to obtain information from states on their implementation of the PUA program, the self-certification process, and tools used to detect and deter fraud.

WHAT OIG FOUND

While states have processes in place for claimants to self-certify they meet eligibility requirements for PUA benefits, they still reported challenges when implementing the program and detecting and deterring fraud.

States cited challenges while implementing PUA program. All respondents said they have implemented processes for applicants to self-certify for PUA benefits. However, 98 percent said their state faced challenges while implementing the PUA program. Specifically, states identified a lack of resources to address the high volume of claims, untimely and unclear guidance from ETA, and incompatible legacy systems as top challenges.

States cited PUA self-certification requirement as a top fraud vulnerability. Despite strategies and tools for mitigating fraud, 53 percent of respondents still cited fraud vulnerabilities within the PUA program. Ninety-one percent of respondents said that they use a variety of tools to detect and deter fraud, such as predictive analytics and cross-matching with other databases to verify eligibility. In addition, 89 percent of respondents said their state requires applicants to acknowledge that his/her self-certification is subject to penalty of perjury. However, states reported inherent vulnerability in the legislative self-certification process, systems issues, and inadequate fraud screening tools.

We will follow up on the survey results in OIG's current audit of DOL and States' Implementation of CARES Act UI Provisions.

READ THE FULL REPORT:

http://www.oig.dol.gov/public/reports/oa/2021/19-21-001-03-315.pdf