

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

BRIEFLY...

Highlights of Report Number: 06-07-001-03-315, to the Employment and Training Administration.

WHY READ THE REPORT

On August 29, 2005, Hurricane Katrina hit the Louisiana, Mississippi, and Alabama coasts, resulting in a national disaster. A national emergency was declared, making disaster unemployment assistance (DUA) available to residents of the affected areas who lost their jobs, or were unable to return to their jobs as a result of Hurricane Katrina, if they did not qualify for State unemployment compensation (UC). Additionally, on September 23, 2005, Hurricane Rita hit the Texas and Louisiana coasts, resulting in another national emergency declaration on September 24, 2005.

Because of the emergency nature of the Hurricanes, Louisiana suspended controls over authenticating DUA claimants' identities when processing claims. This report discusses the impact of Louisiana's decision to suspend these controls.

WHY OIG DID THE AUDIT

The Office of Inspector General (OIG) conducted this audit to answer two questions: (1) What financial impact did claimants using invalid Social Security Numbers (SSNs) for Hurricanes Katrina and Rita-related claims have on DUA and UC in the State of Louisiana; and (2) What lessons were learned following the hurricanes that would assist Louisiana and other State Workforce Agencies (SWAs) to effectively and efficiently distribute benefits during a catastrophic event?

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/2007/06-07-001-03-315>

March 2007

LOUISIANA MAY HAVE PAID AT LEAST \$3.7 MILLION IN HURRICANE-RELATED UNEMPLOYMENT CLAIMS BASED ON CLAIMANTS USING INVALID SOCIAL SECURITY NUMBERS

WHAT OIG FOUND

The OIG found the LDOL paid benefits (amounts rounded) on DUA and UC claims processed with SSNs that:

- Were never issued - \$315,000
- Belonged to deceased persons - \$661,000
- Did not match the names of the individuals assigned those numbers - \$3.1 to \$6.9 million

In its response to our draft report, LDOL agreed to commit itself to continuing investigations to identify persons responsible for fraudulently obtaining DUA and UC benefits and to seek recovery of overpayments. Additionally, LDOL agreed to work with the Employment and Training Administration (ETA) to develop data sharing agreements to begin utilizing the Death Master File, and to implement a real-time connection with the Social Security Administration (SSA).

WHAT OIG RECOMMENDED

We recommend that the Assistant Secretary for Employment and Training:

1. Ensure the Louisiana Department of Labor (LDOL) continues investigations to identify persons who fraudulently obtained DUA and UC benefits.
2. Work with LDOL to periodically obtain the Death Master File to ensure benefits are not paid on claims containing SSNs assigned to deceased individuals.
3. Ensure LDOL implements a real-time connection with SSA to mitigate the risks of identity theft.
4. Promote the use of the real time connection with SSA by SWAs not currently participating under the Memorandum of Understanding between the ETA and SSA.