



BRIEFLY...

ETA SHOULD DO MORE TO ASSIST VULNERABLE STATES PREPARE FOR DISASTER UNEMPLOYMENT ASSISTANCE PROGRAM IMPLEMENTATION

SEPTEMBER 29, 2020

WHY OIG CONDUCTED THE AUDIT

In Fiscal Year 2017, Hurricanes Harvey, Irma and Maria devastated parts of the Caribbean Islands and the United States. The Federal Emergency Management Agency, by way of administration from the Employment and Training Administration (ETA), granted \$85 million in Disaster Unemployment Assistance (DUA) funds to the states of Florida, Georgia, Texas, and islands of Puerto Rico and the U.S. Virgin Islands (USVI). We conducted the audit because prior OIG reports indicated a breakdown of essential systems during disasters and increased risk of fraud, improper payments, and untimely benefit payments.

WHAT OIG DID

We conducted this performance audit to answer the following questions:

Were controls established to ensure DUA benefits were paid only to eligible claimants?

Were controls established to ensure DUA benefits were paid promptly?

To answer these questions, we assessed ETA's system of controls and performed tests and other procedures at the Texas Workforce Commission, the Florida Department of Economic Opportunity (FLDEO) and the USVI Department of Labor (VIDOL).

READ THE FULL REPORT -

<http://www.oig.dol.gov/public/reports/oa/2020/04-20-002-03-315.pdf>

WHAT OIG FOUND

We found ETA's oversight of states vulnerable to major disasters was inadequate. ETA did not establish adequate controls to ensure states paid DUA benefits only to eligible individuals and paid them as promptly as administratively feasible.

ETA did not establish adequate controls to ensure states paid benefits only to eligible claimants. ETA did not make a timely on-site monitoring visit to FLDEO, or ensure FLDEO and VIDOL provided DUA training to their staffs or ensure they had developed DUA-specific standard operating procedures. Training and procedures would have better ensured officials collected documentation necessary to substantiate a claimant's eligibility. ETA does not have specific policies and procedures in place that require states to have periodic training or to ensure regional office officials make timely monitoring visits. As a result, FLDEO and VIDOL officials could not substantiate eligibility for 23 percent of the claims we tested at either site. We estimate that \$5.6 million could have been put to better use.

ETA did not establish adequate controls to ensure states paid benefits promptly. ETA did not provide adequate oversight to ensure VIDOL provided DUA training, developed standard operating procedures, or took the necessary measures to reduce its backlog of claims. ETA does not have specific policies or procedures that require states to provide periodic DUA training. ETA also did not ensure VIDOL had DUA-specific written standard operating procedures. As a result, VIDOL only paid 27 percent of its claims within 21 days. Initial delays were understandable due to the devastation suffered; however, it only paid 42 percent of extended claims timely, even though claimants did not file these claims until at least 18 months after the hurricanes hit.

WHAT OIG RECOMMENDED

We made three recommendations to the Assistant Secretary for Employment and Training to improve DUA oversight of states vulnerable to major disasters.

ETA generally agreed with our recommendations.