

State of Washington - Office of Financial Management
 Status of Audit Resolution
 December 2023

Employment Security Department

Agency 540

Audit Report	Finding Number	Finding and Corrective Action Status	
1032843	2022-005	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Employment Security Department did not have adequate internal controls to ensure it submitted accurate monthly reports for the Unemployment Insurance program.</p> <p>The Department implemented a secondary review of the monthly ETA 9055 performance report to verify the data pulled from source documentation is accurately represented prior to submitting to the federal reporting system.</p> <p>May 2023, subject to audit follow-up</p> <p>Jay Summers External Audit Manager PO Box 9046 Olympia, WA 98507-9046 (360) 529-6718 Joshua.Summers@esd.wa.gov</p>

Employment Security Department

Agency 540

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1032843	2022-006	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Employment Security Department did not have adequate internal controls over and did not comply with federal requirements to conduct case reviews for the Benefit Accuracy Measurement program of the Unemployment Insurance program in a timely manner.</p> <p>Historically, the Benefit Accuracy Measurement (BAM) unit has been challenged to maintain full levels of staffing. Staff turnover, long training requirements, and unique skill sets make these positions difficult to maintain.</p> <p>During the audit period, the Department was in a hiring freeze for Unemployment Insurance administrative funding, furthering the challenge to fully staff the unit and meet program requirements. The hiring freeze was lifted in April 2023 and the unit began filling vacant positions in May 2023. Due to training timelines for new positions, the Department anticipates the unit will not meet federally mandated performance measures for case reviews for state fiscal year 2023.</p> <p>The Department continues to partner and frequently communicate with the U.S. Department of Labor (USDOL) Regional Offices to discuss staffing and training models. The Quality Assurance Manager and the Case Review Supervisor are committed to routinely monitoring caseload, workload, and the overall assurance of meeting the BAM operations performance goals and measures as set forth by USDOL.</p> <p>The conditions noted in this finding were previously reported in findings 2021-005 and 2020-011.</p> <p>Corrective action is expected to be complete by June 2024</p> <p>Jay Summers External Audit Manager PO Box 9046 Olympia, WA 98507-9046 (360) 529-6718 Joshua.Summers@esd.wa.gov</p>

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1032843	2022-007	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Employment Security Department did not have adequate internal controls over and did not comply with requirements to ensure it submitted complete and accurate quarterly performance reports for the Workforce Innovation and Opportunity grant.</p> <p>In response to the finding, the Department is in the process of developing a comprehensive system and set of protocols to strengthen internal controls over the completion and submission of quarterly performance reports for the Workforce Innovation and Opportunity Act (WIOA) grant.</p> <p>The Department:</p> <ul style="list-style-type: none"> • Executed a Workforce Integrated Technology Replacement Project that focuses on improving case management and data management internal controls. The Department estimates the project will be completed by December 2024. • Initiated and is in the process of a statewide implementation of the U.S. Department of Labor (DOL) Quarterly Report Analysis data integrity and data quality internal controls system. <p>The Department will:</p> <ul style="list-style-type: none"> • Continue to execute the Data Element Validation policy update for the Participant Individual Record Layout (PIRL) report per DOL expectations. • Continue to provide technical assistance, training, and one-on-one coaching for the local areas, which cover WIOA Title I and WIOA Title III, PIRL reporting, data management, validation, quality, and integrity systems and processes. <p>The conditions noted in this finding were previously reported in findings 2021-007 and 2020-012.</p> <p>Corrective action is expected to be complete by December 2024</p> <p>Jay Summers External Audit Manager PO Box 9046 Olympia, WA 98507-9046 (360) 529-6718 Joshua.Summers@esd.wa.gov</p>

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1033339	2022-001	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Employment Security Department did not have adequate internal controls to ensure it followed state requirements related to the Paid Family and Medical Leave program.</p> <p>Currently, there are a number of manual controls in place to detect and prevent claimants from receiving benefits from both Paid Family and Medical Leave (PFML) program and Unemployment Insurance (UI) program. This includes:</p> <ul style="list-style-type: none"> • Coordination between unemployment insurance adjudicators and the paid leave compliance team. • Running weekly reports to crossmatch unemployment insurance and paid leave benefits to identify claims for investigation. <p>The Department has planned to initiate development work to strengthen controls over detecting and preventing claimants from receiving benefits from both programs. The Department has requested additional resources in the 2024 supplemental budget. If the funding is granted, the project can begin in July 2024 and is estimated to be completed by December 2024.</p> <p>The Department is also implementing a series of changes for handling PFML penalties and overpayments. The Department is in the process of migrating the AX financial system to a cloud platform, which will further develop this work. The migration is scheduled to be completed by March 2024.</p> <p>The Department will continue to monitor these claims with the manual controls we have implemented, which offer immediate mitigation.</p> <p>Corrective action is expected to be complete by December 2024</p> <p>Jay Summers External Audit Manager PO Box 9046 Olympia, WA 98507-9046 (360) 529-6718 Joshua.Summers@esd.wa.gov</p>