
Employment Security Department (ESD)

Agency: 540

Audit Report: 2004 Statewide Accountability Report

Finding Number: 04-03

Finding: The Department of Employment Security paid at least \$142,847 in unemployment insurance benefits to claimants who were not eligible. The Department also overpaid and underpaid eligible claimants by \$18,873 and \$5,150, respectively. In addition, we estimated that payments totaling more than \$185,000 were made to claimants during their first week of unemployment, which is prohibited by state law.

Resolution: The ESD performs extensive cross matches, data mining and other fraud prevention and detection efforts for the Unemployment Insurance (UI) program. This includes a cross match with the Social Security Administration. These processes should reduce or eliminate payments to individuals using invalid social security numbers or numbers belonging to the deceased. ESD staff developed a weekly Unemployment Insurance/Labor and Industries (L&I) cross match designed to immediately identify those claimants who have filed for and are receiving UI and workers compensation benefits simultaneously. Agency staff work the system-generated report and established procedures to eliminate overpayment and fraud activity. The ESD is also working with the L&I to improve coordination and communication when back pay awards of workers compensation benefits occur.

To address issues related to proper payment of benefits to claimants receiving pensions, the agency has updated pension deduction charts with percentages to be used by each pension type. Also, additional training has been provided to staff to ensure accuracy of pension deductions

Department staff have implemented programming changes to prevent the payment for a claimant's waiting week. System implementation took place April 1, 2005.

The ESD believes that the actions taken have been effective in reducing the exceptions noted by the auditors in the Unemployment Insurance benefit payment processes.

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Audit Report: 2004 Statewide Accountability Report

Finding Number: 04-43

Finding: The Employment Security Department does not have adequate internal controls over the reporting of grant expenditures on the Schedule of Expenditures of Federal Awards.

Resolution: Effective July 1, 2004, all Trade Act benefit transactions have been recorded properly in the Department's accounting system to facilitate proper reporting of grant expenditures on the Schedule of Expenditures of Federal Awards (SEFA).

Additional account codes were created to allow for more detailed tracking of benefit expenditures. This change removed any confusion over the codes used for reporting and gives the Department the ability to accurately report federal benefits issued at the needed detail level. In addition, a monthly reconciliation of Trade Act benefit expenditures is performed to ensure all entries are correct.

The Department's Fiscal Year 2004 SEFA data was corrected to reflect the actual revenue and expenditure amounts for the Trade Act program. The corrected data appeared in the SEFA for the Fiscal Year 2004 State of Washington Federal Single Audit.

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Finding Number: 04-44

Finding: The Employment Security Department did not comply with federal requirements for time and effort reporting.

Resolution: Time charges questioned by the auditors in this finding pertained to two components of the same program - Trade Act - TAA and NAFTA. Funding for NAFTA was discontinued as of June 30, 2004. As such, time reporting between these components is no longer an issue.

In response to this finding, the WorkSource Operations Division worked with the regional offices to reinforce the agency message to all staff in the local offices on the importance of accurate time and effort reporting among all federal programs.

In addition, the Division conducted refresher training for all managers and supervisors statewide to ensure understanding of the Commissioner's Memo on "Accurate Time Reporting" dated July 22, 2003.

Statewide, the staff identified through this review are now aware that their time is to be charged on a daily basis and distributed by project codes that reflect actual activities performed. They fill out their time sheets and use proper charge codes according to the duties performed each day.

The Department will work with the Department of Labor to resolve questioned costs included in this finding.

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