



# OAG

Office of the Auditor General

## Report Summary

### *Performance Audit*

### *Claimant Services*

### *Unemployment Insurance Agency, Talent Investment Agency, Department of Talent and Economic Development*

**Report Number:**  
**641-0318-14**

**Released:**  
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The Unemployment Insurance Agency (UIA) helps jobless workers and their families by providing up to 20 weeks of regular unemployment insurance (UI) benefits while they seek new employment. UIA reported that it received 607,652 new claims and paid UI benefits totaling approximately \$1.1 billion to 370,980 unduplicated claimants in fiscal year 2014. UIA's fiscal year 2014 administrative expenditures totaled approximately \$155.6 million.

Audit Objective			Conclusion
Objective #1: To assess the clarity and comprehensiveness of UIA's communications with UI claimants.			Moderately clear and comprehensive
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
UIA needs to improve its efforts to obtain and/or consider supporting information and provide claimants with the facts and rationale when it determines that claimants provided false or misleading information. Adjudicating these issues may result in reimbursement, penalties, and criminal prosecution. Also, these improvements will help claimants better understand the allegations against them to make informed decisions on their next course of action ( <a href="#">Finding #1</a> ).	X		Agrees
UIA needs to continue to enhance existing and explore new social media methods and processes for communicating with current and prospective UI claimants. Accessible and comprehensive communications help ensure that claimants timely understand the various requirements for receiving UI benefits ( <a href="#">Finding #2</a> ).		X	Agrees
UIA did not effectively and efficiently process claimant and employer mail that was returned undeliverable and without a forwarding address. Doing so resulted in increased printing, mailing, and workload costs of its mailroom personnel, claims examiners, and others. Also, claimants and employers did not receive important communications from UIA ( <a href="#">Finding #3</a> ).		X	Agrees
UIA did not ensure that employers posted notices informing workers that they were covered for UI benefits. Also, more accurate instructions could have reduced the number of untimely claims, including the 45,700 ineligibility determinations issued between October 1, 2013 and February 26, 2015, for failing to apply in a timely manner ( <a href="#">Finding #4</a> ).		X	Agrees

<b>Findings Related to This Audit Objective (Continued)</b>	<b>Material Condition</b>	<b>Reportable Condition</b>	<b>Agency Preliminary Response</b>
UIA should seek regular feedback from claimants to evaluate their satisfaction with UIA's service delivery systems, processes, and personnel and to timely identify and address issues requiring management's attention ( <u>Finding #5</u> ).		X	Agrees

<b>Audit Objective</b>			<b>Conclusion</b>
Objective #2: To assess UIA's efforts to ensure compliance with the U.S. Department of Labor's quality and timeliness standards related to UI claims processing.			Moderately effective
<b>Findings Related to This Audit Objective</b>	<b>Material Condition</b>	<b>Reportable Condition</b>	<b>Agency Preliminary Response</b>
UIA did not consistently meet federal performance standards related to initial benefit payments, nonmonetary determination processing, and appeals processing. In addition, UIA needs to improve the quality of its separation-related nonmonetary determinations. These conditions resulted in delayed benefit payments and improper benefit payments and claims denials, which, if left uncorrected, could result in the loss of federal administrative grant funding ( <u>Finding #6</u> ).		X	Agrees

<b>Audit Objective</b>			<b>Conclusion</b>
Objective #3: To assess UIA's efforts to identify claimants likely to exhaust their UI benefits and refer them to appropriate reemployment services.			Moderately effective
<b>Findings Related to This Audit Objective</b>	<b>Material Condition</b>	<b>Reportable Condition</b>	<b>Agency Preliminary Response</b>
UIA did not periodically evaluate whether its Worker Profiling and Reemployment Services (WPRS) system effectively reduced program participants' length of unemployment and the amount of UI benefits paid. Also, UIA did not periodically review and update its profiling model to accurately identify the claimants who were most likely to exhaust their regular UI benefits before returning to work. Annual savings to Michigan with an effective WPRS system could total over \$11.7 million ( <u>Finding #7</u> ).		X	Agrees
UIA did not refer some claimants who met UIA's mandatory reemployment service participation criteria to the Michigan Workforce Development Agency for reemployment services. Also, UIA did not take sufficient action to reduce the number of claimants that it excused, without consequence, from mandatory participation in reemployment services after missing their scheduled appointment. Some claimants may not have returned to work as soon as otherwise possible, resulting in lost wages to the claimants and increased costs to the UI program ( <u>Finding #8</u> ).		X	Partially agrees

A copy of the full report can be obtained by calling 517.334.8050 or by visiting our Web site at: [www.audgen.michigan.gov](http://www.audgen.michigan.gov)

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