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GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY
LANSING

JEFF DONOFRIO
DIRECTOR

July 8, 2020

Mr. Rick Lowe, Chief Internal Auditor
Office of Internal Audit Services
State Budget Office
George W. Romney Building
111 S. Capitol Avenue, 6th Floor
Lansing, Michigan 48913

Dear Mr. Lowe:

In accordance with State of Michigan, Financial Management Guide, Part VII, please see the attached summary of findings and associated corrective action plans to address recommendations contained in the Office of the Auditor General's report on Unemployment Insurance Agency, Department of Labor and Economic Opportunity (Report No. 641-0318-14F) covering the audit period July 1, 2018 through June 30, 2019.

Should you have any questions regarding the attached information, please contact me directly at (517) 335-9247 or at WilliamsA6@michigan.gov.

Respectfully,

Allen Williams
LEO Chief Internal Control Officer

c: Steve Gray
Kimberly Berry
Teresa Burns
Debbie Ciccone

Unemployment Insurance Agency
Michigan Department of Labor & Economic Opportunity
Summary of Agency Responses to Recommendations
Audit Period: July 1, 2018 through June 30, 2019

I. Audit recommendations the agency complied with:

- 1a.
- 1b.
- 1c.
- 2b.
- 2c.
- 2d.
- 6a.
- 7b.
- 8a.
- 8b.

II. Audit recommendations the agency agrees with and will comply:

- 2a. – Estimated date of compliance is June 30, 2021.
- 6b. – Estimated date of compliance is June 30, 2021.
- 7a. – Estimated date of compliance is December 31, 2021.

III. Audit recommendations the agency disagrees with:

None.

Unemployment Insurance Agency

Michigan Department of Labor & Economic Opportunity
Audit Period: July 1, 2018 through June 30, 2019
Final Response

FINDING #2a

UIA reports identified 311,186 calls made to the UIA call center during a sample of 6 business weeks, including 66,461 (21%) calls that were routed to the customer service representative queue. UIA data indicated that callers abandoned 18,381 (28%) of the 66,461 calls.

For the remaining 244,725 (79%) calls, UIA did not have data to determine whether the calls were successfully routed to one of the self-service queues, ended by the caller, or unanswered.

RECOMMENDATION

We recommend that UIA continue to improve its call center operations to reduce the number of abandoned and potentially unanswered telephone calls.

FINAL RESPONSE

We agree and will comply. The new UIA phone system allows the agency to add staff from other UIA sections and divisions to assist in answering calls as call volume increases. The COVID-19 pandemic and subsequent historic high unemployment rate has made it difficult to achieve immediate gains in this area, even with adding hundreds of additional staff to the contact center. However, UIA continues to add staff to the contact center to meet customer demand.

On June 29, 2020, UIA added an additional 800 staff to assist with customer calls which will greatly enhance UIA's ability to answer calls. UIA monitors the effectiveness of the new phones system through the production of daily and weekly statistical reports that include the following metrics:

- Number of calls completed
- Average call handle time
- Average wait time to reach an agent
- Number of abandoned calls
- Number of calls entering the callback feature

Based upon these reports, UIA makes regular process and staffing adjustments to optimize the productivity of the phone system. The UIA expects to more comprehensively evaluate the degree to which it is successfully routing calls by June 30, 2021.

FINDING #6 (a & b)

- a. For 9 (75%) of the 12 months reviewed, UIA did not make at least 87% of all initial benefit payments within 21 days. During these 12 months, UIA's performance ranged from 65% to 88%, with an average of 78% per month.
- b. For all 4 quarters reviewed, UIA did not complete a least 80% of all nonmonetary determinations within 21 days. UIA's performance ranged from 63% for the quarter ended June 30, 2019 to 73% for the quarter ended December 31, 2018.

RECOMMENDATION

We again recommend that UIA continue to take actions to consistently meet federal performance standards related to initial benefit payments and nonmonetary determination processing.

FINAL RESPONSE

- a. We agree and have complied. UIA exceeded the First Payment Promptness standard in both March 2020 and April 2020; and will continue to work towards achieving this standard.
- b. We agree and will comply. UIA is working towards achieving this standard, however, consistently meeting the standard will be a challenge for the remainder of this year due to the historically high unemployment rates caused by the COVID-19 pandemic. UIA's collaborative efforts with the National Association of State Workforce Agencies (NASWA) has been suspended during the pandemic in order to implement federal programs created by the CARES Act. UIA expects to meet all federal standards by June 30, 2021.

FINDING #7a

UIA did not conduct evidence-based evaluations to determine if the RESEA program was effective in relation to outcome measures such as a reduction in the average number of weeks participants receive benefits in comparison with claimants not participating in the program. Also, UIA did not document its monthly meetings with MWDA or any actions taken based on review of the ETA reports.

RECOMMENDATION

We recommend that UIA periodically conduct evidence-based evaluations of the effectiveness of its RESEA program

FINAL RESPONSE

We agree and will comply. UIA signed an agreement with DTMB's Labor and Market information (LMI) to develop key program metrics and in the creation and improvement of advanced analytics tools. The work with LMI has been suspended during the COVID-19 pandemic. The work with LMI is scheduled to resume in January 2021 and is expected to be completed by December 31, 2021.

FINDING #8a

UIA did not consistently ensure that claimants were referred to and participated in reemployment services. For the last two quarters of calendar year 2018, UIA referred 1,466 (14%) fewer claimants to the MWA offices than the 10,556 total estimated spots available for the period based on the allocated funding. For the first two quarters of calendar year 2019, UIA referred 445 (4%) fewer claimants to the MWA offices than the 11,830 total estimated spots available for the period based on the allocated funding.

RECOMMENDATION

We again recommend that UIA consistently refer claimants meeting UIA's mandatory reemployment service participation criteria to MWA for reemployment services.

FINAL RESPONSE

We agree and have complied. UIA has implemented quarterly reviews to ensure the appropriate number of claimants are being referred to the MWA offices. UIA will continue to perform quarterly reviews.