

Office of the Auditor General
Follow-Up Report on Prior Audit Recommendations

Claimant Services
Unemployment Insurance Agency
Department of Labor and Economic Opportunity

February 2020

The auditor general shall conduct post audits of financial transactions and accounts of the state and of all branches, departments, offices, boards, commissions, agencies, authorities and institutions of the state established by this constitution or by law, and performance post audits thereof.

The auditor general may make investigations pertinent to the conduct of audits.

Article IV, Section 53 of the Michigan Constitution



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Office of the Auditor General

Report Summary

Follow-Up Report

Claimant Services

Unemployment Insurance Agency (UIA) Department of Labor and Economic Opportunity (LEO)

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

**Released:
February 2020**

We conducted this follow-up to determine whether UIA had taken appropriate corrective measures in response to the one material condition and four of the reportable conditions noted in our April 2016 audit report.

Effective August 11, 2019, Executive Order No. 2019-13 abolished the Talent Investment Agency and transferred UIA to LEO, formerly the Department of Talent and Economic Development.

Prior Audit Information	Follow-Up Results		
	Conclusion	Finding	Agency Preliminary Response
<p>Finding #1 - Material condition</p> <p>Improvement needed for adjudicating issues with potentially false or misleading information.</p> <p>Agency agreed.</p>	Complied	Not applicable	
<p>Finding #2 - Reportable condition</p> <p>Continued enhancements needed for communicating with current and prospective unemployment insurance claimants.</p> <p>Agency agreed.</p>	Partially complied	Reportable condition still exists. See <u>Finding #2.</u>	Agrees

Prior Audit Information (Continued)
<p>Finding #6 - Reportable condition</p> <p>Improvements needed to consistently meet federal performance standards related to initial benefit payments, nonmonetary determination processing, and appeals processing.</p> <p>Improvements needed for separation-related nonmonetary determinations.</p> <p>Agency agreed.</p>
<p>Finding #7 - Reportable condition</p> <p>Evaluation of the Worker Profiling and Reemployment Services system needed.</p> <p>Periodic review and update of profiling model needed.</p> <p>Agency agreed.</p>
<p>Finding #8 - Reportable condition</p> <p>Improvement needed to ensure that claimants are referred to reemployment services.</p> <p>Improvement needed to help ensure participation in reemployment services.</p> <p>Agency agreed.</p>

Follow-Up Results		
Conclusion	Finding	Agency Preliminary Response
Partially complied	Reportable condition still exists. See <u>Finding #6</u> .	Agrees
Complied	Not applicable	Not applicable
Not complied	Reportable condition still exists. See <u>Finding #7</u> .	Agrees
Complied	Not applicable	Not applicable
Not complied	Reportable condition still exists. See <u>Finding #8</u> .	Agrees
Complied	Not applicable	Not applicable

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Doug A. Ringler, CPA, CIA
Auditor General

February 25, 2020

Mr. Steve Gray, Director
Unemployment Insurance Agency
Cadillac Place
Detroit, Michigan
and
Mr. Jeff Donofrio, Director
Department of Labor and Economic Opportunity
300 North Washington Square
Lansing, Michigan

Dear Mr. Gray and Mr. Donofrio:

This is our follow-up report on the one material condition (Finding #1); four of the reportable conditions (Findings #2, #6, #7, and #8); and the eight corresponding recommendations reported in the performance audit of Claimant Services, Unemployment Insurance Agency, Talent Investment Agency, Department of Talent and Economic Development. That audit report was issued and distributed in April 2016. Additional copies are available on request or at audgen.michigan.gov.

Your agency provided preliminary responses to the follow-up recommendations included in this report. The *Michigan Compiled Laws* and administrative procedures require an audited agency to develop a plan to comply with the recommendations and to submit it to the State Budget Office upon completion of an audit. Within 30 days of receipt, the Office of Internal Audit Services, State Budget Office, is required to review the plan and either accept the plan as final or contact the agency to take additional steps to finalize the plan.

We appreciate the courtesy and cooperation extended to us during our follow-up. If you have any questions, please call me or Laura J. Hirst, CPA, Deputy Auditor General.

Sincerely,

Doug Ringler
Auditor General

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INTRODUCTION, PURPOSE OF FOLLOW-UP, AND AGENCY DESCRIPTION

INTRODUCTION

This report contains the results of our follow-up of the one material condition* (Finding #1); four of the reportable conditions* (Findings #2, #6, #7, and #8); and the eight corresponding recommendations reported in our performance audit* of Claimant Services, Unemployment Insurance Agency (UIA), Talent Investment Agency, Department of Talent and Economic Development, issued in April 2016.

Effective August 11, 2019, Executive Order No. 2019-13 abolished the Talent Investment Agency and transferred UIA to the Department of Labor and Economic Opportunity (LEO), formerly the Department of Talent and Economic Development.

PURPOSE OF FOLLOW-UP

To determine whether UIA had taken appropriate corrective measures to address our corresponding recommendations.

AGENCY DESCRIPTION

The federal Social Security Act of 1935 created the unemployment insurance (UI) program as a joint federal-state partnership, with each state responsible for designing its own program within broad federal guidelines. In response to this Act, UIA was originally created as the Michigan Employment Security Commission by the Michigan Employment Security Act of 1936, being Sections 421.1 - 421.75 of the *Michigan Compiled Laws*.

UIA helps jobless workers and their families by providing up to 20 weeks of regular UI benefits while they seek new employment.

From October 1, 2018 through June 30, 2019, UIA reported that it received 234,406 new claims and paid UI benefits totaling \$602.1 million to 200,740 unduplicated claimants, and its administrative expenditures totaled \$119.9 million. As of June 30, 2019, UIA had 635 employees.

* See glossary at end of report for definition.

PRIOR AUDIT FINDINGS AND RECOMMENDATIONS; AGENCY PLAN TO COMPLY; AND FOLLOW-UP CONCLUSIONS, RECOMMENDATIONS, AND AGENCY PRELIMINARY RESPONSES

FINDING #1

Audit Finding Classification: Material condition.

Summary of the April 2016 Finding:

UIA needed to improve its efforts in making and communicating (re)determinations of intentional misrepresentation* to claimants. Between October 1, 2013 and March 31, 2015, UIA issued 60,324 (re)determinations finding intentional misrepresentation. Specifically, for the 60 (re)determinations that we reviewed, UIA did not:

- a. Make adequate attempts to contact claimants who did not respond to UIA's original request for information related to 77% of the (re)determinations that we reviewed or inform claimants in the requests for information that failure to respond would result in a finding of intentional misrepresentation.
- b. Obtain and/or consider sufficient information to support some adjudications*.
- c. Provide claimants with the reasons for, or facts that led to, its adjudications.

Recommendation Reported in April 2016:

We recommended that UIA improve its efforts to obtain supporting information and provide claimants with the facts and rationale for (re)determinations of intentional misrepresentation.

AGENCY PLAN TO COMPLY*

On November 15, 2017, UIA stated that it had fully complied and noted that this finding involved a time period during which it utilized an automated computer system for issuance of fraud determinations. UIA indicated that it ceased use of the system for issuance of fraud determinations in August 2015 and staff now review the case files before making such determinations. UIA also indicated that it enhanced its information request form to include simplified instructions, modified determination language, and added additional space for typed explanations on the online form. In addition, UIA indicated that it updated its intentional misrepresentation form to include the facts, supporting information, and reasons when issuing a finding of intentional misrepresentation.

* See glossary at end of report for definition.

**FOLLOW-UP
CONCLUSION**

Complied.

From July 1, 2018 through June 30, 2019, UIA initiated 308 (re)determinations finding intentional misrepresentation. For the 10 intentional misrepresentation cases that we reviewed, our follow-up noted that UIA:

a. Complied.

UIA made efforts to contact all 9 claimants who did not respond to UIA's original request for information related to (re)determinations through e-mails and follow-up telephone calls.

b. Complied.

For the 3 claimants who ultimately responded to UIA's requests for additional information, UIA obtained and considered sufficient information to support its (re)determinations.

c. Complied.

For the 3 cases for which UIA ultimately issued a written (re)determination of intentional misrepresentation, UIA communicated the reasons or facts that led to its decision.

FINDING #2

Audit Finding Classification: Reportable condition.

Summary of the April 2016 Finding:

UIA needed to improve and enhance its communications with claimants. Specifically, UIA:

- a. Did not answer 89% of the telephone calls made to its call center. Also, callers abandoned 29% of the answered calls while on hold for a UIA representative.
- b. Had not examined the feasibility of a social media* presence.
- c. Did not ensure that webcasts (videos) linked from its Web site were operational and included information related to its Michigan Web Account Manager (MiWAM).
- d. Did not specify the time period associated with employment-related questions included in its requests for information sent to claimants.

Recommendation Reported in April 2016:

We recommended that UIA continue to enhance existing and explore the feasibility of adding social media methods and processes for communicating with current and prospective UI claimants.

AGENCY PLAN TO COMPLY

On November 15, 2017, UIA stated that it had complied with parts and was in the process of complying with the remaining parts of the finding. Specifically, UIA indicated that it:

- a. Evaluated best practices, contracted with a reengineering expert, identified key performance indicators, implemented a procedure for handling known seasonal increases in new claims and telephone calls, and would finalize a plan to improve the entire call center operation by December 31, 2017.
- b. Implemented use of social media, including Twitter and Facebook, to communicate UI-related information to the public. UIA also indicated that it began posting tips on its Web site and sending information directly to claimants by e-mail.
- c. Expanded the number of online videos available for claimants and employers and will continue to identify additional opportunities for improving the selection of videos.
- d. Would update its request for information form by December 31, 2017 to include the specific weeks for which information is sought.

* See glossary at end of report for definition.

**FOLLOW-UP
CONCLUSION**

Partially complied. A reportable condition still exists.

Our follow-up noted that UIA had:

- a. Not complied.

UIA reports identified 311,186 calls that were 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, as follows:

<u>Business Week Ended</u>	<u>Abandoned Calls</u>	
August 17, 2018	3,181	(30%)
August 24, 2018	2,556	(24%)
November 2, 2018	3,407	(33%)
February 15, 2019	2,953	(24%)
March 22, 2019	3,293	(31%)
June 28, 2019	<u>2,991</u>	(25%)
Total	<u>18,381</u>	

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.

- b. Complied.

UIA established and utilized a social media presence on U.S. Department of Labor (USDOL) suggested platforms, including Twitter, Facebook, and YouTube, to communicate UI-related topics to the public.

- c. Complied.

UIA expanded the selection of webcasts available on its Web site to include information relating to MiWAM. Also, all available webcasts were working properly on UIA's Web site as of August 7, 2019.

- d. Complied.

UIA updated its request for information form to include the specific week for all 5 forms that we reviewed.

**FOLLOW-UP
RECOMMENDATION**

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

**FOLLOW-UP
AGENCY
PRELIMINARY
RESPONSE**

LEO provided us with the following response:

UIA agrees with the follow-up recommendation. During the period of review (July 1, 2018 through June 30, 2019), UIA was using an older phone system. In September 2019, UIA subsequently implemented a new phone system that includes, among other features, a chat function. As a result, the customer wait-times and abandoned calls have dramatically improved.

FINDING #6

Audit Finding Classification: Reportable condition.

Summary of the April 2016 Finding:

UIA did not consistently meet federal performance standards and needed to improve the quality of its separation-related nonmonetary determinations*. Specifically:

- a. UIA's performance related to initial benefit payments was below standard for 14 (67%) months during the 21-month period ended June 30, 2015.
- b. UIA did not complete at least 80% of nonmonetary determinations within 21 days. For the quarter ended March 31, 2015, UIA's timely completion of separation and non-separation determinations was 72% and 74%, respectively.
- c. Michigan did not achieve the average age of pending lower authority appeals of 30 days or less. For the quarter ended June 30, 2015, Michigan was the second lowest performing state relative to this core measure with its average age of 94 days.
- d. UIA met the federal standard for quality scores of its separation-related nonmonetary determinations; however, its performance was inconsistent from quarter to quarter, significantly lagged that of its non-separation related determinations, and was only 1% above the minimum acceptable performance level of 75% for the quarter ended June 30, 2015.

Recommendations Reported in April 2016:

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

We also recommended that UIA continue to improve the quality of its separation-related nonmonetary determinations.

AGENCY PLAN TO COMPLY

On November 15, 2017, UIA indicated that its performance during calendar year 2016 surpassed the federal acceptable performance levels, that it would continue to monitor the performance standards through December 2017, and that it would continue to take actions to consistently meet the federal performance standards.

FOLLOW-UP CONCLUSIONS

Conclusion for first recommendation - Partially complied. A reportable condition still exists.

* See glossary at end of report for definition.

Our follow-up for the first recommendation noted that UIA had:

a. Not complied.

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. Not complied.

For all 4 quarters reviewed, UIA did not complete at 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.

c. Complied.

For all 4 quarters reviewed, UIA met the average age of pending lower authority appeals of 30 days or less standard, with an average age of 15 days per quarter.

Conclusion for second recommendation - Complied.

Our follow-up for the second recommendation noted that for all 4 quarters reviewed, UIA consistently earned high-quality scores of at least 75% of its separation-related nonmonetary determinations. UIA's performance ranged from 83% for the quarter ended September 30, 2018 to 89% for the quarter ended June 30, 2019.

**FOLLOW-UP
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.

**FOLLOW-UP
AGENCY
PRELIMINARY
RESPONSE**

LEO provided us with the following response:

UIA agrees with the follow-up recommendation. UIA made progress toward meeting federal performance standards since implementing several strategies to increase first payment promptness and nonmonetary determination timeliness.

UIA is also receiving assistance from the National Association of State Workforce Agencies (NASWA) Integrity Center to increase Michigan's performance.

FINDING #7

Audit Finding Classification: Reportable condition.

Summary of the April 2016 Finding:

UIA had not evaluated the effectiveness of its reemployment services* system in reducing participants' length of unemployment and amount of UI benefits paid. Also, UIA had not reviewed and updated its profiling* model since 2003 to identify claimants who were most likely to exhaust their UI benefits before returning to work.

Recommendations Reported in April 2016:

We recommended that UIA periodically evaluate the effectiveness of its Worker Profiling and Reemployment Services (WPRS) system.

We also recommended that UIA periodically review and update its profiling model.

AGENCY PLAN TO COMPLY

On November 15, 2017, UIA stated that it had complied with the first recommendation and was in the process of complying with the second recommendation. Specifically, UIA indicated that:

- a. For the first recommendation, it transitioned from the WPRS system to the Reemployment Services and Eligibility Assessment (RESEA) program, effective April 1, 2016, and in coordination with the Michigan Workforce Development Agency (MWDA), it ensures that RESEA reports are generated, guidelines are followed, and feedback is shared on success stories and areas for improvement. UIA prepared two RESEA reports for the USDOL: Employment and Training Administration (ETA) 9128 Reemployment and Eligibility Assessment Workload and ETA 9129 Reemployment and Eligibility Assessment Outcomes. UIA and MWDA used these reports to measure program effectiveness.
- b. For the second recommendation, it completed a preliminary analysis of planned updates to its profiling model; planned to test the updated model by December 31, 2017; and plans to perform biannual reviews of the model thereafter.

FOLLOW-UP CONCLUSIONS

Conclusion for first recommendation - Not complied. A reportable condition still exists.

Our follow-up for the first recommendation noted that UIA held monthly meetings with MWDA to review the ETA reports, which UIA indicated were reviewed for trends to identify best practices or opportunities for RESEA program improvements. However, UIA did not conduct evidence-based evaluations* to determine if

* See glossary at end of report for definition.

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.

Conclusion for second recommendation - Complied.

Our follow-up for the second recommendation noted that UIA implemented enhancements to its profiling model in November 2017, including the addition of variables such as the claimant's work history and the delay between claimants' employment separation and claim filing date. Also, UIA conducted periodic reviews of the model in February 2019 and May 2019.

**FOLLOW-UP
RECOMMENDATION**

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

**FOLLOW-UP
AGENCY
PRELIMINARY
RESPONSE**

LEO provided us with the following response:

UIA agrees with the follow-up recommendation. UIA will pursue an Interagency Agreement with the Department of Technology, Management, and Budget's Bureau of Labor Market Information and Strategic Initiatives (LMISI) to collect, develop, and analyze workforce, economic, demographic, and labor market information in support of initiatives designed to strengthen Michigan's unemployment insurance and workforce systems. The purpose is to supply customized, evidence-based information and analysis to support effective decision-making, program management, and oversight of workforce/talent development efforts in the State.

The agreement with LMISI will assist UIA in the development of key program metrics and in the creation and improvement of advanced analytics tools, including the evaluation and redesign of the WPRS predictive model.

FINDING #8

Audit Finding Classification: Reportable condition.

Summary of the April 2016 Finding:

UIA did not consistently ensure that claimants were referred to and participated in reemployment services. Specifically, UIA:

- a. Inappropriately excluded 37% of the claimants that we reviewed for referral because UIA did not record the claimants' county of residence in the Michigan Integrated Data Automated System (MiDAS).
- b. Automatically excused, without consequence, 7% of the total claimants scheduled for mandatory participation in reemployment services when the claimants stated that they missed their scheduled appointment because they did not receive the appointment notifications.

Recommendations Reported in April 2016:

We recommended that UIA consistently refer claimants meeting UIA's mandatory reemployment service participation criteria to MWDA for reemployment services.

We also recommended that UIA take action to reduce the number of claimants excused, without consequence, from mandatory participation in reemployment services after missing their scheduled appointment.

AGENCY PLAN TO COMPLY

On November 15, 2017, UIA stated that it had complied with both recommendations. Specifically, UIA indicated that it:

- a. Corrected an oversight in its claim data gathering process and now obtains the claimant's county of residence, thus enabling UIA to assign each claimant to the appropriate Michigan Works! Agency (MWA) office for reemployment services.
- b. Began sending electronic appointment notifications for reemployment services on August 14, 2017 to claimants who had designated electronic communication as their preferred method of communication. Also, in an effort to increase mandatory participation, UIA began allowing claimants to reschedule their appointment and having MWA contact claimants through e-mail about reemployment services.

FOLLOW-UP CONCLUSIONS

Conclusion for first recommendation - Not complied. A reportable condition still exists.

Our follow-up for the first recommendation noted:

- 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. UIA profiled 139,505 claimants during this period. Also, for 15 (58%) of the 26 weeks that we reviewed, UIA referred an average of 56 fewer claimants to the MWA offices than the 406 weekly spots available. UIA's weekly referrals to the 16 MWA offices ranged from 99 to 971 claimants, an average of 350 per week.

- 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. UIA profiled 128,807 claimants during this period. For all 26 weeks that we reviewed, UIA referred an average of 17 fewer claimants to the MWA offices than the 455 weekly spots available. UIA's weekly referrals to the 16 MWA offices ranged from 433 to 439 claimants, an average of 438 per week.

Conclusion for second recommendation - Complied.

Our follow-up for the second recommendation noted that UIA reduced the total number of claimants excused, without consequence, from mandatory participation in reemployment services for any reason to 3%.

**FOLLOW-UP
RECOMMENDATION**

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

**FOLLOW-UP
AGENCY
PRELIMINARY
RESPONSE**

LEO provided us with the following response:

UIA agrees with the follow-up recommendation. The discrepancy in weekly referrals was communicated on October 8, 2019 and corrected moving forward on October 12, 2019. UIA will perform a quarterly review to ensure the appropriate number of claimants are being referred to the MWA offices.

FOLLOW-UP METHODOLOGY, PERIOD, AND AGENCY RESPONSES

METHODOLOGY

We reviewed UIA's corrective action plan, new and updated policies and procedures, and interviewed UIA personnel. Specifically, for:

a. Finding #1, we:

- Analyzed UIA's intentional misrepresentation (re)determination population based on its updated manual process compared with the number of cases previously reported based on its automated process.
- Evaluated the clarity and comprehensiveness of UIA's communications and actions for 10 of the 308 cases for which UIA initiated an intentional misrepresentation (re)determination from July 1, 2018 through June 30, 2019. We randomly selected the cases to eliminate bias and enable us to project our results to the entire population.

b. Finding #2, we:

- Conducted a physical walk-through of UIA's call center operation on August 5, 2019.
- Reviewed call center statistics for 6 of the 52 business weeks from July 1, 2018 through June 30, 2019 to determine if UIA effectively answered and resolved claimant telephone calls. We randomly selected the weeks to eliminate bias and enable us to project our results to the entire population.
- Evaluated UIA's use of various best practices for communication included within the USDOL's UI Claimant and Employer Message Toolkit and the Michigan Department of Technology, Management, and Budget's Statewide Social Media Guidelines Book.
- Reviewed UIA's efforts to communicate with claimants and potential claimants via social media and UIA's Web site on July 30, 2019 and August 7, 2019, respectively.
- Analyzed UIA's communications with claimants for 5 cases for which UIA initiated an intentional misrepresentation (re)determination from July 1, 2018 through June 30, 2019 to determine whether UIA specified the time periods associated with its employment-related questions.

- c. Finding #6, we:
 - Analyzed UIA's performance relative to selected USDOL ETA's UI performance standards for the 4 quarters ended June 30, 2019.
 - Obtained an understanding of USDOL ETA's UI data validation process and reconciled MiDAS summary data to the ETA's data download files for a selected ETA report.

- d. Finding #7, we:
 - Reviewed the UIA profiling methodology and changes to model variables for July 1, 2018 through June 30, 2019.
 - Confirmed that UIA and MWDA scheduled various RESEA meetings from July 1, 2018 through June 30, 2019 and inquired whether UIA had performed evidence-based evaluations of RESEA.
 - Reviewed the reemployment initiatives and RESEA referral strategies within 3 UIA State quality service plan quarterly reports for July 1, 2018 through March 31, 2019 and the UIA State Plan Narrative for October 1, 2018 through September 30, 2019.
 - Reviewed the USDOL ETA reports related to reemployment services to determine if the reports included outcome metrics relevant to evaluating the effectiveness of the RESEA program.

- e. Finding #8, we:
 - Analyzed UIA's reemployment services data for July 1, 2018 through June 30, 2019 to determine whether UIA consistently referred claimants meeting UIA's mandatory participation criteria to MWA for reemployment services.
 - Analyzed the USDOL ETA 9128 quarterly reports for July 1, 2018 through June 30, 2019 to determine the number of claimants excused, without consequence, from mandatory RESEA participation.

PERIOD

Our follow-up generally covered July 1, 2018 through June 30, 2019.

AGENCY RESPONSES

Our follow-up report contains 4 recommendations. LEO's preliminary response indicates that UIA agrees with all 4 of the recommendations.

The agency preliminary response that follows each follow-up recommendation in our report was taken from the agency's written comments and oral discussion at the end of our fieldwork. Section 18.1462 of the *Michigan Compiled Laws* and the State of Michigan Financial Management Guide (Part VII, Chapter 4, Section 100) require an audited agency to develop a plan to comply with the recommendations and to submit it to the State Budget Office upon completion of an audit. Within 30 days of receipt, the Office of Internal Audit Services, State Budget Office, is required to review the plan and either accept the plan as final or contact the agency to take additional steps to finalize the plan.

GLOSSARY OF ABBREVIATIONS AND TERMS

adjudication	A process by which UIA reviews evidence to come to a decision that determines rights and obligations of the parties involved.
agency plan to comply	The response required by Section 18.1462 of the <i>Michigan Compiled Laws</i> and the State of Michigan Financial Management Guide (Part VII, Chapter 4, Section 100). The audited agency is required to develop a plan to comply with Office of the Auditor General audit recommendations and to submit the plan to the State Budget Office upon completion of an audit. Within 30 days of receipt, the Office of Internal Audit Services, State Budget Office, is required to review the plan and either accept the plan as final or contact the agency to take additional steps to finalize the plan.
ETA	Employment and Training Administration.
evidence-based evaluation	The use of evidence-based practices to evaluate the effectiveness of a program. Evidence based means that the programs, approaches, and practices are evaluated by statistics and scientific methods to prove that they have a positive impact on the target population served by the program. Evidence based is different from anecdotal evidence and historical traditions, conventions, feelings, or beliefs, such as stories and testimonials.
intentional misrepresentation	An occasion when a person makes a false statement or representation knowing it to be false, or knowingly and willfully with intent to defraud fails to disclose a material fact, to obtain or increase a benefit or other payment.
LEO	Department of Labor and Economic Opportunity.
material condition	A matter that, in the auditor's judgment, is more severe than a reportable condition and could impair the ability of management to operate a program in an effective and efficient manner and/or could adversely affect the judgment of an interested person concerning the effectiveness and efficiency of the program. Our assessment of materiality is in relation to the respective audit objective.
MiDAS	Michigan Integrated Data Automated System.
MiWAM	Michigan Web Account Manager.
MWA	Michigan Works! Agency.

MWDA	Michigan Workforce Development Agency.
nonmonetary determination	A decision made by an initial authority based on facts related to an issue detected that has the potential to affect a claimant's past, present, or future benefit rights and for which a determination of eligibility was made. Nonmonetary eligibility determination criteria include having a qualified job separation reason, being able and available to work, seeking work, and registering for work with the State's workforce agency.
performance audit	An audit that provides findings or conclusions based on an evaluation of sufficient, appropriate evidence against criteria. Performance audits provide objective analysis to assist management and those charged with governance and oversight in using the information to improve program performance and operations, reduce costs, facilitate decision-making by parties with responsibility to oversee or initiate corrective action, and contribute to public accountability.
profiling	A system to identify and rank or score UI claimants by their potential for exhausting their benefits for referral to appropriate reemployment services.
reemployment services	Services including job search assistance and job placement services, such as counseling, testing, and providing occupational and labor market information, assessment, job search workshops, job clubs, and referrals to employers, and other similar services.
reportable condition	A matter that, in the auditor's judgment, is less severe than a material condition and falls within any of the following categories: a deficiency in internal control; noncompliance with provisions of laws, regulations, contracts, or grant agreements; opportunities to improve programs and operations; or fraud.
RESEA	Reemployment Services and Eligibility Assessment.
social media	Forms of electronic communication, using Web sites and applications, through which users create and share content.
UI	unemployment insurance.
UIA	Unemployment Insurance Agency.
USDOL	U.S. Department of Labor.
WPRS	Worker Profiling and Reemployment Services.



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