



# OAG

Office of the Auditor General

## Report Summary

*Performance Audit  
Establishing Pandemic Unemployment  
Assistance Eligibility Criteria  
Unemployment Insurance Agency (UIA)  
Department of Labor and Economic  
Opportunity (LEO)*

**Report Number:  
186-0319-21A**

**Released:  
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To slow the spread of COVID-19 after the first confirmed cases in Michigan in March 2020, Governor Whitmer issued a series of executive orders that declared a state of emergency and placed restrictions on public gatherings. These orders closed schools, businesses, and other employers resulting in the largest spike in unemployment in Michigan history. The federal Coronavirus Aid, Relief, and Economic Security (CARES) Act created new federal unemployment programs, including Pandemic Unemployment Assistance (PUA), Pandemic Unemployment Compensation (PUC), and others, that increased the weekly benefit amounts and expanded eligibility to claimants not otherwise eligible for unemployment benefits. From March 15, 2020 through September 27, 2021, UIA paid \$38.9 billion in unemployment insurance (UI) claims from 5.4 million claims (including, but not limited to, PUA claims) created for 3.41 million unique claimants.

This audit report is the first of a series of audit reports on UIA claims processing during the COVID-19 pandemic.

Audit Objective			Conclusion
Objective: To assess the effectiveness of UIA's actions to establish federally compliant claimant eligibility criteria for the PUA program.			Not effective
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
A variety of actions and inaction by UIA's senior leadership during the COVID-19 pandemic contributed to a poor control environment (tone at the top). Those actions directly contributed to the creation of invalid PUA application and certification processes and UIA's failure to timely or appropriately address issues pointed out by the U.S. Department of Labor (USDOL) and UIA staff ( <a href="#">Finding 1</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 included 4 eligibility criteria on PUA claim applications and weekly benefit certifications not authorized in the CARES Act or other USDOL guidance. Also, it continued to make improper eligibility determinations and related overpayments 9 months after USDOL first notified Michigan of the deficiencies ( <u>Finding 2</u> ).	X		Agrees

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