

Office of the Auditor General  
Performance Audit Report

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**Personnel Management Processes During the  
COVID-19 Pandemic**

Unemployment Insurance Agency  
Department of Labor and Economic Opportunity

March 2022

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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

### *Performance Audit Personnel Management Processes During the COVID-19 Pandemic Unemployment Insurance Agency (UIA) Department of Labor and Economic Opportunity (LEO)*

**Report Number:  
186-0310-21**

**Released:  
March 2022**

In response to the COVID-19 pandemic, the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act allowed states to suspend the federal requirement mandating UIA to use the merit basis for some personnel actions. This allowed UIA to engage temporary staff and rehire former employees and retirees on a noncompetitive basis to aid in processing unemployment insurance (UI) applications and claims. From March 2020 through June 2021, the UIA workforce increased from 754 to a monthly high of 4,410 in April 2021. UIA expended \$171.7 million through June 2021 for the additional staffing resources. During this period, UIA processed 5.2 million UI claims and paid over \$36.5 billion in UI benefits.

Audit Objective			Conclusion
Objective 1: To assess the sufficiency of selected UIA practices for worker onboarding and offboarding during the COVID-19 pandemic.			Not sufficient
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
Regarding purchase orders (POs) for staffing services, LEO and UIA did not: <ul style="list-style-type: none"> <li>• Sign one PO for \$8.3 million or sign another for \$5.6 million until 3 months after its effective date.</li> <li>• Timely reflect the type and quantity of the staffing agency workers, their hourly pay rates, and their job responsibilities.</li> <li>• Sufficiently address conflicts and ethics, laptop computer sanitization, and insurance requirements.</li> <li>• Ensure they could hold the staffing agency liable for fraud committed by its workers, which included a known \$3.8 million UI fraud (<a href="#">Finding 1</a>).</li> </ul>	X		Agrees

<b>Findings Related to This Audit Objective (Continued)</b>	<b>Material Condition</b>	<b>Reportable Condition</b>	<b>Agency Preliminary Response</b>
Sixty-three (45.3%) of 139 departed workers we sampled continued to have access to the State of Michigan network and Michigan Integrated Data Automated System (MiDAS) to view and make unauthorized changes to claims for an average of 32.6 days after their departure. The continued access contributed to the \$3.8 million UI fraud the former worker committed in mid-2020 ( <a href="#">Finding 2</a> ).	X		Agrees
<p>UIA did not:</p> <ul style="list-style-type: none"> <li>• Timely execute data sharing agreements with 3 staffing agencies and 16 Michigan Works! Agencies (MWAs).</li> <li>• Ensure completion of confidentiality agreements by 2 staffing agencies and MWAs. We noted 8 (80.0%) of 10 selected MWA workers did not complete the confidentiality agreements until they had been working between 12 and 126 days.</li> <li>• Provide 29 (69.0%) of 42 selected staffing agency and MWA workers with required Social Security Administration (SSA) training and 28 (66.7%) with Department of Treasury and data governance training. UIA provided 12 (28.6%) workers with SSA and Department of Treasury trainings and 13 (31%) workers with data governance training between 15 and 165 days after they began working at UIA (<a href="#">Finding 3</a>).</li> </ul>	X		Agrees
UIA did not ensure preemployment criminal history background checks were conducted on 5,508 staffing agency and MWA workers and did not inquire about the results of those voluntarily completed by contracted agencies. We identified 71 (42.0%) of 169 workers still employed with one or more misdemeanor and/or felony convictions for crimes such as embezzlement, illegal sale/use of financial transaction devices, false pretenses with intent to defraud, identity theft, and armed robbery ( <a href="#">Finding 4</a> ).	X		Agrees
UIA's Center for Learning Development did not have documentation to support 8 (20.0%) of 40 selected new workers completed their initial training before starting their assigned job duties. We identified 21 (52.5%) workers who worked between 2 and 329 hours before completing their initial training ( <a href="#">Finding 5</a> ).		X	Agrees
UIA provided some temporary workers with MiDAS functionality beyond their business needs, creating unnecessary risks to UIA's data and systems ( <a href="#">Finding 6</a> ).		X	Agrees

<b>Audit Objective</b>		<b>Conclusion</b>	
Objective 2: To provide information on the administrative funding available to UIA during the COVID-19 pandemic and other relevant data.		Information provided	
<b>Findings Related to This Audit Objective</b>	<b>Material Condition</b>	<b>Reportable Condition</b>	<b>Agency Preliminary Response</b>
None reported.		Not applicable.	

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**Doug A. Ringler, CPA, CIA**  
Auditor General

March 18, 2022

Ms. Susan R. Corbin, Director  
Department of Labor and Economic Opportunity  
300 North Washington Square  
Lansing, Michigan  
and  
Ms. Julia Dale, Director  
Unemployment Insurance Agency  
Cadillac Place  
Detroit, Michigan

Dear Ms. Corbin and Ms. Dale:

This is our performance audit report on the Unemployment Insurance Agency (UIA), Personnel Management Processes During the COVID-19 Pandemic, Department of Labor and Economic Opportunity. This is the second issued report of a series of performance audits of UIA.

We organize our findings and observations by audit objective. Your agency provided preliminary responses to the recommendations at the end of our fieldwork. 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 this audit.

Sincerely,

Doug Ringler  
Auditor General





## TABLE OF CONTENTS

### PERSONNEL MANAGEMENT PROCESSES DURING THE COVID-19 PANDEMIC

	<u>Page</u>
Report Summary	1
Report Letter	5
Audit Objectives, Conclusions, Findings, and Observations	
Sufficiency of Selected Onboarding and Offboarding Practices	10
Findings:	
1. Improved contracting and contract management processes needed.	12
2. UIA needs to timely remove departed temporary workers' access to the SOM network and MiDAS.	16
3. Improved controls needed to protect confidential claimant and employer information.	18
4. Improved procedures needed to ensure criminal history background checks are conducted on all temporary workers before providing them access to MiDAS.	22
5. Temporary workers should be trained before starting their assigned duties.	24
6. Improvement needed to limit temporary workers' MiDAS functionality to include only privileges necessary to accomplish their assigned job duties.	26
Administrative Funding and Other Relevant Data	27
Supplemental Information	
Exhibit 1 - Time Line of Events Impacting the Number of New and Continued UI Claims From March 2020 Through December 2020	28
Exhibit 2 - Number of State Employees and Other Workers at UIA From March 2020 Through June 2021	29
Exhibit 3 - UIA Claims Activity and Worker Counts From March 2020 Through June 2021	30
Exhibit 4 - Administrative Funding Available to UIA	31
Agency Description	32
Audit Scope, Methodology, and Other Information	33
Glossary of Abbreviations and Terms	37



# AUDIT OBJECTIVES, CONCLUSIONS, FINDINGS, AND OBSERVATIONS

# SUFFICIENCY OF SELECTED ONBOARDING AND OFFBOARDING PRACTICES

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## BACKGROUND

The onset of the COVID-19\* pandemic resulted in the largest spike in unemployment in Michigan history, which peaked at 23.6% in April 2020. See Exhibit 1 for a time line of events impacting the number of new and continued unemployment insurance (UI) claims.

On March 27, 2020, the President signed the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Section 2106 of the Act provided states with limited emergency flexibility to suspend the federal requirement mandating the use of personnel standards based on merit. This allowed the Unemployment Insurance Agency (UIA) to employ temporary staff, rehire former employees and retirees on a noncompetitive basis, and make other temporary actions to quickly process UI applications and claims. The Continued Assistance Act and the American Rescue Plan Act extended these provisions to September 6, 2021.

In early April 2020, UIA started obtaining assistance from 3 temporary staffing agencies, 16 Michigan Works! Agencies (MWAs), and other State agencies and hired limited-term employees to supplement its existing staff. See Exhibit 2 for a chart of the number of workers provided by each resource from the start of the pandemic through June 2021. Also, see Exhibit 3 for the total State employees and other workers at UIA along with the number of new and continued UI claims from the start of the pandemic through June 2021.

UIA reported that between March 15, 2020 and June 28, 2021, it processed an unprecedented 5.2 million UI claims and paid over \$36.5 billion in UI benefits, while it simultaneously:

- Responded to state of emergency executive orders by transitioning and equipping its entire workforce to work remotely.
- Realigned the job duties of many of its employees outside of its benefits area to assist with claims processing.
- Began onboarding what ended up being thousands of new workers from temporary staffing agencies, MWAs, and other State agencies within a week of the signing of the CARES Act. UIA also directly hired and onboarded former UIA employees and retirees and hundreds of limited-term workers to assist with claims processing.

\* See glossary at end of report for definition.

- Transitioned its worker training programs to virtual delivery.
- Worked with consultants to continually examine its claims processing flows for pinch points and adjusted them as necessary to help increase efficiency.
- Quickly implemented new federal unemployment programs created by the CARES Act, including the Pandemic Unemployment Assistance and Pandemic Unemployment Compensation and other programs which expanded eligibility to workers not normally eligible for UI benefits.

Through June 2021, UIA paid the 3 staffing agencies, 16 MWAs, and other State agencies \$130.7 million, \$5.0 million, and \$1.9 million, respectively. UIA also expended \$34.2 million on limited-term employees.

**AUDIT OBJECTIVE**

To assess the sufficiency\* of selected UIA practices for worker onboarding and offboarding during the COVID-19 pandemic.

**CONCLUSION**

Not sufficient.

**FACTORS IMPACTING CONCLUSION**

- Material condition\* related to the Department of Labor and Economic Opportunity's (LEO's) and UIA's contracting and contract management processes (Finding 1).
- Material condition related to UIA not timely removing departed temporary workers' access to the State of Michigan (SOM) network and Michigan Integrated Data Automated System\* (MiDAS) (Finding 2).
- Material condition related to not sufficiently protecting confidential claimant and employer information (Finding 3).
- Material condition related to not running preemployment criminal history background checks on all temporary workers (Finding 4).
- Reportable condition\* related to not fully training temporary workers before they began their assigned job duties (Finding 5).
- Reportable condition related to not limiting temporary workers' MiDAS functionality to include only those privileges necessary to accomplish their assigned job duties (Finding 6).

\* See glossary at end of report for definition.

## FINDING 1

### Improvements needed in LEO's and UIA's contracting and contract management processes.

LEO, in conjunction with UIA, needs to improve its contracting and contract management processes to better protect the State's interests.

To meet its needs at the onset and during the COVID-19 pandemic, LEO contracted with two staffing agencies via purchase order (PO) and 15 MWAs via memorandum of understanding (MOU). Generally, LEO was responsible for executing the POs and related change notices (CNs) with these agencies based on requests and information received from UIA. UIA managed the day-to-day operations, including determining the type and number of workers needed from each staffing agency.

Our review disclosed LEO and/or UIA did not:

- a. Timely execute comprehensive POs and CNs with one staffing agency or execute an MOU with one MWA. Regarding the POs and CNs:
  - (1) The first PO and subsequent revisions between LEO and the staffing agency, for \$8.3 million covering April 2020 through August 2020, were not signed by either party. LEO and the staffing agency did not sign the second PO, for \$5.6 million covering August 2020 through December 2020, until October 2020. This left no PO in effect for September 2020.
  - (2) From May 2020 through July 2020, the staffing agency greatly expanded the type and number of workers it provided to UIA; however, UIA did not include these significant changes in the staffing agency's POs and CNs. LEO's initial April 2020 PO was for 200 call center workers at \$26 per hour to which it added 500 more call center workers in June 2020.

By the end of July, the worker count had grown to at least 1,460 workers and included at least 8 different types of workers. The hourly rates for the additional types of workers ranged from \$26 to \$150, none of which were specified in the April 2020 PO or subsequent revisions.

LEO issued CN 3 to the October 2020 PO in December 2020 in the amount of \$29.4 million, which incorporated a new statement of work (SOW). The SOW included much needed expansion of the types, numbers, and hourly rates of many, but not all, of the various worker types the staffing agency had been providing, including one since April 2020.

- b. Execute an MOU with 1 MWA or execute MOUs with the 15 other MWAs until at least 9 months after the MWAs began assisting UIA.
- c. Include required conflicts and ethics provisions from the Department of Technology, Management, and Budget's (DTMB's) standard contract terms in their POs with 2 staffing agencies. These provisions prohibit contractors from doing anything that creates an appearance of impropriety with respect to the award or performance of the contract or attempting to influence or appearing to influence any State employee by the direct or indirect offer of anything of value.

LEO's program manager who executed the PO with a staffing agency inquired about potential job opportunities with the staffing agency and was hired 8 months later.

Within two weeks of issuing a PO with one of the staffing agencies, e-mails show LEO's then current program manager, who executed the PO, inquired about potential job opportunities with the staffing agency which ultimately resulted in their hiring approximately 8 months later. Although the interactions between the parties give the appearance of a potential conflict, nothing came to our attention to indicate the staffing agency received any favorable treatment, either financially or otherwise. Including the conflicts and ethics provisions in the POs would have served notice to all parties of the State's expectations for ethical behavior.

The program manager did not inform the current LEO Director they were pursuing a job opportunity with the staffing agency until they had already accepted a job and announced their impending departure.

- d. Include provisions in its PO or MOUs with 1 staffing agency and 15 MWAs requiring them to timely sanitize their workers' laptop computers at the conclusion of their UIA assignments and to provide documentation supporting these measures to LEO and/or UIA as required by DTMB adopted security controls.
- e. Include provisions requiring 2 staffing agencies and 15 MWAs to purchase and maintain specified levels of insurance coverage in accordance with DTMB policy for vendors that process, store, transfer, or touch sensitive State data and State information systems. These policies protect the State from claims that may arise out of or result from the contractor's performance under the terms of the contracts. UIA reached out to the 2 staffing agencies and obtained the certificates of insurance. However, 1 of them did not name UIA as an additional insured party. UIA did not obtain insurance certificates from any of the MWAs.

In addition, UIA required staffing agency workers to work remotely. Consequently, one staffing agency inserted a provision in its work proposal, which became the SOW in the PO, that may have inappropriately released the staffing agency from liability for its workers' inappropriate use of State computer systems and related fraud. While remote work provided some security challenges, including this provision in the PO undermined LEO's and UIA's ability to sufficiently mitigate significant risks. These risks related to the staffing agency being responsible to equip and maintain its computers with data security tools, timely notify UIA when a worker quit or was otherwise removed from the UIA assignment, obtain and secure its computers from departing workers, and sanitize State data from the computers.

LEO, in conjunction with UIA, may have inappropriately released a staffing agency from liability for a \$3.8 million UI fraud.

Because of the cited provision, we asked LEO and UIA if they had contacted the Department of Attorney General (AG) regarding contractual or other legal rights to recover fraudulent payments, including a \$3.8 million UI fraud committed by one of its workers who misused MiDAS (see Finding 2). LEO and UIA informed us the AG stated the information we inquired about was subject to attorney client privilege and, as such, LEO and UIA chose not to provide us with an answer or any related information.

Section 10.4.1.5 of Michigan's Policy Procurement Manual states all provisions in a contract, including attachments, addendums, schedules, and the like are considered contractual terms or requirements. Each term gives rise to a contractual obligation, which if breached can result in litigation. Failure to ensure timely, accurate, and complete contracts and include provisions that prohibit proper accountability diminishes the protections they would otherwise afford to the State.

UIA informed us the cited issues were due, in part, to the urgency to get the POs in place to start processing claims and UIA deferring to the prior program manager to develop the POs and CNs appropriately.

Although we recognize the urgency to get contracts in place and the volume of transactions needing to be addressed by temporary staff, we consider this finding to be a material condition because of:

- The large dollar amount of related expenditures and the increased vulnerability to the State associated with the significantly deficient POs and CNs.
- The increased opportunities for State employee and vendor fraud.
- The increased risk of exposure of confidential claimant and employer information.
- The potential inability to recover losses resulting from the fraudulent actions of staffing agency workers.



## RECOMMENDATION

We recommend that LEO, in conjunction with UIA, improve its contracting and contract management processes to better protect the State's interests.

## AGENCY PRELIMINARY RESPONSE

LEO provided us with the following response:

*We agree in part. LEO/UIA acknowledges that some mistakes were made while expediting the execution of contracts that were urgently needed to protect the health, safety, and welfare of Michigan's citizens during the COVID-19 pandemic; and we agree that some process improvements are needed going forward.*

*With respect to the specific elements of this finding, we have the following responses:*

- a.1. We agree. LEO Procurement's execution of the PO revision was delayed as the department's former Chief Operating Officer (COO) advised that he was seeking legal counsel. Going forward LEO/UIA will work to ensure that all agreements and extensions are processed timely, signed by all parties, and cover the entire period of performance.*
- a.2. We agree. LEO's former COO failed to timely notify LEO Purchasing of this significant change. LEO has in place a new COO in place and has since improved internal communications to help ensure that important changes such as SOW amendments are communicated and processed timely. The new COO and executive leadership of UIA are working hand in hand to ensure all new and existing contracts are compliant with state requirements.*
- b. We agree. UIA's Legal Unit has since executed DSAs with the MWAs.*
- c. We agree. In the future we will make sure conflict of interest and ethics provisions are incorporated into PO terms.*
- d. We agree. In the future we will make sure these provisions are incorporated.*
- e. We agree. In the future we will make sure that the requirement is listed on the PO and that the State of Michigan is a named insured party on all insurance documents.*

## FINDING 2

---

**Improvement needed to timely remove departed temporary workers' access to the SOM network and MiDAS.**

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Some workers continued to have access to view and make unauthorized changes to claims and confidential claimant and employer information in MiDAS after their departure from UIA. In one instance, this contributed to a \$3.8 million UI fraud.

UIA did not timely remove some former staffing agency and State workers' access to the SOM network and MiDAS.

Consequently, some former workers continued to have access to view and make unauthorized changes to claims and confidential claimant and employer information in MiDAS, including confidential information obtained from the Department of Treasury.

In July 2020, a former staffing agency worker was charged with and subsequently pled guilty to UI fraud. According to the U.S. Department of Justice, the fraud resulted in improper payments totaling \$3.8 million that, left undetected, would have totaled over \$12 million. The worker committed some of this fraud after their assignment at UIA had ended, but before UIA had disabled their access to the SOM network and MiDAS, and before the staffing agency had recovered and/or disabled their work computer. Despite the magnitude of this fraud, UIA did not sufficiently strengthen its controls to ensure the timely removal of system access rights to prevent the opportunity for similar occurrences.

The SOM Administrative Guide to State Government policy 1340 requires UIA to implement security controls to protect information systems from unauthorized access, use, and modification and to ensure confidentiality and integrity of State information. In conjunction with this requirement, SOM Technical Standard 1340.00.140.01 requires staffing agencies to notify UIA within 24 hours when one of their workers with system access privileges terminates employment. The Standard also requires UIA to disable a worker's credentials and privileges to State information systems within 24 hours of a worker's job termination.

We reviewed access capabilities for 139 former workers and 54 workers who UIA identified as active as of October 31, 2020 and noted:

- a. UIA did not remove access to the SOM network and MiDAS within 2 business days for 63 (45.3%) of the 139 workers we confirmed had departed by December 31, 2020. The number of days before UIA deactivated at least one of the workers' access credentials ranged from 4 to 68 days and averaged 32.6 days. We limited our reporting to the number of days it took UIA to deactivate worker credentials to either the SOM network or MiDAS because former workers could not enter MiDAS without both.
- b. UIA removed access to the SOM network or MiDAS, but not both, within 2 business days for 35 (25.2%) of the 139 workers we confirmed had departed by December 31, 2020. Continued access to the SOM network puts the network at risk for nefarious activity. Although there was no risk to information stored in MiDAS without access to both the SOM network and MiDAS, the exceptions still

represent a significant breakdown in UIA's internal control\*.

A lack of available documentation prevented us from determining whether the breakdown in controls resulted from the staffing agency's failure to timely notify UIA of worker departures or UIA's failure to take timely action to remove workers' access credentials.

We consider this finding to be a material condition because of the significant financial risk to State and federal UI programs and significant reputational risk to UIA and the State should confidential claimant and employer information be compromised.

## **RECOMMENDATION**

We recommend that UIA strengthen its internal control to ensure the timely removal of former staffing agency and State workers' access to the SOM network and MiDAS.

## **AGENCY PRELIMINARY RESPONSE**

LEO provided us with the following response:

*We agree that access to both the State of Michigan's network and MiDAS should be removed timely for all contract workers and state employees who leave UIA. UIA has reviewed and improved the removal process by increasing the frequency to daily offboarding contract staff who have left as reported by the contractor and daily offboarding state employees who have left as reported by LEO HR. We will implement a quality control process for frontline managers and the Internal Controls Division to review timely removal of system access for all contract workers and UIA employees.*

\* See glossary at end of report for definition.

### FINDING 3

**Improvement needed to protect confidential claimant and employer information.**

UIA did not establish effective controls to comply with relevant requirements to protect confidential claimant and employer information before granting staffing agency and MWA workers access to the information.

Title 20, Part 603, section 10 of the *Code of Federal Regulations*\* (*CFR*) requires UIA to execute a written, enforceable data sharing agreement\* (*DSA*) with certain entities with whom it plans to share confidential UI information, which clearly delineates the specific individuals who may access the information and how they may use it and specific provisions for safeguarding the information. In addition, federal regulation 20 *CFR* 603.9 requires certain entities accessing confidential UI information to inform their workers about the confidentiality requirements contained in the regulations and the sanctions for not complying with them. Similarly, SOM Technical Standard 1340.00.140.01 mandates that individuals requiring access to organizational information systems (e.g., MiDAS) sign appropriate access agreements (e.g., nondisclosure agreements and acceptable use agreements) prior to being granted access.

In addition, as a condition for receiving confidential claimant information from the Department of Treasury and the Social Security Administration (*SSA*), UIA agreed to ensure all individuals given access to the information would first take Department of Treasury and *SSA* specific trainings. This helps to ensure the individuals understood the confidential nature of and safeguards to protect the information and the civil and criminal penalties for unlawful access and/or disclosure of the information. Similarly, UIA's data governance policy requires all workers accessing UIA systems to complete data governance training.

We noted:

- a. Regarding *DSAs*, UIA did not execute or timely execute a *DSA* with its 3 staffing agencies and 16 *MWAs* before granting them access to confidential claimant and employer information stored in MiDAS. Specifically:

- (1) UIA did not execute a *DSA* with 2 of the 3 staffing agencies who began providing workers to UIA in April 2020 and June 2020. As of October 31, 2020, they provided UIA with a total of 1,074 workers. UIA canceled its contract with one of the staffing agencies effective September 1, 2020 and had not executed a *DSA* with the other as of the end of our audit period.
- (2) UIA did not execute a *DSA* with the third staffing agency, which also began providing workers in April 2020, until May 2021. As of October 2020, over 3,200 of its workers were actively working or had already stopped working at UIA.

UIA did not execute or timely execute a *DSA* with the 3 staffing agencies and 16 *MWAs* before granting them access to MiDAS.

\* See glossary at end of report for definition.

- (3) UIA did not execute or timely execute a DSA with 3 (18.8%) and 13 (81.2%) of 16 MWAs, respectively, during our audit period. However, we subsequently noted UIA executed a DSA with 2 of the 3 MWAs approximately 3 months after the end of our audit period. In total, UIA executed the 15 DSAs an average of 9 months after the MWAs' workers began working at UIA. We could not readily determine the number of MWA workers applicable to each of the cited groupings.
- b. Regarding UIA confidentiality agreements, UIA did not ensure staffing agencies and MWAs obtained or timely obtained signed confidentiality agreements from their workers assigned to work at UIA.

We reviewed or attempted to review the confidentiality agreements for 36 randomly selected staffing agency and MWA workers and noted:

- (1) Two staffing agencies did not have confidentiality agreements for any of their 7 selected workers. One of the 2 staffing agencies provided a signed standard DTMB contractor security agreement for its workers; however, this security agreement was not specific to their work at UIA and did not mention the specific federal requirements for safeguarding confidential claimant and employer information which necessitated the confidentiality agreements.
  - (2) Eight (80.0%) of 10 selected MWA workers did not complete confidentiality agreements before they started working at UIA and 2 (20.0%) workers inappropriately completed DTMB contractor security agreements rather than UIA's project-specific confidentiality agreement. The 8 workers signed their security agreements between 12 and 126 days, or an average of 40 days, after they began working at UIA.
- c. Regarding Department of Treasury, SSA, and UIA data governance required trainings for 42 randomly selected staffing agency and MWA workers:
    - (1) UIA did not provide or document it provided 29 (69.0%) workers with SSA training and 28 (66.7%) workers with Department of Treasury and data governance training. As of December 31, 2020, 16 of the applicable workers were still actively working at UIA.
    - (2) UIA did not timely provide 12 (28.6%) workers with SSA and Department of Treasury trainings and 13 (31.0%) workers with data governance training.

The training delays ranged from 15 to 165 days and averaged 80 days. UIA informed us it did not begin providing the required trainings until October 2020.

UIA informed us it relied on LEO's former program manager for the POs, who had prior experience working at UIA, to ensure UIA complied with all requirements associated with procuring temporary workers. UIA stated the former program manager did not consult with UIA's legal area at the onset of the contracting process and therefore the DSA and training oversight was not timely identified.

We consider this finding to be a material condition because of the significant level of exposure of confidential claimant and employer information, including information received from the Department of Treasury, resulting from UIA granting access to over 5,500 temporary workers between April 2020 and December 2020 without first taking required actions to protect the confidentiality of the information.

## RECOMMENDATION

We recommend that UIA implement controls to ensure it timely establishes DSAs when applicable, obtains signed project-specific confidentiality agreements from all individuals prior to granting them access to MiDAS, and ensures all individuals take Department of Treasury, SSA, and data governance trainings prior to granting them access to MiDAS.

## AGENCY PRELIMINARY RESPONSE

LEO provided us with the following response:

*We agree that some data sharing agreements were not timely executed, some contract staff did not timely sign UIA confidentiality agreements and some contract staff and MWA employees did not timely complete required compliance trainings.*

*UIA will develop a more standardized process for the establishment of DSAs, ensuring all necessary requirements are incorporated in a timely manner, before granting access to MiDAS to contract agency and MWA workers. All contract agencies currently assisting the UIA have DSAs in place, and their employees have taken the required trainings.*

*With respect to the specific elements of this finding, we have the following responses:*

- a. We agree. UIA will develop a more standardized process for the establishment of DSAs, ensuring all necessary requirements are incorporated in a timely manner, before granting access to MiDAS to contract agency and MWA workers.*
- b. We agree. In the future we will verify that all MWA and contract staff timely sign UIA's confidentiality agreements*

*and complete required compliance trainings prior to being granted access to confidential information.*

- c. We agree. UIA will improve its process of documenting and maintaining documentation needed to ensure and demonstrate that workers have completed all required training.*
- d. We agree. UIA has since required and validated that the employees of the contract agencies currently assisting the UIA have taken the required trainings.*

## FINDING 4

**Improvement needed to ensure criminal history background checks are conducted on all temporary workers before providing them access to MiDAS.**

One staffing agency and the MWAs employed a total of 169 workers with one or more misdemeanors and/or felonies of which 47 workers had one or more felony convictions.

UIA did not conduct, or require staffing agencies and MWAs to conduct, preemployment criminal history background checks (background checks) on their workers assigned to UIA. Also, UIA did not communicate to the staffing agencies and MWAs the type and history of criminal convictions that would preclude individuals from working at UIA.

As a result, UIA did not sufficiently protect the confidentiality of sensitive claimant and employer information and the integrity of its claims processing system (MiDAS), both of which were accessible to high-risk temporary workers with potential job disqualifying criminal convictions. During our audit fieldwork, law enforcement arrested several staffing agency workers for UI benefit fraud. As cited in Finding 2, a staffing agency worker with a limited criminal history was charged with facilitating \$3.8 million in fraudulent UI benefit payments. Although it is unlikely the worker's criminal history would have precluded them from working at UIA, based on UIA's criteria for internal hires, the establishment and application of more stringent criteria may have done so.

DTMB adopted the National Institute of Standards and Technology (NIST) Special Publication 800-53 as the minimum security controls for State information systems, including MiDAS. Personnel screening control PS-3a. requires individuals to be screened prior to being granted access to the State information systems. This control relates to both employees and third-party service providers (i.e., staffing agencies and MWAs). In its most recent self-prepared MiDAS risk assessment, UIA indicated it fully complied with this control by running Internet Criminal History Access Tool (ICHAT) criminal history background reports on new job candidates. However, as noted, UIA did not run such reports or require staffing agencies and MWAs to run them for their workers.

From early April 2020 through December 2020, 3 staffing agencies and 16 MWAs provided UIA with 5,508 workers. We reviewed 1,934 background checks completed by one staffing agency and 3,512 ICHAT background checks the Michigan Department of State Police ran at our request for all but 62 of the remaining staffing agency workers. We determined one staffing agency and the MWAs employed a total of 169 workers with one or more misdemeanors and/or felonies of which 47 workers had one or more felony convictions. The felony convictions included crimes such as embezzlement, illegal sale/use of financial transaction devices, false pretenses with intent to defraud, identity theft, and armed robbery. A total of 71 of these individuals were still working at UIA as of December 31, 2020.

Although not contractually obligated to run background checks, two of the staffing agencies indicated they conducted them for their workers either before or upon hire. The third staffing agency, which provided UIA with 3,430 workers between April 2020 and December 2020 and employed the worker charged with the \$3.8 million UI fraud, notified UIA in December 2020 it had run background checks for its workers on its own volition and will run



them on all new workers going forward. The MWAs, through UIA, informed us they conducted some background checks upon a worker's hire but did not indicate which MWAs did them, when they were done, or for whom.

UIA did not request to view the results of the background checks to identify workers with criminal histories who should be precluded from working at UIA or attempt to run background checks on workers not previously subject to them. Because UIA was not party to running the background checks, it did not have any input regarding the scope or conditions that would preclude an individual from working at UIA. For long-term employees, the staffing agencies may have run the background checks years earlier, making them outdated for UIA to rely on for security purposes.

UIA informed us its failure to provide for background checks on staffing agency and MWA workers was an oversight. However, even after UIA learned of this oversight in mid-2020, it did not take timely or appropriate measures to correct it.

We consider this finding to be a material condition because of the large number of applicable workers (over 5,500 unique workers) UIA had not properly screened prior to granting access to MiDAS, the large amount of confidential claimant and employer information (millions of records) accessible to them, and the number of workers UIA had employed with felony convictions that should have precluded them from working at UIA.

## **RECOMMENDATIONS**

We recommend that UIA implement procedures to ensure preemployment criminal history background checks are run on all individuals prior to starting work at UIA.

We also recommend that UIA define the type and history of criminal convictions that would preclude individuals from working at UIA.

## **AGENCY PRELIMINARY RESPONSE**

LEO provided us with the following response:

*We agree that criminal background checks should be run on all workers prior to granting them access to MiDAS. UIA has worked with contracting agencies to ensure background checks for all contract employees were completed. UIA is currently working with LEO HR on strengthening our UIA specific background check policy and process, including defining the criteria on the types of history/convictions that would preclude individuals from obtaining access to UIA's automated system.*

## FINDING 5

### **Improvement needed to ensure temporary workers are trained before starting work.**

UIA did not ensure staffing agency, MWA, and other new workers completed UIA required job training courses before starting their assigned job duties.

This may have resulted in poor customer service, delayed or improper claims processing, loss of productivity, and worker turnover.

Before the COVID-19 pandemic, UIA's training program for new full-time claims workers (i.e., call center workers) consisted of 80 hours of classroom training split by 40 hours of on-the-job training. UIA generally limited the amount of initial training provided to new workers brought on to assist during the pandemic to 24 hours. UIA stated this provided the workers with enough information to complete their job tasks while also allowing for their quick deployment. The U.S. Department of Labor (USDOL) informed us other states that brought in temporary workers during the pandemic followed similar abbreviated training approaches. UIA informed us its managers and Center for Learning Development (CLD) staff identified the training courses needed by their respective new workers, and CLD delivered most of this training.

CLD informed us system limitations prevented it from creating training attendance records and the records available for our review were limited to the appointments CLD sent to each worker. Therefore, we randomly selected 40 workers and requested three training appointments for each worker: one from each of the workers' first and second days of training and a third selected at UIA's discretion. CLD did not have or could not locate any training appointments for 8 (20.0%) of the workers and 1 out of 3 training appointments for 2 (5.0%) workers. UIA stated it did not have records for 3 (37.5%) of the 8 workers because the staffing agency trained them even though UIA's contract with the staffing agency specifically stated UIA would provide all training.

CLD informed us it expected new workers to be fully trained prior to starting their assigned duties and relied on UIA managers to ensure this. The manager of UIA's Claims Section, which organizationally houses UIA's call centers, informed us they also expected new workers to be fully trained before starting their assigned job duties. However, neither party had sufficient controls to verify workers had fully completed this training. To assess the reliability of this process, we compared the workers' training dates with their work dates we obtained from the invoices the agencies submitted to UIA for payment.

We identified 21 workers who reportedly worked between 2 and 329 hours or an average of 47 hours before completing their initial training.

We identified 21 (52.5%) workers who reportedly worked between 2 and 329 hours or an average of 47 hours before completing their initial training. This did not include 5 workers for whom UIA did not have any training records, 1 worker who did not appear on any invoices, and 3 workers who a staffing agency had reportedly trained. UIA informed us these untrained or partially trained workers worked in the call centers while awaiting their training.

UIA informed us it had quality assurance processes in place, such as listening to workers' phone calls with claimants, to identify workers who were not functioning effectively.

**RECOMMENDATION**

We recommend that UIA improve controls to ensure it fully trains all new workers before they begin their daily job responsibilities.

**AGENCY  
PRELIMINARY  
RESPONSE**

LEO provided us with the following response:

*We agree. The agency is working to strengthen existing controls to ensure proper documentation of training. We are also currently in the process of finalizing the purchase of a new Learning Management System which will provide a complete transcript for each employee or contractor who completes any training module provided by CLD.*

## FINDING 6

**Improvement needed to limit temporary workers' MiDAS functionality to include only the privileges necessary to accomplish their assigned job duties.**

UIA did not assign MiDAS access rights to staffing agency, MWA, and on-loan State workers in accordance with the principle of least privilege\*. This resulted in some workers having MiDAS functionality beyond their needs, creating unnecessary risks to UIA's data and systems.

SOM adopted NIST Special Publication 800-53 as the minimum security controls for all State information systems. NIST Access Control AC-6 requires agencies to employ the principle of least privilege when granting users access to State information systems. This principle necessitates users only receive system functionality sufficient to accomplish their assigned tasks.

UIA informed us that when it onboarded the thousands of short-term staffing agency, MWA, and other workers, it assigned them all the same functionality as its permanent UIA examiners, as the examiners had the functionality closest to that needed by the new workers. However, some workers had very finite job responsibilities that did not require this level of functionality. For example, some workers were responsible only for indexing and scanning mail, helping claimants unlock their accounts, or verifying claimants' identities. These tasks did not require the ability to view and edit nearly all aspects of a claimant's account, which is the functionality associated with the UI examiner security group. If these workers' job responsibilities changed, UIA could have adjusted their MiDAS functionality accordingly.

UIA informed us it used existing user groups and would need to work with its MiDAS vendor to create new, more limited user groups.

## RECOMMENDATION

We recommend that UIA assign MiDAS user access rights in accordance with the principle of least privilege.

## AGENCY PRELIMINARY RESPONSE

LEO provided us with the following response:

*We agree. In June 2021, UIA's Benefits Division and Agency Services Division developed specific MiDAS access user rights for all contractor groups based on job functionality and following the principle of least privilege. Agency Services began updating user access rights in July 2021. This process was completed by December 31, 2021.*

\* See glossary at end of report for definition.

## **ADMINISTRATIVE FUNDING AND OTHER RELEVANT DATA**

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**AUDIT OBJECTIVE**

To provide information on the administrative funding available to UIA during the COVID-19 pandemic and other relevant data.

**CONCLUSION**

Information provided.

**FACTORS  
IMPACTING  
CONCLUSION**

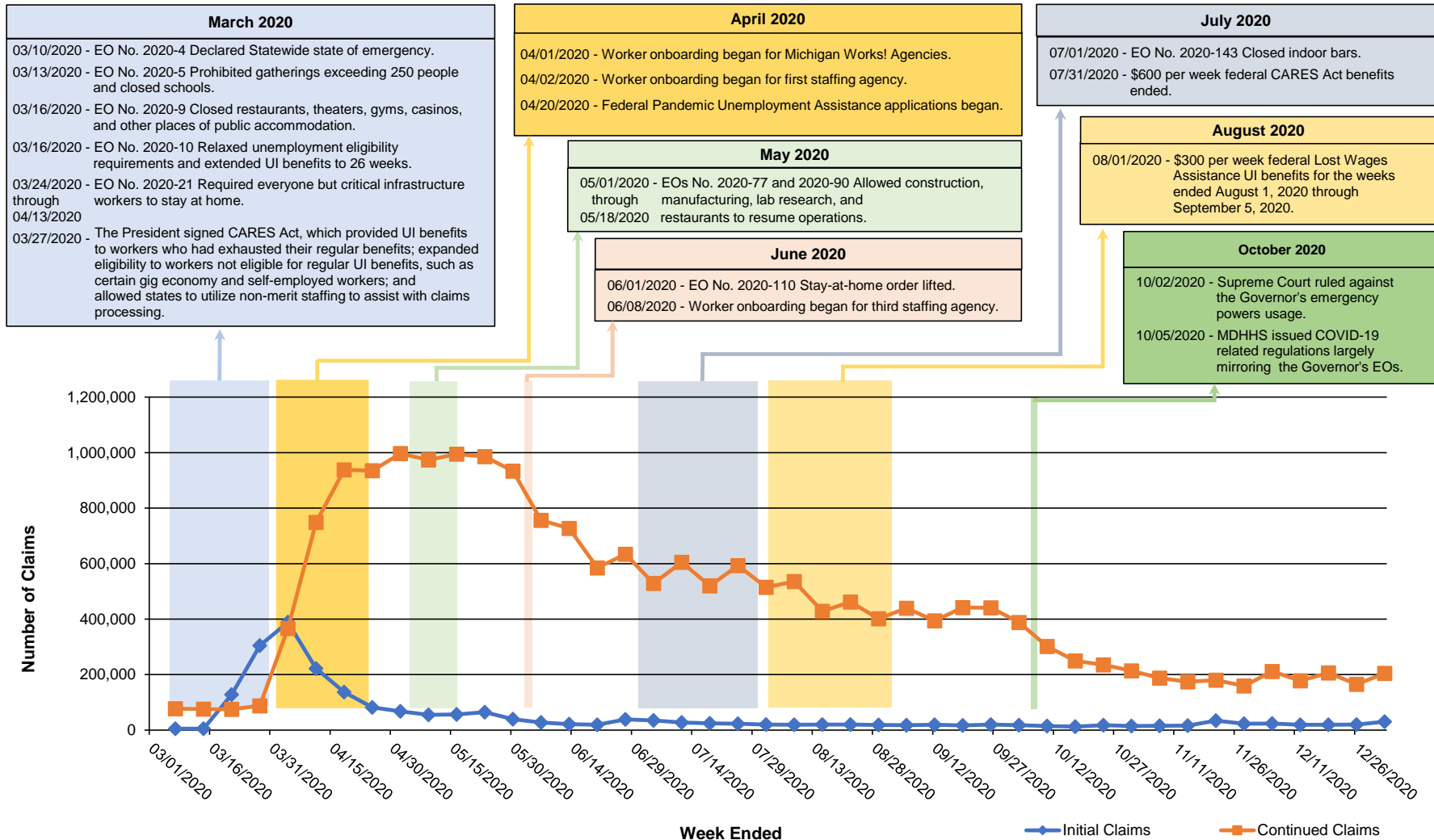
- Exhibit 1 presents a time line of events impacting the number of new and continued UI claims during the COVID-19 pandemic.
- Exhibit 2 presents the number of State employees and other workers who worked at UIA from March 2020 through June 2021.
- Exhibit 3 presents UIA claims activity and worker counts from March 2020 through June 2021.
- Exhibit 4 presents the administrative funding available to UIA during fiscal year 2020 and fiscal year 2021 through June 2021.

# SUPPLEMENTAL INFORMATION

UNAUDITED  
Exhibit 1

## PERSONNEL MANAGEMENT PROCESSES DURING THE COVID-19 PANDEMIC Unemployment Insurance Agency (UIA) Department of Labor and Economic Opportunity (LEO)

Time Line of Events Impacting the Number of New and Continued UI Claims  
From March 2020 Through December 2020



Sources: The OAG obtained UIA claims data from USDOL.

PERSONNEL MANAGEMENT PROCESSES DURING THE COVID-19 PANDEMIC

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

Number of State Employees and Other Workers at UIA  
From March 2020 Through June 2021

Source of Workers	2020										2021					
	March	April	May	June	July	August	September	October	November	December	January	February	March	April	May	June
UIA - Full time	753	744	766	751	750	711	728	724	701	706	708	707	705	701	703	691
UIA - Limited term	1	2	91	163	182	283	318	450	449	447	556	542	549	592	588	547
Accenture		180	215	184	148	88	58	37	28	25						
Michigan Works! Agencies		393	496	540	539	525	525	522	521	520	454	446	443	432		
RobertHalf <sup>1</sup>		203	466	551	1,262	1,642	1,728	1,712	1,558	1,435	1,426	1,684	1,913	2,038	2,153	2,097
Accenture		231	247	245	253	415	513	620	623	671	529	490	579	647	583	590
Provalus <sup>2</sup>				194	165	125										
Total workers	<u>754</u>	<u>1,753</u>	<u>2,281</u>	<u>2,628</u>	<u>3,299</u>	<u>3,789</u>	<u>3,870</u>	<u>4,065</u>	<u>3,880</u>	<u>3,804</u>	<u>3,673</u>	<u>3,869</u>	<u>4,189</u>	<u>4,410</u>	<u>4,027</u>	<u>3,925</u>

<sup>1</sup> April through December 2020 counts based on weekly staffing agency invoices that may have included hours worked at end of the prior month.

<sup>2</sup> Contract canceled by UIA in September 2020.

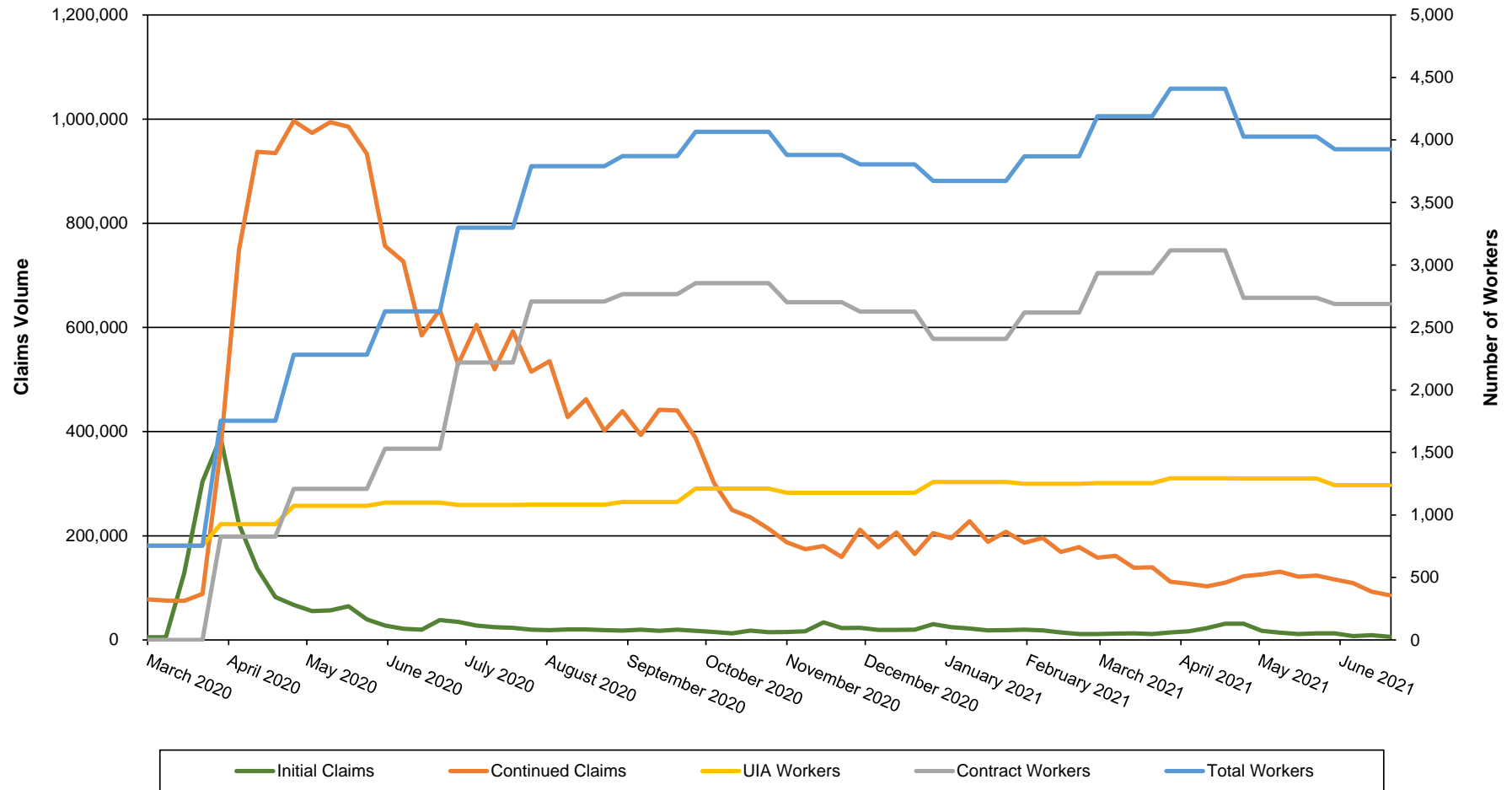
Source: The OAG created this exhibit with information from the Statewide Integrated Governmental Management Applications\* (SIGMA), UIA provided data, and staffing agency invoices.

\* See glossary at end of report for definition.

PERSONNEL MANAGEMENT PROCESSES DURING THE COVID-19 PANDEMIC

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

UIA Claims Activity and Worker Counts  
From March 2020 Through June 2021

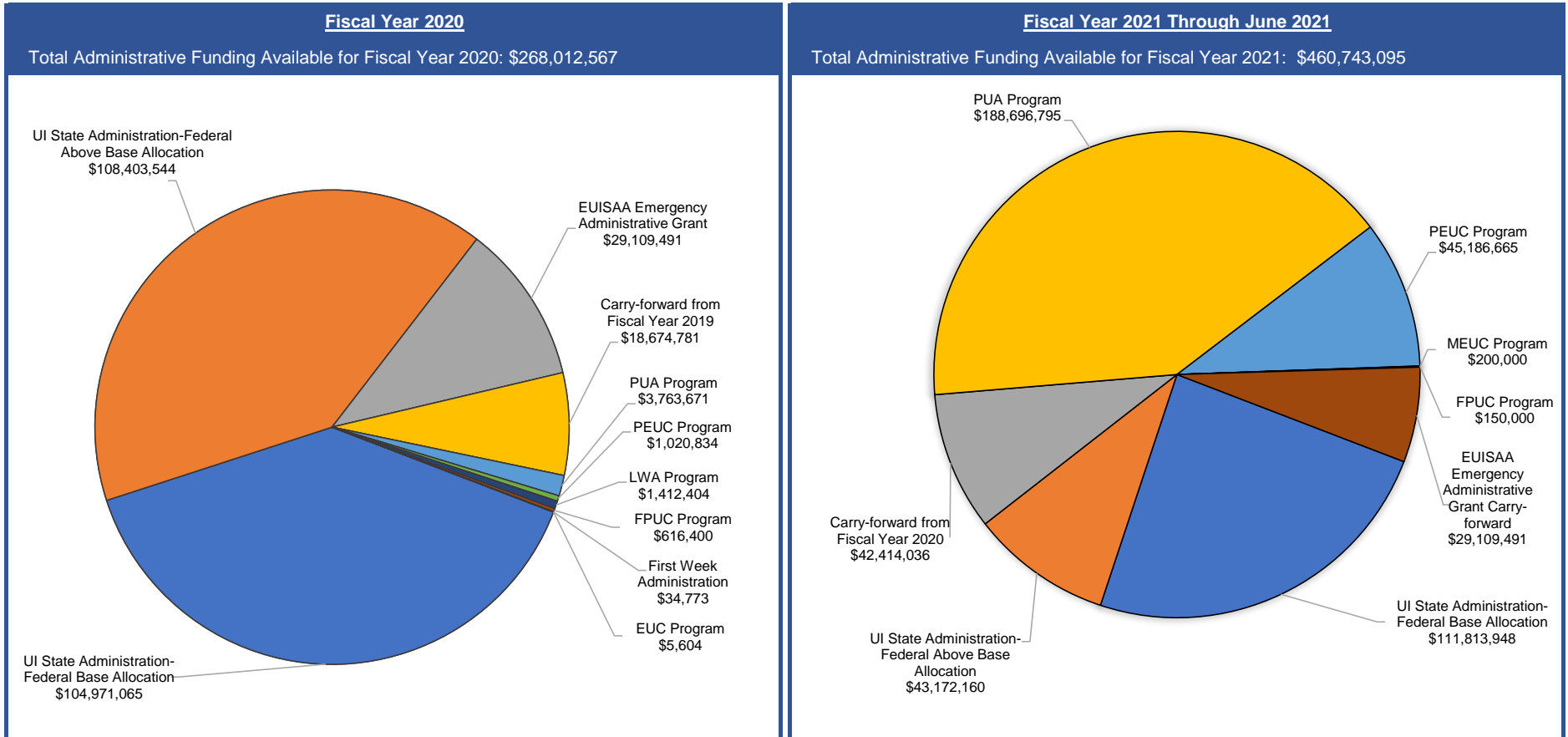


Source: The OAG prepared this exhibit using UI claims data obtained from <https://oui.doleta.gov/unemploy/claims.asp> and UIA employee counts from SIGMA Human Resources Management Network (HRMN).



**PERSONNEL MANAGEMENT PROCESSES DURING THE COVID-19 PANDEMIC**  
Unemployment Insurance Agency (UIA)  
Department of Labor and Economic Opportunity (LEO)

Administrative Funding Available To UIA



Source: The OAG prepared this exhibit with administrative fund carry-forward information provided by LEO and the remaining information provided by USDOL/ETA Grant Modification/Notice of Award documents and UIA.

## AGENCY DESCRIPTION

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The federal Social Security Act of 1935 created the 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*. Under Executive Order No. 2014-12, UIA was transferred from the Department of Licensing and Regulatory Affairs to the Talent Investment Agency, Department of Talent and Economic Development. Under Executive Order No. 2019-13, the Department of Talent and Economic Development was renamed the Department of Labor and Economic Opportunity.

UIA operates Michigan's UI program, which collects unemployment taxes from employers and provides temporary income for workers who are unemployed through no fault of their own. UIA's mission\* is to lighten the burden of involuntary unemployment on the worker and his or her family. UIA strives to provide timely benefits to every eligible unemployed worker. To slow the spread of COVID-19 after the first confirmed cases in Michigan in March 2020, the Governor issued a series of executive orders that declared a state of emergency and placed restrictions on public gatherings. These executive orders closed schools, businesses, and other employers resulting in the largest spike in unemployment in Michigan history.

\* See glossary at end of report for definition.

## AUDIT SCOPE, METHODOLOGY, AND OTHER INFORMATION

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### AUDIT SCOPE

To assess the sufficiency of UIA's worker onboarding and offboarding efforts during the COVID-19 pandemic. We conducted this performance audit\* in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

As part of the audit, we considered the five components of internal control (control environment, risk assessment, control activities, information and communication, and monitoring activities) relative to the audit objectives and determined all components were significant.

### PERIOD

Our audit procedures, which included a preliminary survey, audit fieldwork, report preparation, analysis of agency responses, and quality assurance, generally covered October 1, 2019 through December 31, 2020.

### METHODOLOGY

We conducted a preliminary survey to gain an understanding of UIA's processes and controls related to worker onboarding and offboarding during the pandemic. During our preliminary survey, we:

- Reviewed federal and State laws, rules, regulations, policies, procedures, executive orders, and other authoritative guidance applicable to or directly or indirectly impacting staffing during the pandemic.
- Interviewed UIA executive management and staff and DTMB and Michigan Civil Service Commission staff regarding onboarding and offboarding processes and controls.
- Analyzed, reviewed, and reconciled UIA's listings of State employee and other workers UIA onboarded and offboarded during the pandemic.
- Documented and preliminarily reviewed the POs and CNs that LEO and UIA executed to procure additional staffing resources.
- Examined internal and external reviews and studies applicable to the audit objectives.
- Completed preliminary reviews of selected controls.

\* See glossary at end of report for definition.

## OBJECTIVE 1

To assess the sufficiency of selected UIA practices for worker onboarding and offboarding during the COVID-19 pandemic.

To accomplish this objective, we:

- Reviewed all of the POs, CNs, and MOUs executed with the staffing agencies and MWAs from April 2020 through December 2020 for timeliness, completeness, and compliance with select federal and State requirements.
- Examined the appropriateness of the educational and work experience of a randomly selected sample of 40 of 3,300 workers provided by one staffing agency from April 2020 through October 2020.
- Assessed the reasonableness of the ages of the workers provided by the staffing agencies and MWAs.
- Obtained applicable worker information and completed and reviewed ICHAT criminal history background checks for 3,512 staffing agency and MWA workers and reviewed criminal history background checks for an additional 1,934 staffing agency workers completed by one staffing agency for all but 62 workers assigned to UIA from April 2020 through December 2020.
- Communicated with the USDOL regarding the existence of federal worker training standards and to identify the training practices other states used during the pandemic.
- Reviewed a randomly selected sample of 40 of 5,086 State and staffing agency workers brought on during the pandemic from April 2020 through October 2020 for evidence of timely and sufficient initial job training.
- Reviewed a randomly selected sample of 36 of 4,986 staffing agency and MWA workers from April 2020 through October 2020 for the timely preparation of UIA confidentiality agreements.
- Reviewed a randomly selected sample of 48 of 5,687 State, staffing agency, and MWA workers from April 2020 through October 2020 for timely completion of Department of Treasury, SSA, and UIA data governance training.
- Compared staffing agency invoices from April 2020 through October 2020 with UIA's records of staffing agency workers to identify and follow up on potential ghost employees\*.

\* See glossary at end of report for definition.

- Interviewed 4 staffing agency pod\* leaders and 5 UIA managers regarding the extent of staff training during the pandemic.
- Reviewed e-mails and other records of LEO's departed program manager for the PO with one staffing agency for indications of favoritism or other improper behavior on behalf of the program manager or the staffing agency.
- Reviewed a random and judgmental sample of 139 of 2,701 user accounts (State, staffing agency, and MWA) UIA identified as inactive as of December 31, 2020 and 54 of 2,003 randomly selected staffing agency user accounts UIA records showed as active as of November 30, 2020 to assess the timeliness with which UIA deactivated the users' SOM network and MiDAS accounts.
- Interviewed UIA staff to obtain an understanding of the MiDAS functionality UIA assigned to temporary workers and reviewed the overall appropriateness of the assignment.
- Assembled a listing of vendors that reached out to provide services to LEO and/or UIA during the pandemic and identified those vendors LEO and/or UIA responded to.

Our random samples were selected to eliminate any bias and enable us to project the results to the population. We judgmentally selected some samples using auditor judgment. Therefore, we could not project the results of that testing to the entire population.

## **OBJECTIVE 2**

To provide information on the administrative funding available to UIA during the COVID-19 pandemic and other relevant data.

To accomplish this objective, we:

- Obtained UI claims data from USDOL.
- Obtained staffing data from UIA and other sources.
- Obtained fiscal years 2020 and 2021 administration fund carry-forward amounts from LEO.
- Obtained fiscal years 2020 and 2021 through June 30, 2021 administrative funding amounts from UIA, LEO, and USDOL/Employment and Training Administration Grant Modification/Notice of Award documents.

\* See glossary at end of report for definition.

- Obtained and reviewed the Governor's state of emergency executive orders related to the COVID-19 pandemic.

## **CONCLUSIONS**

We base our conclusions on our audit efforts and any resulting material conditions or reportable conditions.

When selecting activities or programs for audit, we direct our efforts based on risk and opportunities to improve State government operations. Consequently, we prepare our performance audit reports on an exception basis.

## **AGENCY RESPONSES**

Our audit report contains 6 findings and 7 corresponding recommendations. LEO's preliminary response indicated LEO and UIA agree with all of the recommendations.

The agency preliminary response following each 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.

## **SUPPLEMENTAL INFORMATION**

Our audit report includes supplemental information presented as Exhibits 1 through 4. Our audit was not directed toward expressing a conclusion on this information.

## GLOSSARY OF ABBREVIATIONS AND TERMS

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AG	Department of Attorney General.
CARES	Coronavirus Aid, Relief, and Economic Security.
CLD	Center for Learning Development.
CN	change notice.
<i>Code of Federal Regulations (CFR)</i>	The codification of the general and permanent rules published by the departments and agencies of the federal government.
COVID-19	The disease caused by a new coronavirus called SARS-CoV-2. The World Health Organization first learned of the new virus in December 2019.
data sharing agreement (DSA)	A formal agreement detailing the data being shared, the appropriate use for the data, and the obligations of the recipient.
DTMB	Department of Technology, Management, and Budget.
EO	executive order.
EUC	Extended Unemployment Compensation.
EUISAA	Emergency Unemployment Insurance Stabilization and Access Act of 2020.
FPUC	Federal Pandemic Unemployment Compensation.
ghost employee	A person added to the payroll who does not actually work for the employer.
ICHAT	Internet Criminal History Access Tool.
internal control	The plan, policies, methods, and procedures adopted by management to meet its mission, goals, and objectives. Internal control includes the processes for planning, organizing, directing and controlling program operations. It also includes the systems for measuring, reporting, and monitoring program performance.

Internal control serves as a defense in safeguarding assets and in preventing and detecting errors; fraud; violations of laws, regulations, and provisions of contracts and grant agreements; or abuse.

LEO Department of Labor and Economic Opportunity.

LWA Lost Wages Assistance.

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.

MDHHS Michigan Department of Health and Human Services.

MEUC Mixed Earners Unemployment Compensation.

Michigan Integrated Data Automated System (MiDAS) UIA's computer system used for processing and servicing all UI tax and benefit functions.

Michigan Works! Agencies (MWAs) The 16 regional agencies engaged in a Statewide network to provide workforce development services. The agencies are affiliated with local governments, private agencies, and nonprofit agencies. Employees of the various agencies are not State employees.

mission The main purpose of a program or an entity or the reason the program or the entity was established.

MOU memorandum of understanding.

NIST National Institute of Standards and Technology.

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.



PEUC	Pandemic Emergency Unemployment Compensation.
PO	purchase order.
pod	A group of workers engaged in completing similar tasks and whose work is overseen by a pod leader.
principle of least privilege	The practice of limiting access to the minimal level that will allow normal functioning. Applied to employees, the principle of least privilege translates to giving people the lowest level of user access rights they can have and still do their jobs. The principle is also applied to things other than people, including programs and processes.
PUA	Pandemic Unemployment Assistance.
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.
SOM	State of Michigan.
SOW	statement of work.
SSA	Social Security Administration.
Statewide Integrated Governmental Management Applications (SIGMA)	The State's enterprise resource planning business process and software implementation that support budgeting, accounting, purchasing, human resource management, and other financial management activities.
sufficiency	Achieving enough outputs to meet the needs of a program or a proposed end.
UI	unemployment insurance.
UIA	Unemployment Insurance Agency.
USDOL	U.S. Department of Labor.







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