

Report on Expenditure of Federal Awards

State of Michigan  
Department of Labor and Economic Opportunity  
Unemployment Insurance Agency –  
Unemployment Compensation Fund

*Year Ended September 30, 2021*

State of Michigan  
Department of Labor and Economic Opportunity  
Unemployment Insurance Agency –  
Unemployment Compensation Fund

Year Ended September 30, 2021

**Contents**

Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	1
Independent Auditors’ Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance .....	3
Schedule of Expenditures of Federal Awards.....	7
Notes to Schedule of Expenditures of Federal Awards .....	8
Schedule of Findings and Questioned Costs.....	9
Corrective Action Plan.....	14
Summary Schedule of Prior Audit Findings.....	16

Independent Auditors' Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards*

State of Michigan

Department of Labor and Economic Opportunity,  
Unemployment Insurance Agency,  
Office of the Auditor General and  
State Budget Office

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the State of Michigan, Department of Labor and Economic Opportunity, Unemployment Insurance Agency – Unemployment Compensation Fund (Fund), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements, and have issued our report thereon dated March 10, 2022.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Fund's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fund's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a material weakness.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Fund's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2021-001, 2021-002, and 2021-003.

## **Fund's Response to Findings**

The Fund's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Fund's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Andrews Hooper Faulik PLC*

Bloomfield Hills, Michigan  
March 10, 2022

Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

State of Michigan  
Department of Labor and Economic Opportunity,  
Unemployment Insurance Agency,  
Office of the Auditor General and  
State Budget Office

**Report on Compliance for Each Major Federal Program**

We have audited the Unemployment Compensation Fund (Fund) of the State of Michigan Department of Labor and Economic Opportunity, Unemployment Insurance Agency's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Fund's major federal programs for the year ended September 30, 2021. The Fund's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the Fund's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Fund's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our qualified and unmodified opinions on compliance for major federal programs. However, our audit does not provide a legal determination of the Fund's compliance.

### ***Basis for Qualified Opinion on the Unemployment Insurance Program***

As described in the accompanying schedule of findings and questioned costs, the Fund did not comply with requirements regarding ALN 17.225 Unemployment Insurance as described in finding number 2021-001 for Allowable Costs/Cost Principles and Eligibility. Compliance with such requirements is necessary, in our opinion, for the Fund to comply with the requirements applicable to that program.

### ***Qualified Opinion on the Unemployment Insurance Program***

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the Fund complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on ALN 17.225 Unemployment Insurance for the year ended September 30, 2021.

### ***Unmodified Opinion on Each of the Other Major Federal Programs***

In our opinion, the Fund complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended September 30, 2021.

### ***Other Matters***

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2021-002 and 2021-003. Our opinion on each major federal program is not modified with respect to these matters.

The Fund's response to the noncompliance findings identified in our audit is described in the accompanying corrective action plan and the views of responsible officials' section of the schedule of findings and questioned costs. The Fund's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control Over Compliance**

Management of the Fund is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Fund's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal

program and to test and report on internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Fund's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2021-001, that we consider to be a material weakness.

The Fund's response to the internal control over compliance findings identified in our audit is described in the accompanying corrective action plan and the views of responsible officials' section of the schedule of findings and questioned costs. The Fund's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the Fund as of and for the year ended September 30, 2021 and have issued our report thereon dated March 10, 2022, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing

standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

*Andrews Hooper Pavlik PLC*

Bloomfield Hills, Michigan  
June 28, 2022



State of Michigan  
 Department of Labor and Economic Opportunity  
 Unemployment Insurance Agency –  
 Unemployment Compensation Fund

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2021

Federal Agency / Program Title	Assistance Listing Number	Grant Number	Total Federal Expenditures
<b>Department of Labor – Employment and Training Administration:</b>			
Unemployment Insurance – State of Michigan / Employer Funded	17.225	NONE	\$ 1,569,839,599
Alternative Trade Adjustment Assistance / Trade Benefits	17.225	UI-34171-20-55-A-26	697,126
COVID-19 Unemployment Insurance – Extended Benefits	17.225	NONE	406,667,490
Unemployment Insurance – Other Federal Funds	17.225	NONE	6,628,445
Unemployment Insurance – American Recovery and Reinvestment Act	17.225	NONE	(816,966)
COVID-19 – Unemployment Insurance – Short-Term Compensation	17.225	UI34863Z80	34,304,705
COVID-19 – Unemployment Insurance – Other Federal Funds	17.225	NONE	<u>12,113,213,867</u>
<b>Total Department of Labor – Employment and Training Administration</b>			<u>14,130,534,266</u>
<b>Federal Emergency Management Agency (FEMA):</b>			
COVID-19 – Lost Wages Assistance	97.050	4494DRMISPLW	<u>305,333,139</u>
<b>Total Federal Emergency Management Agency (FEMA)</b>			<u>305,333,139</u>
<b>Total Federal Financial Assistance</b>			<u><u>\$ 14,435,867,405</u></u>

*See accompanying notes to schedule of expenditures of federal awards.*

State of Michigan  
Department of Labor and Economic Opportunity  
Unemployment Insurance Agency –  
Unemployment Compensation Fund

Notes to Schedule of Expenditures of Federal Awards

Year Ended September 30, 2021

**(1) General**

The accompanying Schedule of Expenditures of Federal Awards (SEFA) presents the activity of federal financial assistance programs of the Unemployment Compensation Fund (Fund) of the State of Michigan Department of Labor and Economic Opportunity, Unemployment Insurance Agency. The operations of the Fund are recorded as described in Note 1 of the Fund's financial statements.

**(2) Basis of Accounting**

The accompanying SEFA is presented using the accrual basis of accounting.

**(3) Indirect Cost Rate**

The Fund has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

State of Michigan  
Department of Labor and Economic Opportunity  
Unemployment Insurance Agency –  
Unemployment Compensation Fund

Schedule of Findings and Questioned Costs

Year Ended September 30, 2021

**Section I – Summary of Auditors’ Results**

*Financial Statements*

- (a) The type of report issued on the financial statements: **Unmodified Opinion**
- (b) Internal control over financial reporting:
  - i. Material weaknesses identified? **Yes**
  - ii. Significant deficiencies identified that are not considered material weaknesses? **No**
- (c) Noncompliance material to financial statements noted? **No**

*Federal Awards*

- (a) Internal control over major programs:
  - i. Material weaknesses identified? **Yes**
  - ii. Significant deficiencies identified that are not considered material weaknesses? **No**
- (b) The type of report issued on compliance for major programs: **Unemployment Insurance/17.225 – Qualified Opinion** and **Lost Wages Assistance/97.050 – Unmodified Opinion**
- (c) Any audit findings which are required to be reported under 2 CFR 200.516(a)? **Yes**
- (d) Major programs: **Unemployment Insurance/17.225** and **Lost Wages Assistance/97.050**
- (e) Dollar threshold used to distinguish between Type A and Type B programs: **\$30,000,000**
- (f) Auditee qualified as a low-risk auditee under 2 CFR 200.520? **No**

State of Michigan  
Department of Labor and Economic Opportunity  
Unemployment Insurance Agency –  
Unemployment Compensation Fund

Schedule of Findings and Questioned Costs

Year Ended September 30, 2021

**Section II – Findings Relating to the Financial Statements Reported in Accordance with Government Auditing Standards**

Finding 2021-001 is also considered a financial statement finding.

**Section III – Findings and Questioned Costs Relating to Federal Awards**

**Finding 2021-001**

**Federal Agency, Program Title and ALN Number:** U.S. Department of Labor, Unemployment Insurance – 17.225

**Federal Award Identification Number and Year:** Affects all grant awards included under ALN 17.225 on the Schedule of Expenditures of Federal Awards

**Type of Finding:** Material Noncompliance and Material Weakness

**Compliance Requirement:** Allowable Costs/Cost Principles and Eligibility

**Known Questioned Costs:** Undeterminable

**Repeat Finding:** 2020-003

**Systemic or Isolated:** Systemic

**Criteria:** The federal government set a prescribed claim progression and eligibility requirements for federal programs resulting from the Coronavirus pandemic. If a claimant is eligible for regular unemployment compensation, the claimant is ineligible for receiving benefits under the Pandemic Unemployment Assistance (PUA), Pandemic Emergency Unemployment Compensation (PEUC), or Extended Benefits (EB) programs. In addition, claimants must exhaust all rights to benefits under the previous claim type within the progression to become eligible for the subsequent claim type.

**Condition:** In certain instances, the benefit system allowed for the payment of benefits under the PUA, PEUC, and EB programs when claimants were eligible for regular unemployment compensation or prior to the exhaustion of the previous claim type within the progression.

State of Michigan  
Department of Labor and Economic Opportunity  
Unemployment Insurance Agency –  
Unemployment Compensation Fund

Schedule of Findings and Questioned Costs

Year Ended September 30, 2021

**Cause:** Proper controls were not set within the benefit system to ensure proper eligibility and claim progression.

**Effect:** Payments of benefits under federal programs have no net effect on the net position of the Fund since the expenditure is offset by a reimbursing federal revenue, whereas payments under regular unemployment compensation reduce the net position of the Fund. Additionally, improper payments of benefits under federal programs create unallowed federal costs.

**Recommendation:** We recommend that the Agency improve controls in the benefit system to ensure proper eligibility and claim progression.

**Views of Responsible Officials:** Management agrees with the finding. The Agency is currently reviewing the payment sequence on all CARES Act and regular Unemployment Insurance programs.

The review will be completed by September 30, 2022.

**Finding 2021-002**

**Federal Agency, Program Title and ALN Number:** U.S. Department of Labor, Unemployment Insurance – 17.225

**Federal Award Identification Number and Year:** Various

**Type of Finding:** Material Noncompliance

**Compliance Requirement:** Special Tests and Provisions, UI Program Integrity - Overpayments

**Known Questioned Costs:** None

**Repeat Finding:** No

**Systemic or Isolated:** Systematic

**Criteria:** States are prohibited from providing relief from charges to an employer's unemployment compensation account when the benefit overpayments are the result of the employer's failure to respond timely or adequately to a request for information.

State of Michigan  
Department of Labor and Economic Opportunity  
Unemployment Insurance Agency –  
Unemployment Compensation Fund

Schedule of Findings and Questioned Costs

Year Ended September 30, 2021

**Condition:** The Agency elected to relieve charges to an employer's unemployment compensation account when the benefit payment was the result of the employer's failure to respond timely or adequately due to the Covid-19 Pandemic causing unforeseen difficulties for employers within the State.

**Cause:** The Agency implemented an SQR to credit the charges that would have typically been charged to the nonresponsive employer's unemployment compensation account during the Covid-19 Pandemic. However, there was an error in the logic of the SQR and certain employers did not have their charges associated with Covid-19 claims relieved.

**Effect:** Certain nonresponsive employers incorrectly had their unemployment compensation account charged for benefits during the Covid-19 Pandemic. The Agency's policy to provide relief for employers during the Pandemic was not applied consistently to each employer.

**Recommendation:** We recommend that the Agency review the logic of the SQR that was implemented to credit the charges that would have typically been charged to the nonresponsive employer's unemployment compensation account during the Covid-19 Pandemic and review the benefits that were charged to employer accounts throughout the Covid-19 Pandemic to determine which employers were erroneously charged.

**Views of Responsible Officials:** Management agrees with the finding. The Agency will review employer charging (SQR 36549) and anticipates completing the review by September 30, 2022.

**Finding 2021-003**

**Federal Agency, Program Title and ALN Number:** U.S. Department of Labor, Unemployment Insurance – 17.225

**Federal Award Identification Number and Year:** Affects all grant awards included under ALN 17.225 on the Schedule of Expenditures of Federal Awards

**Type of Finding:** Material Noncompliance

**Compliance Requirement:** Special Tests and Provisions, UI Program Integrity – Overpayments

**Known Questioned Costs:** None

State of Michigan  
Department of Labor and Economic Opportunity  
Unemployment Insurance Agency –  
Unemployment Compensation Fund

Schedule of Findings and Questioned Costs

Year Ended September 30, 2021

***Repeat Finding:*** 2020-002

***Systemic or Isolated:*** Systemic

***Criteria:*** Offsets of future unemployment compensation payments to recover prior overpayments are limited to the recovery of the prior overpayment amount in accordance with federal guidance.

***Condition:*** Unapplied offset recoveries attributable to subsequent period adjustments to the original benefit overpayment were used to recover penalties and interest.

***Cause:*** Due to the continual movement of monies as a result of changes in amounts due resulting from corrections or appeal decisions, a parameter has not been established in the benefit system to account for every possible scenario to prevent the allocation of unapplied recoveries to penalties and interest after overpayment amounts due were satisfied.

***Effect:*** Interest and penalties due under federal and state law were recovered from offsets of unemployment compensation payments.

***Recommendation:*** We recommend that the Agency add a parameter to the automated system to ensure adjustments to benefit offsets are only applied to the recovery of prior overpayment amounts.

***Views of Responsible Officials:*** Management agrees with the finding. The necessary parameter was previously implemented that prevented the inappropriate allocations on current and subsequent benefit payment recoveries; however, subsequent reallocations of monies under specific circumstance caused further recoupments to improperly reallocate. The Trust Fund Accounting section will perform a monthly review to confirm that no prior period adjustments reallocated recoupments to penalty and interest. Any exceptions identified will be manually corrected. The new procedure will be in place by June 30, 2022.



GRETCHEN WHITMER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY  
LANSING

SUSAN CORBIN  
DIRECTOR

## **Single Audit Report: Corrective Action Plan**

**Year Ended September 30, 2021**

### **Finding 2021-001**

**Grant Program/ALN #:** Unemployment Insurance/17.225

**Corrective Action Plan:** The Agency is currently reviewing the payment sequence on all CARES Act and regular Unemployment Insurance programs (SQR 35904).

**Position of Responsible Official:** Virginia Abdo, Benefit Operations Division Administrator – Unemployment Insurance Agency

**Anticipated Completion Date:** September 30, 2022

### **Finding 2021-002**

**Grant Program/ALN #:** Unemployment Insurance/17.225

**Corrective Action Plan:** The Agency will review employer charging (SQR 36549).

**Position of Responsible Official:** Darryl Hunter, Tax & Employer Services Division Administrator – Unemployment Insurance Agency

**Anticipated Completion Date:** September 30, 2022



## **Finding 2021-003**

***Grant Program/ALN #:*** Unemployment Insurance/17.225

***Corrective Action Plan:*** The necessary parameter was previously implemented that prevented the inappropriate allocations on current and subsequent benefit payment recoveries; however, subsequent reallocations of monies under specific circumstance caused further recoupments to improperly reallocate. The Trust Fund Accounting section will perform a monthly review to confirm that no prior period adjustments reallocated recoupments to penalty and interest.

***Position of Responsible Official:*** Debbie Ciccone, Finance & Analysis Division Administrator – Unemployment Insurance Agency

***Anticipated Completion Date:*** June 30, 2022

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GRETCHEN WHITMER  
GOVERNOR

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LANSING

SUSAN CORBIN  
DIRECTOR

## Summary Schedule of Prior Audit Findings

### Finding 2020-001

**Grant Program/CFDA #:** Unemployment Insurance/17.225

**Initial Year Written:** Fiscal Year 2020

**Condition:** For several months during the fiscal year, management was unable to reliably access general ledger activity. Furthermore, management was unable to record certain benefit payments correctly in the general ledger, which affected reporting of cash; expenses; revenues; due from federal government; and federal, state, and other withholdings for several months throughout the year.

**Recommendation:** The auditor recommended management strengthen internal controls over their procedures for program changes to their information systems such that functionality issues do not limit controls over financial reporting.

**Current Status:** The Agency corrected the deficiencies noted in the finding in 2021.

### Finding 2020-002

**Grant Program/CFDA #:** Unemployment Insurance/17.225

**Initial Year Written:** Fiscal Year 2017

**Condition:** Unapplied offset recoveries attributable to subsequent period adjustments to the original benefit overpayment were used to recover penalties and interest.

**Recommendation:** The auditor recommended that the Agency add a parameter to the automated system to ensure adjustments to benefit offsets are only applied to the recovery of prior overpayment amounts.

**Current Status:** The Agency did not correct all the deficiencies noted in the finding.

**Reason(s) For Recurrence:** UIA has previously addressed this issue via programming changes to prevent inappropriate allocations. However, subsequent unanticipated reallocations of monies

under specific circumstances caused subsequent recoupments to improperly reallocate. A new manual procedure will be put in place to address the consequences of unintended reallocations.

**Corrective Action:** During fiscal year 2022, the Agency plans on correcting the issue by June 30, 2022.

### **Finding 2020-003**

**Grant Program/CFDA #:** Unemployment Insurance/17.225

**Initial Year Written:** Fiscal Year 2020

**Condition:** In certain instances, the benefit system allowed for the payment of benefits under the PUA, PEUC, and EB programs when claimants were eligible for regular unemployment compensation or prior to the exhaustion of the previous claim type within the progression.

**Recommendation:** The auditor recommended that the Agency improve controls in the benefit system to ensure proper eligibility and claim progression.

**Current Status:** The Agency did not correct all the deficiencies noted in the finding.

**Reason(s) For Recurrence:** The Agency required additional time to implement the necessary programming changes.

**Corrective Action:** During fiscal year 2022, the Agency plans on completing the SQR by September 30, 2022.

### **Finding 2020-004**

**Grant Program/CFDA #:** Unemployment Insurance/17.225

**Initial Year Written:** Fiscal Year 2020

**Condition:** For several months of the year, management was unable to determine the amount of payments to ineligible claimants, including imposter fraud (identity theft) activity.

**Recommendation:** The auditor recommended that management review policies and procedures for responding to the sudden increase in unemployment claims. If decided, management should document in advance when conditions necessitate limiting certain internal controls and how such actions best balance expedient payment and payment integrity to eligible individuals.

**Current Status:** The Agency corrected the deficiencies noted in the finding in 2021.

## **Finding 2020-005**

**Grant Program/CFDA #:** Unemployment Insurance/17.225

**Initial Year Written:** Fiscal Year 2017

**Condition:** Certain information reported in ETA 581 did not agree to the Agency's automated system. The ETA 581 reports for the quarters ended March 31, 2020; June 30, 2020; and September 30, 2020 were submitted to the ETA on November 25, 2020.

**Recommendation:** The auditor recommended that the Agency correct programming errors in the automated system to accurately collect certain employer information required for timely reporting in ETA 581. Once corrected, we recommend the Agency validate the information previously reported and, if necessary, resubmit reports requiring correction.

**Current Status:** The Agency corrected the deficiencies noted in the finding in 2021.

## **Finding 2020-006**

**Grant Program/CFDA #:** Unemployment Insurance/17.225

**Initial Year Written:** Fiscal Year 2019

**Condition:** Claimants may receive unemployment compensation benefits without proper submission of a record that a claimant sought work.

**Recommendation:** The auditor recommended that the Agency implement additional controls to ensure claimants are submitting records of their work search in accordance with state law. The Agency should continue to monitor further guidance from the Department of Labor clarifying work search verification requirements.

**Current Status:** The Agency corrected the deficiencies noted in the finding in 2021.

## **Finding 2020-007**

**Grant Program/CFDA #:** Unemployment Insurance/17.225

**Initial Year Written:** Fiscal Year 2020

**Condition:** A benefit system processing delay on Thursday, May 7, 2020 resulted in a delayed payment file settlement date of May 11, 2020, as opposed to the intended settlement date of the following business day, May 8, 2020.

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***Recommendation:*** The auditor recommended that the Agency implement additional controls to ensure proper handling of banking delays and ensure that the system properly posts reversal transactions to prevent future overpayments.

***Current Status:*** The Agency corrected the deficiencies noted in the finding in 2021.

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