

**U.S. Department of Labor
Office of Inspector General
Office of Audit**

BRIEFLY...

Highlights of Report Number: 23-08-004-03-315, to the Deputy Assistant Secretary for Employment and Training.

WHY READ THE REPORT

As a result of widespread congressional and public interest in disaster preparedness planning, the Office of Inspector General (OIG) conducted a performance audit of the Employment and Training Administration's (ETA) oversight of Information Technology (IT) contingency planning performed by State Workforce Agencies (SWA) in support of the Unemployment Insurance (UI) program.

The UI program, a Federal-state partnership, is the Department of Labor's (DOL) largest income-maintenance program. While Federal law determines the framework of the program, benefits for individuals are dependent on state law and administered by the SWA. The UI program provides unemployment benefits to eligible workers who are unemployed through no fault of their own. The Assistant Secretary of ETA has the responsibility for oversight of the SWAs' administration of the program. SWAs use the UI Tax and Benefit IT Systems to administer and deliver benefits to eligible claimants.

WHY OIG DID THE AUDIT

The purpose of our audit was to answer the following question:

Does ETA provide sufficient oversight of SWAs IT contingency planning for the UI program in order to minimize service disruption in the event of a disaster or other situation that may disrupt normal operations?

READ THE FULL REPORT

To view the report, including the scope, methodology, and full agency response, go to:

<http://www.oig.dol.gov/public/reports/oa/2008/23-08-004-03-315.pdf>

September 2008

The Federal/State Unemployment Insurance Partnership Needs Enhanced Federal Oversight to Establish Reliable Information Technology Contingency Plans

WHAT OIG FOUND

Our audit disclosed that ETA requires the SWAs to develop and implement disaster-recovery plans as a condition of their grant agreements, but does not verify that the plans are developed, tested, or meet accepted practices. Our audit showed that three of four SWAs audited may not be able to recover the UI Tax and Benefit Systems necessary to maintain operational capability in a timely, orderly manner or perform essential functions during an emergency or other situation that may disrupt normal operations. We also found inconsistent validation methodologies used among the SWAs for reaching assurance of a disaster-response capability.

These conditions occurred because ETA has not fully carried out its leadership responsibilities in overseeing the UI program by providing needed oversight and targeted guidance to the SWAs regarding ETA's expectation of an IT disaster-recovery capability. ETA had not ensured the SWAs developed and maintained contingency plans.

As a result, ETA does not have assurance that UI program benefits would be provided to eligible claimants in the event of a disaster or service disruption which could have a negative financial impact on individuals, families, and state economies. Without ETA providing effective oversight and guidance, it is not likely reliable SWA contingency plans will be in place when needed the most. Further, ETA officials do not have a high degree of knowledge or involvement in the SWAs' readiness to deal with how disasters affect their delivery of benefits to eligible claimants.

WHAT OIG RECOMMENDED

We recommended that the Assistant Secretary for Employment and Training: enact a monitoring and review process to verify SWAs develop and test IT contingency plans necessary to sustain the UI program; and identify and address any weaknesses found in IT contingency plans. The Deputy Assistant Secretary for Employment and Training agreed with the recommendations.