

BRIEFLY...

Highlights of Report Number: 06-09-002-03-315
Enhanced Oversight Will Improve State
Workforce Agencies' Use of the National
Directory of New Hires to Prevent and Detect
Unemployment Compensation Overpayments,
Employment and Training Administration

WHY READ THE REPORT

ETA is designated to ensure that states have methods of administration to assure full payment of unemployment compensation (UC) when due and to prevent overpayments. Based on Benefit Accuracy Measurement (BAM) audits of sample claims, ETA reported an estimated \$800 million in overpayments during Fiscal Year (FY) 2008 that were not identified or prevented through Benefit Payment Control (BPC) procedures, which included use of the NDNH.

WHY OIG DID THE AUDIT

We initiated this audit because UC is the largest benefit program for which DOL is responsible. It is essential for ETA to assure that SWAs are using the NDNH to prevent and detect UC overpayments. As a result, we conducted an audit of ETA's oversight of and progress in obtaining use of the NDNH by SWAs for BPC. We designed the audit to answer the following question:

- Did ETA exercise sufficient oversight to ensure that SWAs utilized information from the NDNH to prevent and detect UC overpayments?

Our audit included the applicable policies, procedures and controls that ETA had in place for use of the NDNH by SWAs as of September 30, 2008.

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/2009/06-09-002-03-315.pdf>

March 2009

WHAT OIG FOUND

Two major issues hampered ETA's efforts to ensure SWAs were using the NDNH effectively. ETA could not demonstrate it exercised sufficient oversight to ensure that SWAs utilized information from the NDNH to prevent and detect UC overpayments. ETA program oversight was insufficient because it lacked policies and procedures to perform timely and proper SWA on-site reviews. Without effective reviews of SWAs' use of the NDNH for the cross-match process, ETA cannot ensure the reliability of the data provided by the states, and the value of detected or possible undetected overpayments is unknown or unvalidated.

In addition, ETA reported that 49 of the 53 SWAs currently use the NDNH for BPC, and did not see a need to mandate use of the NDNH for BPC because it expected that all states will soon be voluntarily matching NDNH for both BAM and BPC. California has the highest number of estimated claims in the country--approximately 15 percent of UC claims nationwide--and is one of the SWAs pending implementation.

WHAT OIG RECOMMENDED

We recommended that the Deputy Assistant Secretary for Employment and Training:

1. Update the current Review Guide to include specific review steps addressing the states' use of NDNH for the BPC cross-match process; and during on-site reviews, assess the filtering process for the NDNH cross-match and validate the data reported by the SWAs.
2. Increase the frequency of on-site reviews to more than once every four years.
3. Require SWAs to submit quarterly 227 Reports that include a line item for NDNH cross-match results.
4. Continue to pursue legislation to define the "Date of Hire" as the first day of work for new hires and mandate its reporting by employers.

The Deputy Assistant Secretary for Employment and Training stated that ETA shared the OIG view that use of the NDNH improves the ability of SWAs to prevent and detect improper payments. ETA also noted that it has provided ongoing technical assistance to the SWAs since the NDNH became available to the states. ETA agreed its efforts would be strengthened by implementation of the OIG's recommendations.