*Welcome to LLA Reports, a podcast produced by the Louisiana Legislative Auditor’s office. This podcast is intended to be an oral representation of the written report it highlights and is primarily for the use of the Louisiana Legislature.*

This is Chris Magee. I’m the data analytics manager with LLA Performance Audit Services. This episode of LLA Reports focuses on our recently released report titled “Improper Payments in the Unemployment Insurance Program: Ineligible Recipients Based on Income.”

We evaluated certain unemployment insurance programs overseen by the Louisiana Workforce Commission – or LWC – to identify potentially improper payments made to individuals who appeared to be ineligible for unemployment benefits based on their income.

As a part of our audit, we analyzed wages reported by employers to LWC for the period of January 2020 through September 2020.

To qualify for state and federal unemployment benefits during the COVID-19 pandemic, individuals with wages reported to LWC by employers had to have been classified as an employee by their employer, lost wages or their job through no fault of their own, and earned no more than $247 per week from any secondary employer or source of income.

To determine whether an individual is eligible for unemployment benefits, LWC compares the information submitted by the applicant to reports the applicant’s employer is required to file.

We found that, between March and September 2020, LWC paid out about $405.3 million dollars in unemployment benefits to 97,585 individuals who did not appear to have been eligible based on their wages.

LWC indicated that two primary issues contributed to these potentially improper payments.

The first issue was the backlog of documentation from former and/or current employers of applicants because of an increase in the number of applications for state unemployment insurance. The increase and the backlog it created delayed LWC’s ability to work through the required documentation.

For example, in 2019, LWC received 103,785 initial unemployment insurance claims, which was an average of 1,996 claims per week. In contrast, between the week ending March 21, 2020, and April 18, 2020, 443,586 initial unemployment insurance claims were filed – for an average of 88,717 claims per week.

The second issue was the delay allowed in the quarterly reporting of employee wages for the second quarter of 2020. The delay was the result of legislation passed by lawmakers in the 2020 Regular Session. Act 243 extended the deadline for employers to file their second-quarter wage reports from July 31, 2020, to September 15, 2020.

The change was made to ease the paperwork burden on businesses and to defer associated taxes, but LWC said the delay limited its ability to make eligibility decisions based on complete information and to identify those individuals who may not have been eligible.

LWC said it is now working its way through cases identified as potential fraud and/or overpayments to try to recover any improper payments.

As a result of our audit, we developed one recommendation. We recommended LWC continue to investigate those individuals who received unemployment benefits but who appear to have earned more than the amount allowed, and recoup those dollars as appropriate.

In its response to our report, which is detailed in the report appendix, LWC agreed with our recommendation.

*We hope you found this podcast informative, and that you’ll follow future episodes of LLA Reports.*

*This podcast was created as a part of the audit report just discussed and is intended primarily for the use of the Louisiana Legislature. The full report and the podcast can be found on the LLA’s website at* [*www.lla.la.gov*](http://www.lla.la.gov)*.*

*Thank you for listening.*