

IMPROPER PAYMENTS IN THE UNEMPLOYMENT
INSURANCE PROGRAM:
INELIGIBLE RECIPIENTS BASED ON STATE EMPLOYMENT

LOUISIANA WORKFORCE COMMISSION



PERFORMANCE AUDIT SERVICES
DATA ANALYTICS UNIT
FEBRUARY 9, 2022

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LOUISIANA LEGISLATIVE AUDITOR
MICHAEL J. "MIKE" WAGUESPACK, CPA

February 9, 2022

The Honorable Patrick Page Cortez,
President of the Senate
The Honorable Clay Schexnayder,
Speaker of the House of Representatives

Dear Senator Cortez and Representative Schexnayder:

This audit report provides the results of our evaluation of the Louisiana Workforce Commission's (LWC) Unemployment Insurance program (State UI) and federally-funded COVID-19 pandemic-related unemployment assistance programs (Federal UI). The purpose of this audit was to determine if apparently ineligible employees of the State of Louisiana were paid unemployment benefits.

Overall, we found that, for the period of February 2, 2020, through July 24, 2021, LWC made approximately \$6.1 million in State and Federal unemployment benefit payments to 1,054 state employees who do not appear to have been eligible for these programs. While some of these employees may have been victims of identity theft, others appear to have received unemployment benefit payments for which they were ineligible.

As part of our evaluation, we first analyzed unemployment benefit payments and employee wages reported quarterly to LWC by state agencies whose payroll data is not contained in LaGov. Then we analyzed unemployment benefit payments and state employee bi-weekly payroll data obtained from LaGov. We found that:

- LWC paid approximately \$2.9 million in unemployment benefits to 566 state employees for the period of March 2020 through March 2021. Based on the wages reported to LWC by their employers, these employees do not appear to have been eligible for these programs. We found in a previous report on ineligible unemployment benefit recipients that \$2.1 million (72.4 percent) of the \$2.9 million was paid to 371 of the 566 employees.

The Honorable Patrick Page Cortez,
President of the Senate
The Honorable Clay Schexnayder,
Speaker of the House of Representatives
February 9, 2022
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- LWC made approximately \$3.1 million in unemployment benefit payments to 488 state employees for the period March 2020 through July 2021 who do not appear to have been eligible for these programs based on their bi-weekly state payroll. We found in a previous report on ineligible unemployment benefit recipients that \$1.8 million (58 percent) of the \$3.1 million was paid to 235 of the 488 employees.

The report contains our findings, conclusions, and recommendations. I hope this report will benefit you in your legislative decision-making process.

We would like to express our appreciation to the Louisiana Workforce Commission for its assistance during this audit.

Respectfully submitted,



Michael J. "Mike" Waguespack, CPA
Legislative Auditor

MJW/ch

LWC STATE EMPLOYEES

Louisiana Legislative Auditor

Michael J. “Mike” Waguespack, CPA



Improper Payments in the Unemployment Insurance Program: Ineligible Recipients Based on State Employment Louisiana Workforce Commission

February 2022

Audit Control # 82200011

Introduction

We evaluated the Louisiana Workforce Commission’s (LWC) Unemployment Insurance program (State UI) and federally-funded COVID-19 pandemic-related unemployment assistance programs (Federal UI) to determine if apparently ineligible employees of the State of Louisiana (State) were paid unemployment benefits. During the COVID-19 pandemic, state government agencies authorized the use of leave (earned or special) and/or transitioned employees to remote work, which allowed state government employees to continue to receive pay for performing their job functions.¹ According to quarterly wage data from LWC and payroll data from the State’s LaGov Enterprise Resource Plan system (LaGov), 90,963 individuals were employed with the State for at least one pay period during the scope of our audit (January 1, 2020, through July 31, 2021).²

Unemployment Insurance was established by the Federal Social Security Act in 1935 to provide workers whose jobs have been terminated, through no fault of their own, monetary payments for a set period of time or until they find new employment.

The State provides weekly State UI benefits of between \$10 to \$247 to unemployed individuals who lost income or were separated from employment through no fault of their own. The amount of State UI benefits paid to an individual on a weekly basis is determined by the amount of an individual’s lost income and income earned from other sources of employment. In addition, as a part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the federal government began paying multiple forms of federal benefits, including an additional weekly \$600 in Federal UI benefits to anyone who qualified for State UI.³

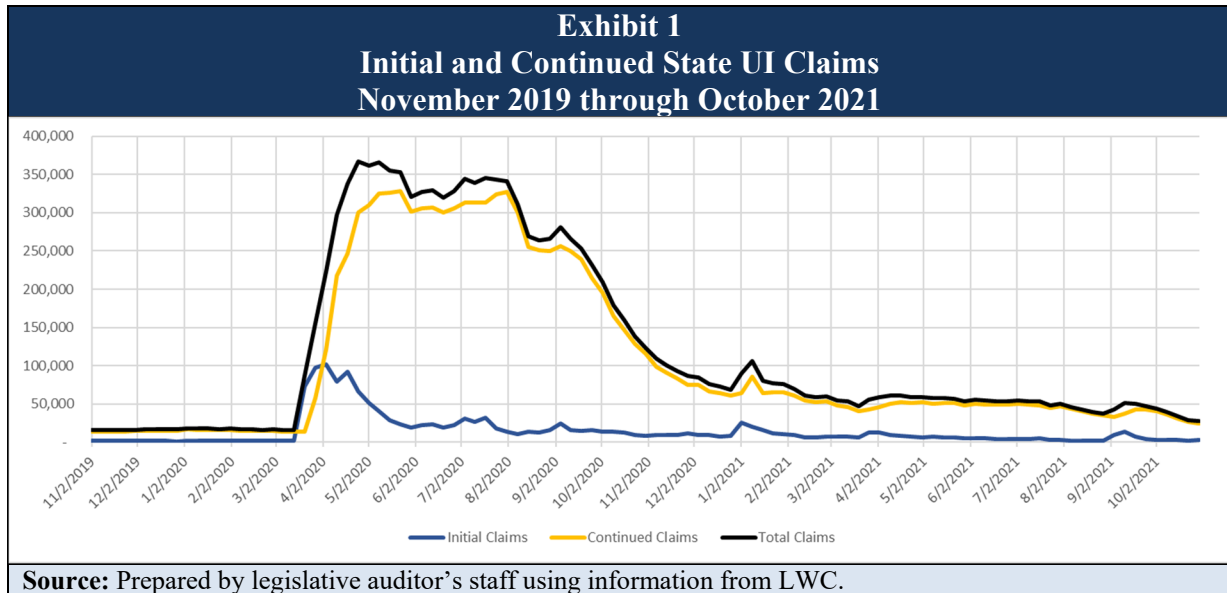
We conducted this audit because of the significant increase in costs and number of applicants for State and Federal UI during the COVID-19 pandemic, which according to data provided by LWC, totaled \$9.83 billion in payments to 794,515 claimants from March 30, 2020,

¹ *Executive Branch Agencies – Challenges with Telework During the COVID-19 Public Health Emergency*
[https://app.la.state.la.us/publicreports.nsf/0/6a6414ed50d392bf8625866b0069776e/\\$file/000227a1a.pdf?openelement&.7773098](https://app.la.state.la.us/publicreports.nsf/0/6a6414ed50d392bf8625866b0069776e/$file/000227a1a.pdf?openelement&.7773098)

² This total includes any individual who worked for the State of Louisiana or any of the State’s universities, community colleges, and technical colleges, for any period of time during our audit scope.

³ During the period March 28, 2020, through July 31, 2020.

through July 31, 2021.^{4,5} According to LWC, it has administered 13 different unemployment benefit programs since March 2020, with each having its own rules and requirements. In addition, LWC stated that implementing the provisions of these programs was challenging because its benefit system was designed to administer two benefit programs at a time. Louisiana’s unemployment rate grew from 5.2% in February 2020 to 13.1% in April 2020,⁶ and the total number of State UI claims increased by more than 2,000%, from 16,798 on February 29, 2020, to 366,798 on April 25, 2020.⁷ See Exhibit 1 for the rise in initial and continued State UI claims from November 2019 through October 2021 as a result of the COVID-19 pandemic.



Also, our office received numerous legislative requests to analyze various issues within LWC’s unemployment benefit programs. This report is the fifth report in a series of reports on unemployment benefits paid during the COVID-19 pandemic.⁸ In addition, a May 2007 report⁹ released by our office found that approximately \$10 million in unemployment benefits were disbursed to 5,439 state and local government employees who did not appear to have separated from their employment and, therefore, were potentially ineligible for the unemployment benefits they were paid.

⁴ Includes benefit weeks ending February 8, 2020, through July 24, 2021.
⁵ On March 11, 2021, President Biden extended the COVID-19 pandemic Federal UI and enhanced benefits to September 6, 2021. However, Act No. 276 of the Louisiana Legislature’s 2021 Regular Session ended the Federal UI and enhanced benefits in Louisiana on July 31, 2021.
⁶ United States Bureau of Labor and Statistics, as of March 24, 2021.
⁷ To further combat the spread of COVID-19 in Louisiana, Governor John Bel Edwards issued a Stay-at-Home Order on March 22, 2020, directing all Louisiana residents to shelter at home and limit movements outside of their homes beyond essential needs.
⁸ The four previous reports can be found on the LLA website at the following location:
<https://www.la.gov/reports-data/audit/audit-type/index.shtml?key=Data%20Analytics/Medicaid>
⁹ Louisiana Workforce Commission,
[https://www.la.gov/PublicReports.nsf/9179FCF43A0B5392862572E50052A637/\\$FILE/000010F1.pdf](https://www.la.gov/PublicReports.nsf/9179FCF43A0B5392862572E50052A637/$FILE/000010F1.pdf)

The objective of this audit was:

To identify potentially improper payments LWC made to state employees who appear to be ineligible for unemployment benefits.

Our results are summarized on the next page and discussed in detail throughout the remainder of the report. Appendix A contains LWC's response to this report, and Appendix B details our scope and methodology.

Objective: To identify potentially improper payments LWC made to state employees who appear to be ineligible for unemployment benefits.

Overall, we found that LWC made approximately \$6.1 million in State and Federal unemployment benefit payments to 1,054 state employees who do not appear to have been eligible for these programs during the period of February 2, 2020, through July 24, 2021. While some of these employees may be victims of identity theft, unemployment benefit payments to others appear to potentially be improper.

We identified these issues by performing two comparisons of unemployment benefit payments and state employee wages. Our first comparison analyzed unemployment benefit payments and employee wages reported quarterly to LWC by state agencies whose payroll data is not contained in LaGov.¹⁰ Our second comparison analyzed unemployment benefit payments and state employee bi-weekly payroll data obtained from LaGov. The results of these two analyses are summarized in Exhibit 2.

Exhibit 2 Potentially Improper Payments to State Employees by Comparison Type February 2, 2020 through July 24, 2021			
State Employee Type	Description	State Employees Identified	Amount of Potentially Improper Benefits
Wages Not Reported in LaGov	These claimants did not have wages reported in LaGov. According to LWC data, these claimants earned, on average, more than \$250 per week and were fully employed in the quarter during which they were paid unemployment benefits.	566	\$2,935,180
Wages Reported in LaGov	These claimants were paid unemployment benefits for weeks in which they earned, on average, more than \$250 per week (more than \$500 bi-weekly) according to LaGov data.	488	3,174,250
Total		1,054	\$6,109,430
Source: Prepared by legislative auditor’s staff using information from LaGov and LWC.			

In addition, during an audit of the United States Department of Labor, the Office of Inspector General (U.S. DOL OIG) identified more than \$5.4 billion of potentially fraudulent unemployment benefits paid to individuals whose Social Security numbers were used to file claims for unemployment benefits in multiple states.¹¹ As part of this audit, we conducted limited procedures to verify if any of the state employees in our first comparison were victims of identity theft. However, we did review 200 of the 488 state employees identified in our LaGov

¹⁰ These individuals are primarily employed by the State’s universities, community colleges, and technical colleges.

¹¹ <https://www.oig.dol.gov/public/reports/oa/2021/19-21-002-03-315.pdf>

comparison who appeared to have been paid the highest amount of ineligible unemployment benefits and found that 163 (81.5%) of the 200 appear to have attempted or had a portion of their unemployment benefits deposited into a bank account that was also used at some point to receive their bi-weekly state payroll. Our results are explained in detail below.

LWC made approximately \$2.9 million in unemployment benefit payments to 566 state employees¹² who do not appear to have been eligible for these programs based on the wages reported to LWC by their employers for the period of March 2020 through March 2021. Of the \$2.9 million identified in this analysis, \$2.1 million (72.4%) was previously identified as being paid to 371 individuals whose wages appear to have made them ineligible to receive unemployment benefits as reported in an audit published on March 31, 2021.¹³

This analysis focused on state employees whose payroll data was not included in LaGov. In order to qualify for State and Federal UI benefits during the COVID-19 pandemic, individuals with wages reported to LWC by employers were required to have: (1) been classified as an employee by their employer; (2) lost income or their job through no fault of their own; and (3) earned no more than \$247 per week from any secondary employer or source of income. To verify eligibility, LWC compares information submitted by the applicant to quarterly wage reports from employers to ensure the lost income reported on the individual's application is accurate. Employers are required to report employee wages to LWC one month after the end of the calendar quarter¹⁴ being reported. For example, employers are typically required to send wage reports for the second quarter (ending June 30th) to LWC by July 31st. This wage report details all employees working at that employer, the amount of wages they earned during the quarter, and whether they were employed in each month. Based on this, wage data may be up to four months old when received by LWC.¹⁵ LWC also compares information submitted by the employer upon separation from employment by the individual and/or after the individual files an unemployment application to confirm that the applicant worked at that employer, that they lost wages or their job through no fault of their own, and that the amount of wages earned prior to separation is accurate.

For state employees whose payroll data was not in LaGov, we used quarterly wage data obtained from LWC to identify state employees who were employed in all three months of a quarter and earned, on average, more than \$250¹⁶ per week during that quarter. Using this quarterly wage data and unemployment benefit data, we identified 566 state employees who, on

¹² 157 of these individuals were paid benefits totaling \$128,176, but only received unemployment benefits for one or two weeks.

¹³ *Improper Payments in the Unemployment Insurance Program: Ineligible Recipients Based on Income*, [http://app.la.state.la.us/PublicReports.nsf/0/171A039C44F4736E862586A900581586/\\$FILE/0002324CA.pdf?OpenElement&.7773098](http://app.la.state.la.us/PublicReports.nsf/0/171A039C44F4736E862586A900581586/$FILE/0002324CA.pdf?OpenElement&.7773098);

¹⁴ Calendar quarters end on March 31st, June 30th, September 30th and December 31st.

¹⁵ Act 243 of the 2020 Regular Session delayed the quarterly reporting of employee wages for the second quarter by employers to LWC from July 31, 2020, to September 15, 2020, limiting LWC's ability to verify unemployment benefit eligibility.

¹⁶ Applicants who earn more than \$247 of income per week are not entitled to State UI and are therefore not eligible for the Federal UI benefits included in our analysis. For our analysis, we only included those individuals who earned, on average, \$250 or more per week.

average, earned more than \$250 per week in a quarter and were paid unemployment benefits during that quarter, resulting in \$2,935,180 of potentially improper payments during the period March 2020 through March 2021. These state employees earned \$3.2 million¹⁷ in state pay during the weeks in which they were paid these unemployment benefits. Exhibit 3 summarizes the amount of potentially improper benefits and total state employees identified as a part of our analysis by quarter.

In addition, as part of this audit, we conducted limited procedures to determine if any of the state employees identified by this analysis may have been victims of identity theft. Using quarterly wage data, unemployment benefit data and Louisiana Office of Motor Vehicles’ (OMV) driver license data, we found that \$93,087 of the \$2,935,180 of potentially improper payments were paid to 19 state employees who may have been victims of identity theft or whose social security number may have been entered incorrectly on their unemployment benefits application or quarterly wage reports.

Exhibit 3			
Potentially Improper Payments to State Employees by Quarter			
First Quarter of 2020 through First Quarter of 2021			
Quarter	Unemployment Benefit Amount	Number of Claimants	Average Benefit per Claimant
First (January 1, 2020, through March 31, 2020)*	\$7,536	36	\$209
Second (April 1, 2020, through June 30, 2020)	1,194,820	261	\$4,577
Third (July 1, 2020, through September 30, 2020)	959,134	240	\$3,996
Fourth (October 1, 2020, through December 31, 2020)	239,939	173	\$1,386
Fifth (January 1, 2021, through March 31, 2021)	533,751	137	\$3,895
Totals	\$2,935,180	566**	\$5,185
* Includes only PUA (Federal UI) benefits beginning with the benefit week ending March 7, 2020.			
** This represents the unique number of individuals receiving benefits from March 2020 through March 2021. The total does not equal the sum of the number of individuals in each quarter due to some individuals receiving potential overpayments in multiple quarters.			
Source: Prepared by legislative auditor’s staff using information from LWC.			

LWC made approximately \$3.1 million in unemployment benefit payments to 488 state employees who do not appear to have been eligible for these programs based on their bi-weekly state payroll from March 2020 through July 2021.¹⁸ Of the \$3.1 million identified in this analysis, \$1.8 million (58.0%) was previously identified as being paid to 235 individuals whose wages appear to have made them ineligible to receive unemployment benefits as reported in an audit published on March 31, 2021.¹⁹

¹⁷ This is based on an average of each claimant’s quarterly wages and the number of weeks in that quarter for which they were paid unemployment benefits.

¹⁸ The results of this analysis includes instances where employees separated from employment during their last payroll pay period, but were paid more than \$500 with their last paycheck.

¹⁹ *Improper Payments in the Unemployment Insurance Program: Ineligible Recipients Based on Income*, [http://app.la.state.la.us/PublicReports.nsf/0/171A039C44F4736E862586A900581586/\\$FILE/0002324CA.pdf?OpenElement&.7773098;](http://app.la.state.la.us/PublicReports.nsf/0/171A039C44F4736E862586A900581586/$FILE/0002324CA.pdf?OpenElement&.7773098;)

While the comparison of LWC quarterly wage data identified state employees that may have received improper payments, using other sources of wage data may allow LWC to more quickly identify possible improper payments since quarterly wage data can be up to four months old when it is received by LWC. Due to this, we performed a comparison of unemployment benefit data and state employees whose bi-weekly payroll was in LaGov. Using state employment payroll data obtained from LaGov and unemployment benefit data from LWC, we identified 488²⁰ state employees who earned more than \$500²¹ during a two-week pay period²² and were paid unemployment benefits for the same weeks in that pay period, resulting in \$3,174,250 of potentially improper payments. These state employees earned \$4.4 million in state pay during the weeks in which they were paid these unemployment benefits. For example,

- We identified one full-time state employee who filed for unemployment benefits for the loss of income from their part-time job as a Lyft driver in May 2020. Even though this individual's application listed full-time state employment with a bi-weekly gross salary of \$1,600, LWC approved the application and paid \$26,097 in unemployment benefits from May 2020 through May 2021. This state employee earned \$53,268 during this time period, or an average of \$1,029 per week.
- We identified a second individual who began receiving unemployment benefits in July 2020 while unemployed. The individual began state employment in October 2020, but did not report their employment to LWC and continued receiving unemployment benefits while fully employed. From October 2020 through December 2020, this individual was paid \$3,405 in unemployment benefits even though the state employee earned wages totaling \$9,366 during this time period, or an average of \$780 per week. In January 2021, this individual stopped receiving unemployment benefits due to having been paid the maximum amount of benefits allowed based on their application (exhaustion of benefits).

As part of this audit, we also conducted limited procedures to determine if any of the state employees identified by this analysis may have been victims of identity theft. Using unemployment benefit data, state employee human resource records and OMV driver license data, we found that \$71,574 of the \$3,174,250 of potentially improper payments was paid to 10 state employees who may have been victims of identity theft.

In addition, we found that 163 (81.5%) of the 200 state employees who were paid the highest amount of unemployment benefits and wages from their state employment appear to have attempted or had a portion of their unemployment benefits deposited into a bank

²⁰ Our analysis also identified 80 part-time employees who were paid \$400,510 of unemployment benefits for which they do not appear to have been eligible to receive. However, the amount of benefits paid to these state employees was not included in our results due to their variable weekly work hours.

²¹ Applicants who earn more than \$247 of income per week are not entitled to State UI or PUA. For our analysis, we only included those individuals who earned, on average, \$250 or more per week, or \$500 during a two-week pay period.

²² State employees were only included in our results if they had three or more weeks where they were paid unemployment benefits and more than \$500 during the two-week pay period in which they were paid unemployment benefits.

account they previously used or currently use to receive their state payroll. Because of the previously mentioned numerous identity theft cases related to COVID-19 pandemic unemployment benefits identified by the U.S. DOL OIG, we further examined the state employees identified in our LaGov analysis to obtain additional documentation to determine whether the state employee appeared to have actually received the unemployment benefits that were paid or whether they could potentially be victims of identity theft.

We selected the 200 state employees who were paid the highest amount of unemployment benefits via direct deposit²³ and the highest amount of wages from their state employment during the period they were paid unemployment benefits and compared their unemployment benefit bank account information to their state payroll bank account information. We found that 163 (81.5%) of the state employees had or attempted to have a portion of their unemployment benefits deposited into a bank account in which they have previously used or currently use to receive their state payroll, which may indicate that the state employee was aware that they were paid the unemployment benefits. These 163 individuals were paid and appear to have received \$1,806,764 (56.9%) of the \$3,174,250 of potentially improper payments identified by our LaGov analysis. For the other 37 (18.5%) state employees who were paid the highest amount of unemployment benefits and state pay, their unemployment benefits were not deposited into a bank account they previously used or currently use to receive their state payroll, which could be an indicator that these individuals may be victims of identity theft.

According to LWC unemployment data, prior to receiving the results of our analyses, LWC identified and established overpayment cases for 42 of the individuals identified by our LaGov payroll analysis as being paid unemployment benefits totaling \$250,663 while employed by the State. However, LWC may have been able to identify and end improper unemployment benefit payments for the individuals identified by our LaGov analysis earlier by performing bi-weekly matches of unemployment recipients and LaGov payroll data than would have been possible by only using quarterly wage data. While LWC's UI claims benefits system has the option to implement a match of state employees, LWC did not perform this data match until our office began conducting this audit. This match was recommended in a May 2007 report released by our office that found that approximately \$10 million in unemployment benefits were disbursed to 5,439 state and local government employees who did not appear to be separated from their employment and, therefore, were potentially not eligible for the unemployment benefits they were paid. In that report, LLA recommended that LWC integrate LaGov state employee payroll information into its unemployment claims benefits system to establish edit checks that could identify state employees who were potentially ineligible for unemployment benefits and prevent potential overpayments. While LWC agreed with this recommendation in 2007 and stated that it was in the process of implementing a data match of state employees, this recommendation was not implemented. According to LWC staff, it executed an agreement with the Division of Administration in September 2021 and has begun receiving LaGov payroll data.

In addition, LWC stated that it is currently working through cases identified as potential fraud and/or overpayments. When fraud and/or overpayments are identified, LWC attempts to

²³ Unemployment benefits claimants can elect to receive their unemployment benefits via two main forms of payment, which include direct deposit or a debit card.

enter into a repayment agreement with the individual. If this is not accomplished, then LWC can collect on the individual's state and/or federal taxes.

Recommendation 1: LWC should consider obtaining and analyzing LaGov employment data to identify state employees who may not qualify for unemployment benefits.

Summary of Management's Response: LWC agreed with this recommendation and stated that it has already begun obtaining and analyzing LaGov employment data and has referred 18 public employees for prosecution.

Recommendation 2: LWC should consider obtaining lookup access to LaGov Human Resource records.

Summary of Management's Response: LWC agreed with this recommendation.

Recommendation 3: LWC should continue to investigate state employees who appear to earn more in wages than the amount allowed and recoup dollars as appropriate.

Summary of Management's Response: LWC agreed with this recommendation and stated that it will continue to investigate all employees who appear to earn more in wages than the amount allowed.

APPENDIX A: MANAGEMENT'S RESPONSE



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John Bel Edwards, Governor
Ava Cates, Secretary

Office of the Secretary

February 1, 2022

Mr. Michael J. Waguespack, CPA
Legislative Auditor
Post Office Box 94397
Baton Rouge, Louisiana 70804-9397

Mr. Waguespack,

The Louisiana Workforce Commission (LWC) respectfully submits its response to the report, *Improper Payments in the Unemployment Insurance Program: Ineligible Recipients Based on State Employment*.

At the outset, we believe it is important to clarify that this report includes an overlap of previously reported findings. Approximately fifty-seven percent (57%) of the individuals and sixty-four percent (64%), or \$3.9 million, of the total dollar amounts identified in this report were previously identified by LLA on March 31, 2021 in the report titled "*Improper Payments in the UI Program: Ineligible Recipients Based on Income*." Therefore, the report does not identify \$6.1 million in newly detected dollar amounts of potentially improper payments. More importantly, the remaining thirty-six percent (36%), or \$2.19 million, is less than one percent (1%) of the \$11 billion in total payments processed by LWC since the start of the pandemic.

As stated in response to previous reports, the findings at issue here occurred during a time of extraordinary and unprecedented challenges that arose as a result of the COVID-19 pandemic. In March of 2020, Louisiana experienced an exponential increase in initial unemployment claims. Subsequently, Act 243 of the 2020 Regular Session delayed the required quarterly reporting of employee wages for the second quarter of 2020 from July 31, 2020 to September 15, 2020. Therefore, in addition to processing a historical increase in claim volume, LWC's ability to cross-check wage records and verify claimants' identity and unemployment benefit eligibility was severely limited during that time.

In response to these challenges, LWC quickly took steps to implement various protective measures. Louisiana was among the first states to introduce the identity verification tool ID.me into the unemployment insurance (UI) system to help protect claimants' personal information and to ensure that benefits were paid to those entitled to them. The United States Department of Labor and the U.S. Congress took steps to increase UI systems protections as well. However, a majority of the claims included in this report occurred prior to the increased measures taken by both LWC and Congress.

The unfortunate reality is that identity theft is an issue that has and will continue to plague states' UI programs. We believe a significant percentage of the cases detected by LLA through this audit are the result of identity theft. Our staff has been actively investigating cases of potential identity theft since the beginning of the pandemic and is consistently referring these cases to local, state and federal authorities for further investigation.

It is important to note that some individuals included in this report were already flagged for investigation by LWC prior to the audit. A full and complete investigation is required to determine whether an overpayment actually occurred for a state employee, or any individual for that matter. No determination of overpayment, especially a fraudulent overpayment, can be made without a full investigation. While the individuals included in this audit were identified as a result of a cross-match of data, your office could not determine and verify whether each individual in question was in fact the individual that filed the unemployment insurance claim and/or the subsequent weekly certifications.

Additionally, although it may appear based on available data alone that the individuals included in this report were not entitled to benefits, assumptions cannot be made based solely on available data. There are several instances in which an individual may qualify for at least a portion of UI benefits. For example, an individual may qualify if:

- they were separated from their employment prior to filing a claim
- they are employed part-time
- they are adjunct university faculty
- they were on leave where no vacation/sick leave was paid, or
- their average pay exceeded the weekly benefit amount but actual earnings for the week did not.

This list of possibilities is non-exhaustive. Accordingly, a full and proper investigation is required by both state and federal law. A portion of the total amount identified in this report may ultimately be categorized as overpayments pending final adjudication of each individual case.

Also of note, this report consists of state employees that may or may not be included in the state Office of State Uniform Payroll (OSUP) system. Although LWC cannot cross-match all state employees' payroll on a bi-weekly basis, pursuant to your previous recommendation, we did implement a bi-weekly cross-match with OSUP in October of 2021 to help us more quickly identify state employees who may not qualify for unemployment benefits. This cross-match has proven to be very effective. Since implementing, we have referred several individual cases for prosecution. LWC is also actively referring individuals to the Office of the Inspector General, the Attorney General's Office, and, where applicable, to the Louisiana Board of Ethics.

The effects of the unexpected challenges that arose at the onset of the COVID-19 pandemic continue to ripple through the UI system. While we are doing everything we can to reduce future improper payments, we are also still in the midst of addressing the increases in claims, appeals, overpayments, investigations and instances of fraud that have occurred over the last 2 years. Please be assured that LWC has taken appropriate steps to mitigate similar occurrences in the future. We take the public's ability to trust in state employees very seriously and we believe resolution of these matters is of the highest priority.

To that end, LWC remains committed to ensuring that our UI system runs efficiently for the benefit of those individuals who depend on it, and will continue to focus on improving administration of the entire workforce system for the State of Louisiana as a whole.

Should you have any questions or need additional information, please feel free to contact my office at 225-342-3001.

Sincerely,



Ava Cates
Secretary

Recommendation 1: *LWC should consider obtaining and analyzing LaGov employment data to identify state employees who may not qualify for unemployment benefits.*

The Louisiana Workforce Commission (LWC) concurs and has already begun obtaining and analyzing LaGov employment data to identify state employees who may not qualify for unemployment benefits. Since implementing in October of 2021, we have referred 18 public employees for prosecution.

Recommendation 2: *LWC should consider obtaining lookup access to LaGov Human Resource records.*

The Louisiana Workforce Commission (LWC) concurs.

Recommendation 3: *LWC should continue to investigate state employees who appear to earn more in wages than the amount allowed and re-coup dollars as appropriate.*

The Louisiana Workforce Commission (LWC) concurs and will continue to investigate all employees who appear to earn more in wages than the amount allowed.

APPENDIX B: SCOPE AND METHODOLOGY

This report provides the results of our data analytics unit performance audit of the Louisiana Workforce Commission (LWC). We conducted this analysis under the provisions of Title 24 of the Louisiana Revised Statutes of 1950, as amended. This audit covered January 1, 2020, through July 31, 2021. Our audit objective was:

To identify potentially improper payments LWC made to state employees who appear to be ineligible for unemployment benefits.

The scope of our audit was less than that required by generally accepted *Government Auditing Standards* issued by the Comptroller General of the United States. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. To answer our objective, we performed the following audit steps:

- Obtained unemployment insurance data from LWC, including information regarding applications, claimants, and benefit payments.
- Researched and reviewed laws, rules, regulations, executive orders, and policies regarding the administration of and eligibility for unemployment insurance benefit programs.
- Obtained payroll data from the state's LaGov Enterprise Resource Plan system (LaGov) to identify bi-weekly pay for state employees.
- Obtained quarterly wage data from LWC to identify wages earned by unemployment insurance program applicants and beneficiaries and to determine which months those individuals were employed by the state.
- Analyzed unemployment insurance data, LaGov payroll data, and quarterly wage data to identify individuals who earned more than the allowable amount to qualify for unemployment insurance benefit programs. Specifically, we analyzed the following two populations of state employees:
 - For those state employees who did have payroll in LaGov, we analyzed their bi-weekly payroll to identify those employees who received more than two weeks of unemployment benefits and earned more than \$500 bi-weekly, or \$250 per week. In addition, we analyzed quarterly wage records for these individuals to further identify wages earned by these individuals.

- For those state employees who did not have payroll in LaGov, we analyzed quarterly wage records for these individuals to identify wages earned by these individuals.