

Division of Employment & Training

Background

The Division of Employment and Training (the "Division"), under the Department of Labor and Workforce Development, assists the Commonwealth's job seekers by (1) matching job seekers with appropriate jobs, (2) ensuring prompt payment of unemployment benefits and providing access to employment and training services for eligible claimants, (3) managing trust fund reserves to pay benefits, and (4) maintaining capacity to provide labor market information.

The Division is funded jointly by the federal and state governments. During fiscal year 1998, the Division received a total of approximately \$142 million – \$135 million from the federal government and \$ 7 million from the state.

The federal funding to this Division is detailed in the accompanying Schedule of Expenditures of Federal Awards. The Division's major programs were:

<u>CFDA #</u>	<u>Federal Program Description</u>
17.225	Unemployment Insurance

Findings on Compliance with Rules and Regulations

Finding Number 21: Incomplete and Missing Benefit Determination Information

Documents and information necessary to determine applicant eligibility for regular unemployment ("UI"), federal employees ("UCFE"), and ex-service members ("UCX") were incomplete or missing. The Division of Employment and Training's (the "Division") procedures outlined in the "Unemployment Insurance (U.I.) Procedures Manual for Local Offices", issued by U.I. Operations Program Development Unit, November 1, 1996 Fifth Edition, requires that an application for benefits be completed by the claimant and the related supporting documents be maintained in a claimant's file prior to the eligibility determination for the payment of benefits. The U.S. Department of Labor ("DOL") requires under Social Security Act, Title III 303(a)(1) and U.S.C. Title V Chapter 85, 8502;20 CFR 5 609.3b that each State develop methods of administration to ensure that benefits are paid properly to those eligible under the applicable unemployment law.

From our sample selection of 25 UI claimant files, we noted that:

- Form 1941 was missing from two claimant files.

From the 17 UCFE and 8 UCX claimant files selected for testing, we noted that:

- The Request for Wage and Separation Information (Form 931) was incomplete or missing from three claimant files. One form did not have a request date entered on the form and two forms, which had been received, could

not be located by the Division.

- Three Application for Unemployment Insurance Benefits (Form 1941) forms were incomplete, but the claims were accepted by the claimstaker. The claimstaker did not signed one form and identification was not verified on three of the forms.
- The Claimant's Statement of Federal Civilian Service, Wages, and Reason for Separation (Form 935) form was incomplete or missing from seven claimant folders. Four of the forms were not signed by the claimants three of the forms did not included wage information, and three forms could not be located by the Division.
- The reason for separation was not stated on two claimants' Form 1941, Form 931, or Form 935, but the claims were accepted for payment of unemployment insurance.
- Twenty-four claimant files did not contain documents supporting that the information pertaining to these claimants transmitted to the Louisiana Claims Control Center ("LCCC") had in fact been received by LCCC or that exception noted by LCCC were promptly investigated by the Division. In accordance with DOL regulation, the Division is required to transmit all new UCFE and UCX claims to the LCCC to verify that the claimant has not filed benefit claims in another state. The Division could not locate the support for any claims filed prior to January 23, 1998.

Adherence to the federal and Division regulations should ensure full payment of unemployment compensation "when due" and that benefits are paid properly and promptly to those eligible. This same system must prohibit payments when not due. The lack of appropriate controls to adhere to these requirements could lead to the Division disbursing Unemployment Trust Funds to ineligible claimants or from disbursing the correct amount to eligible claimants. (*US Department of Labor - Unemployment Insurance, Federal Unemployment Tax Act/Employer Tax Credits, Unemployment Compensation for Federal Employees and Unemployment Compensation for Ex-Service Members Program 17.225; Department of Labor Report Period, 7/1/93 – 6/30/94 findings 1 through 4; Fiscal Year 1990; 1996; 1997 Single Audit Finding 23*)

Recommendation:

The Division should ensure that all required documentation is maintained, completed, and approved. The claimstaker should review the documentation prior to determining eligibility and making benefit payments. The Division should take appropriate steps necessary to recreate these application files so that claimant's eligibility can be verified.

Department corrective action plan:

The Agency's UCX-UCFE Coordinator will be directly responsible for developing and implementing a system that will ensure that all LCCC claims transmissions are confirmed, any necessary corrections to the information transmitted is documented and any discrepancies are promptly investigated. The UCX-UCFE Coordinator will conduct quarterly monitoring reviews of each UITCC, conduct training and technical assistance as required.

All Claim Agents will be trained prior to assignment to a UITCC. After the formal training, Claim Agents will be given additional on-the-job training while working under the close supervision of their unit supervisor. One hundred percent of *new* Claim Agents' work will be reviewed by a supervisor until there is assurance that the individual has achieved the necessary competency. At a minimum, 80% of new claims (Regular UI) will be monitored by supervisors. One hundred percent of UCX and UCFE claims will be monitored with the exception of very high work-

load peak periods when supervisors will revert to a sampling method. Claim Agents skills level will be reviewed pursuant to assigning them to "skills groups" in preparation for the new "Virtual Call Center" environment. Competency tests are being developed to formally delineate staff into four skill levels.

Contact Person: Richard Dill, Associate Director UI Operations

Implementation Date: January 1999

Findings not Repeated from Prior Years

1. During an audit of the Division of Employment and Training's (the "Division") Fiscal Year 1996 Unemployment Insurance Workload Items conducted by the U.S. Department of Labor ("DOL"), it was noted that the quality of information for Interstate Liable Initial Claims, Higher Authority Appeals, and Active Employers did not fall within the specified error tolerance level established by DOL, resulting in the items failing validation testing. The reasons for the items failing validation included incomplete and missing files and failure to comply with federal requirements. The Department had corrected the errors and there had been no further inquiry from the DOL for the past two years. (*Fiscal Year 1997 Single Audit Finding 24*)

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