U.S. Department of Labor

Office of Inspector General—Office of Audit

EMPLOYMENT AND TRAINING ADMINISTRATION

COVID-19: STATES CITE VULNERABILITIES IN DETECTING FRAUD WHILE COMPLYING WITH THE CARES ACT UI PROGRAM SELF-CERTIFICATION REQUIREMENT

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U.S. Department of Labor
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Audit

BRIEFLY…

COVID- 19: STATES CITE VULNERABILITIES IN DETECTING FRAUD WHILE COMPLYING WITH THE CARES ACT UI PROGRAM SELF-CERTIFICATION REQUIREMENT

October 21, 2020

WHY OIG CONDUCTED THE AUDIT

The Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020 creates several programs that temporarily expand unemployment benefits for workers affected by the COVID-19 pandemic. The CARES Act provides for up to 39 weeks of Pandemic Unemployment Assistance (PUA). The PUA program requires applicants to self-certify that they are unemployed because of a COVID-19 related reason, and advises claimants against making fraudulent representations.

This audit focused on the actions taken by the Employment and Training Administration (ETA) and states to deter and detect fraud relating to the self-certification process of the PUA program.

WHAT OIG DID

We conducted our audit to determine the following:

> What steps are states taking to implement the PUA program and deter and detect fraud related to applicants' self-certification?

We interviewed ETA to determine what steps the Department has taken to oversee states' compliance. We also developed a survey to obtain information from states on their implementation of the PUA program, the self-certification process, and tools used to detect and deter fraud.

WHAT OIG FOUND

While states have processes in place for claimants to self-certify they meet eligibility requirements for PUA benefits, they still reported challenges when implementing the program and detecting and deterring fraud.

States cited challenges while implementing PUA program. All respondents said they have implemented processes for applicants to self-certify for PUA benefits. However, 98 percent said their state faced challenges while implementing the PUA program. Specifically, states identified a lack of resources to address the high volume of claims, untimely and unclear guidance from ETA, and incompatible legacy systems as top challenges.

States cited PUA self-certification requirement as a top fraud vulnerability. Despite strategies and tools for mitigating fraud, 53 percent of respondents still cited fraud vulnerabilities within the PUA program. Ninety-one percent of respondents said that they use a variety of tools to detect and deter fraud, such as predictive analytics and cross-matching with other databases to verify eligibility. In addition, 89 percent of respondents said their state requires applicants to acknowledge that his/her self-certification is subject to penalty of perjury. However, states reported inherent vulnerability in the legislative self-certification process, systems issues, and inadequate fraud screening tools.

We will follow up on the survey results in OIG's current audit of DOL and States' Implementation of CARES Act UI Provisions.

READ THE FULL REPORT:

http://www.oig.dol.gov/public/reports/oa/2020/19-21-001-03-315.pdf

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U.S. Department of Labor

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Washington, D.C. 20210

INSPECTOR GENERAL'S REPORT

John P. Pallasch
Assistant Secretary
For Employment and Training
U.S. Department of Labor
200 Constitution Ave, NW
Washington, DC 20210

This report presents the results of our audit of the self-certification process for the Coronavirus Aid, Relief, and Economic Security Act's (CARES Act) Pandemic Unemployment Assistance (PUA) program. The audit focused on the processes that state workforce agencies use to determine claimant eligibility and their actions to deter and detect fraud relating to self-certifications.

The CARES Act's PUA program expands Unemployment Insurance (UI) eligibility to individuals who are not typically eligible to obtain benefits and creates several programs that temporarily expand unemployment benefits for workers affected by the COVID-19 pandemic. The CARES Act provides for up to 39 weeks of PUA benefits and requires individuals to self-certify that they lost employment income due to a COVID-19 related reason. As of July 8, 2020, disbursements for PUA benefits were nearly $110 billion.[1] Historically, UI programs have among the highest improper payment rates of all federal programs. An unprecedented volume of claims and the short timeframe to implement the PUA program under the CARES Act have contributed to the risk of improper payments and fraud.

We conducted this audit to answer the following question:

> What steps are states taking to implement the PUA program and deter and detect fraud related to applicants' self-certification?

Based on the results of our audit, states reportedly are taking steps to deter and detect fraud related to the PUA program but continue to face challenges in implementing the program. One hundred percent of the 45 states that responded to the survey and had started paying PUA benefits said their state

[1] This includes an estimated $61.5 billion for the Federal Pandemic Unemployment Compensation (FPUC) portion of the PUA program.

complied with the self-certification requirements, however 98 percent reported challenges in implementing the PUA program.

To conduct our audit, we reviewed federal and departmental guidance; interviewed DOL staff; and analyzed responses from our questionnaire used to survey states participating in the PUA Program.

BACKGROUND

The CARES Act §2102(a)(3) provides PUA coverage to individuals: (1) who are not eligible for regular unemployment compensation and (2) who self-certify that they are able and available for work but unemployed due to a COVID-19 related reason. This includes individuals who have exhausted eligibility for regular UI benefits, are self-employed, work in a gig economy, are clergy, and others not previously covered by UI programs. To meet eligibility requirements, claimants must self-certify that one of the reasons identified within §2102 applies to their employment situation. Claimants generally self-certify by checking a box next to a qualifying reason on the form submitted to state workforce agencies. The form requires the individual to acknowledge a warning that intentional misrepresentation to obtain PUA benefits constitutes fraud.

The following are examples of COVID-19 related reasons that qualify individuals for PUA program benefits:

- Place of employment is closed as a direct result of the COVID-19;
- Unable to reach place of employment due to COVID-19;
- Scheduled to commence employment but does not have a job as a direct result of the COVID-19;
- Diagnosed with COVID-19 or experienced symptoms and is seeking medical diagnosis;
- Providing care for a family or household member diagnosed with COVID-19; or
- A child or other household member for which the individual has primary caregiving responsibility is unable to attend school or another facility that is closed due to COVID-19.

Individuals who qualify for PUA are generally eligible to receive a weekly benefit amount (WBA) equivalent to the state's regular unemployment compensation plus an additional $600 weekly payment. ETA uses multiple tools to oversee state implementation of the PUA program. These tools include publishing Unemployment Insurance Program Letters (UIPLs), guidance transmitted directly to states and posting that guidance on ETA's public facing website.

RESULTS

As part of our audit, the OIG developed a questionnaire to survey states participating in the PUA program. The purpose of this nationwide survey was to determine the actions and steps states have taken to deter and detect fraud related to PUA self-certifications. We sent a survey to all 50 states, the District of Columbia, Puerto Rico, and the Virgin Islands.[2] We received 45 responses (85 percent) consisting of 44 states and 1 U.S. territory (See Exhibit 2). Our survey revealed, while states have processes in place for claimants to self-certify they meet eligibility requirements for PUA benefits, they still reported challenges when implementing the program and detecting and deterring fraud.

States cited challenges while implementing PUA program. All respondents said they have implemented processes for applicants to self-certify for PUA benefits. However, 98 percent said their state faced challenges while implementing the PUA program. Specifically, states identified a lack of resources to address the high volume of claims, untimely and unclear guidance from ETA, and incompatible legacy systems as top challenges. In addition to the challenges faced, states reported various fraud vulnerabilities.

States cited PUA self-certification requirement as a top fraud vulnerability. Despite strategies and tools for mitigating fraud, 53 percent of respondents still cited fraud vulnerabilities within the PUA program. Ninety-one percent of respondents said that they use a variety of tools to detect and deter fraud, such as, predictive analytics and cross-matching with other databases to verify eligibility. In addition, 89 percent of respondents said their state requires applicants to acknowledge that his/her self-certification is subject to penalty of perjury. However, states reported inherent vulnerability in the self-certification legislative requirement, systems issues, and inadequate fraud screening tools as top fraud vulnerabilities.

STATES CITED CHALLENGES WHILE IMPLEMENTING PUA PROGRAM

Individuals covered by the CARES Act are required to self-certify, under the penalty of perjury, that they are able and available to work and lost employment income due to a COVID-19 related reason in order to be eligible for the PUA program.

[2] American Samoa, Northern Mariana Islands, Guam, and Palau were not included because at the time of our survey they had not received PUA funding.

On April 5, 2020, ETA issued the Unemployment Insurance Program Letter (UIPL) No. 16-20 to State Workforce Agencies as guidance on the self-certification process. This UIPL informs states they are to do the following:

> "To ensure the efficacy and integrity of the self-certification process:
>
> - Include information on the self-certification form (either paper or on-line) that the claimant completes, including:
>   - Separate from the actual certification, an acknowledgement that the claimant understands that making the certification is under penalty of perjury; and
>   - Information that advises the claimant that intentional misrepresentation in self-certifying that he or she falls in one or more of these categories is fraud.
>
> - Provide clear messaging online that claimants may be subject to criminal prosecution if they are found to have committed fraud."

All states that responded to our survey that were accepting applications and paying PUA benefits required claimants to self-certify that he/she meets one of the COVID-19 criteria. (See Exhibit 1)

Because the CARES Act and UIPL 16-20 require states to take steps to ensure claimants are aware of the implications of fraudulent self-certification, we asked states three questions related to their messaging to claimants regarding fraud, perjury, and criminal prosecution.

States that answered no to the survey question indicated that they did have fraud messaging but were unsure if they used or did not use the specific language "penalty of perjury". We documented affirmative responses to these questions in Table 1.

Table 1: Fraud Messaging by States

Survey Question	Response: Rate
1. Is the claimant advised that intentional misrepresentation in the self-certification process is fraud?	Yes: 100%
2. Is the claimant required to acknowledge that his/her self-certification is subject to penalty of perjury?	Yes: 89%
3. Does your state website provide clear messaging online that claimants may be subject to criminal prosecution if they are found to have committed fraud?	Yes: 91%

Source: OIG analysis of PUA Survey results

In UIPL 23-20, ETA strongly recommends states use cross-matching with state and national databases (e.g., Social Security Administration, Interstate Benefits, State Directory of New Hires, Incarceration…). However, the Department's Solicitor's Office asserts that states have no authority to require claimants to provide documentation of wages earned or income verification. The OIG believes state's reliance on self-certifications alone to ensure eligibility for PUA will lead to increased improper payments and fraud.

All of the states in our survey that implemented the PUA program indicated they require claimants to certify that he/she meets one or more of the COVID-19 criteria when applying for PUA benefits. Fifty-eight percent of states responded that they use PUA eligibility requirements beyond self-certification. These additional requirements identified by states generally included:

- documentation of wages earned or income verification; and
- Cross-matching with the Social Security Administration, Department of Motor Vehicle, or other identity verification databases.

States reportedly used these steps to verify claimant's eligibility. Despite implementing these steps and complying with the self-certification and fraud messaging requirements, 98 percent of states reported they still faced challenges.

We asked states what challenges they faced in implementing the PUA provisions under the CARES Act and whether they have identified system vulnerabilities. Table 2 shows the top five challenges the 44 state respondents identified.

Table 2: Top Challenges States Faced in Implementing PUA

Challenges	Percentage of States
1. Shortage of resources to handle the volume of claims	59%
2. ETA guidance was untimely and unclear	34%
3. Legacy systems were not compatible to interface with current systems and tools	32%
4. The limited amount of time states were provided to implement PUA program	30%
5. Inability to leverage other UI program implementation processes with the requirements of the new PUA program	25%

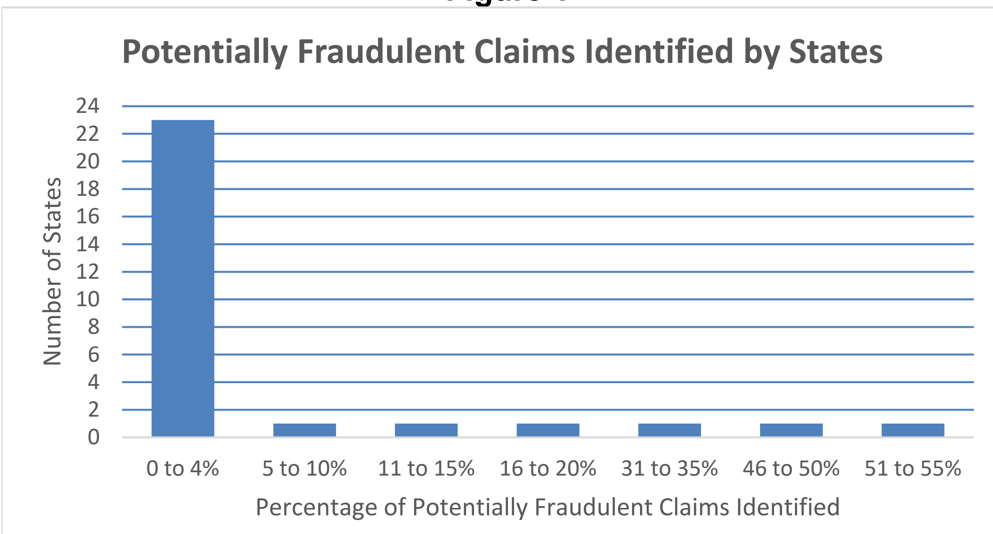
Source: OIG analysis of PUA Survey results

Because of the historically high volume of UI claims due to COVID-19, it is not surprising that shortage of resources tops the challenges that most states faced in implementing the PUA program. Despite the guidance ETA issued, a significant number of states indicated it came too late or was not clear. The time constraints states were working under to implement the new UI programs poised another challenge as many of them struggled to pay benefits in a timely manner. What might be considered a familiar challenge is states' continued use of legacy systems for the regular UI program. According to ETA most states had to bring up new IT systems to implement PUA that were not compatible with legacy systems.

STATES CITED PUA SELF-CERTIFICATION REQUIREMENT AS TOP FRAUD VULNERABILITY

Overall, states reported they were taking precautions to detect, deter, and report fraud related to the PUA program. As of June 18, 2020, 29 states provided the number of PUA claims they identified as possibly fraudulent. The number of potentially fraudulent PUA claims ranged from less than 1 percent to 51 percent. Figure 1 breaks down the number of states that reported potentially fraudulent claims. The majority of the states reported less than 5 percent of potentially fraudulent PUA claims.

Figure 1



Source: OIG analysis of PUA Survey results

We asked respondents to identify their strategies and tools for detecting and deterring fraud and to provide supporting documentation for those tools. Ninety-one percent (41 of 45 states) reported they use a variety of existing strategies and tools used for traditional UI programs. Our survey revealed that of those 41 states that reported as having strategies and tools:

- 85 percent use predictive analytics to identify suspicious claims;
- 68 percent generate and use ad hoc reports from legacy systems, Unemployment Integrity Center operated by the National Association of State Workforce Agencies;
- 66 percent use cross-matching;
- 39 percent partner with local investigative authorities, and utilize public tips and hotline complaints.

Based on the responses from the survey, the majority of states used one or more of the following tools: stopping payment for claims when they detect suspected fraud, conducting investigations, and referring cases to DOL/OIG for investigation. In addition, some states also said they report suspected fraud to state and local law enforcement. Specifically, states noted they may take several actions with potentially fraudulent claims:

- 28 states stop payments;
- 35 states initiate investigations;
- 38 states report suspected fraud to U.S.DOL OIG; and
- 18 states report suspected fraud to state and local law enforcement agencies.

Although states have reported various tools and strategies to detect and deter fraud, 53 percent of states reported that fraud vulnerabilities still exist. States identified the following fraud vulnerabilities in Table 3 below:

Table 3: Top Fraud Vulnerabilities States Faced in Implementing PUA

Fraud Vulnerabilities	Percentage of States
1. Vulnerabilities are inherent in the self-certification legislative requirement	29%
2. Inadequate fraud screen filters, tools, and program controls	25%
3. Issues with new systems and system enhancements	21%
4. Inability to interface legacy systems with databases limits cross-matching verification capabilities	17%
5. Claim volume	8%

Source: OIG analysis of PUA Survey results

Based on the feedback we received in the survey, we found that there are various fraud vulnerabilities identified by states despite the tools and strategies implemented. States identified the self-certification legislative requirement as the top fraud vulnerability in implementing the PUA program. In addition, states reported inadequate fraud tools, filters, and program controls, system issues, cross-matching vulnerabilities and claim volume as other vulnerabilities in detecting and deterring fraud.

CONCLUSION

Based on the results of our survey, states have procedures in place for claimants to self-certify their eligibility for PUA benefits with the acknowledgement that making fraudulent representations could lead to prosecution. While most states appear to be taking steps to detect and deter suspected fraudulent claims, many still face resource and system challenges that lessen their ability to better detect and deter fraud. Although ETA has provided guidance to address some of these challenges, states reported that ETA guidance is often too late and requires additional clarification. We will follow up on the survey results in OIG's current audit of DOL and States' Implementation of CARES Act UI Provisions.

SUMMARY OF ETA UI'S RESPONSE

The Assistant Secretary for Employment and Training agreed with our results. Specifically, ETA agreed that the PUA program's legal structure makes it vulnerable to fraud and affirmed its commitment to working with states to ensure they have access to the most innovative and effective tools to combat fraud schemes. Demonstrating this continued commitment, ETA highlighted the Secretary of Labor's letter to states and U.S. Territories dated September 29, 2020, which outlines nine specific areas to stress the importance of program integrity and fraud prevention.

ETA's written response to our draft report is included in its entirety in Appendix B.

We appreciate the cooperation and courtesies ETA extended us during this audit. OIG personnel who made major contributions to this report are listed in Appendix C.

Elliot P. Lewis

Elliot P. Lewis
Assistant Inspector General for Audit

EXHIBIT 1: SUMMARY OF PUA SURVEY RESULTS

Survey Questions	Yes	No
1. Has your state started paying PUA benefits?	98%	2%
2. Has the U. S. Department of Labor, Office of Unemployment Insurance provided adequate guidance to assist your state's implementation of the PUA program?	60%	40%
3. Does your state require claimants to self-certify that he/she meets one or more of the COVID-19 related criteria when applying for PUA benefits?	100%	0%
4. Does your state have other PUA eligibility requirements beyond the claimant's self-certification?	58%	42%
5. Is the claimant advised that intentional misrepresentation in the self-certification process is fraud?	100%	0%
6. Is the claimant required to acknowledge that his/her self-certification is subject to penalty of perjury?	89%	11%
7. Does your state have strategies and tools in place for detecting and deterring fraud in the PUA Program?	91%	9%
8. Does your state website provide clear messaging online that claimants may be subject to criminal prosecution if they are found to have committed fraud?	91%	9%
9. Does your state refer suspected PUA fraud to the U.S. Department of Labor, Office of Inspector General for further investigation?	84%	16%
10. Has your state identified any fraud vulnerabilities in its systems as it handles the high volume of claims due to the COVID-19 Pandemic and CARES Act PUA?	55%	45%

Source: OIG analysis of PUA Survey results

EXHIBIT 2: PUA SURVEY RESPONSES

States and Territories that Responded to PUA Survey				States and Territories that Did not Respond to the PUA Survey	
1	Alaska	24	Nebraska	1	Alabama
2	Arizona	25	Nevada	2	Kentucky
3	Arkansas	26	New Hampshire	3	New Mexico
4	California	27	New Jersey	4	New York
5	Colorado	28	North Carolina	5	Puerto Rico
6	Connecticut	29	North Dakota	6	Tennessee
7	Delaware	30	Ohio	7	District of Columbia
8	Florida	31	Oklahoma	8	Idaho
9	Georgia	32	Oregon		
10	Hawaii	33	Pennsylvania		
11	Illinois	34	Rhode Island		
12	Indiana	35	South Carolina		
13	Iowa	36	South Dakota		
14	Kansas	37	Texas		
15	Louisiana	38	Utah		
16	Maine	39	Vermont		
17	Maryland	40	Virginia		
18	Massachusetts	41	Virgin Islands		
19	Michigan	42	Washington		
20	Minnesota	43	West Virginia		
21	Mississippi	44	Wisconsin		
22	Missouri	45	Wyoming		
23	Montana				

Source: OIG analysis of PUA Survey results

APPENDIX A: SCOPE, METHODOLOGY, & CRITERIA

SCOPE

This report reflects audit work completed in DOL Headquarters in Washington, DC. Our work focused on the implementation of the PUA program under the CARES Act and the steps taken to detect and deter fraud in the self-certification process. The period covered for our audit was from March 27, 2020 (enactment of CARES Act) to June 18, 2020 (survey close date). We developed and sent a survey to all 50 states, the District of Columbia, Puerto Rico, and the Virgin Islands.

METHODOLOGY

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

We examined the CARES Act, UIPLs 16-20 and 23-20 issued by ETA. Based on our evaluation of the CARES Act and ETA's guidance, we developed a questionnaire to survey states participating in the PUA program. In addition, we interviewed ETA's staff on its oversight role. We sent the survey to all 50 states, the District of Columbia, Puerto Rico, and the Virgin Islands. We did not include American Samoa, Northern Mariana Islands, Guam, and Palau because at the time of our survey they had not received funding.

Using the results of the survey, we were able to determine the steps states and ETA are taking to implement the PUA program, and to deter and detect fraud related to applicants' self-certifications. In addition, we were able to identify the top challenges states faced in implementing the program, fraud vulnerabilities, and effectiveness of guidance received.

RELIABILITY ASSESSMENT

We did not perform a data reliability assessment. Our audit was limited to obtaining information from states via survey about the steps taken to implement the PUA program and detecting and deterring fraud in applicants' self-certification. In addition, through interview we obtained information about ETA's administration and oversight of the CARES ACT UI provisions.

INTERNAL CONTROLS

In planning and performing our audit, we considered ETA's internal controls relevant to our audit objective by obtaining an understanding of those controls, and assessing control risks for achieving our objective. The objective of our audit was not to provide assurance of the internal controls; therefore, we did not express an opinion on ETA's internal controls. Our consideration of internal controls for administering the accountability of the program would not necessarily disclose all matters that might be significant deficiencies. Because of the inherent limitations on internal controls, or misstatements, noncompliance may occur and not be detected.

CRITERIA

1. Coronavirus Aid, Relief, and Economic Security Act (CARES Act), Title II, Assistance for American Workers, Families, and Businesses
2. Unemployment Insurance Program Letter No. 16-20
3. Unemployment Insurance Program Letter No. 23-20

APPENDIX B: AGENCY'S RESPONSE TO THE REPORT

U.S. Department of Labor

Assistant Secretary for
Employment and Training
Washington, D.C. 20210

October 7, 2020

MEMORANDUM FOR: ELLIOT P. LEWIS
Assistant Inspector General for Audit

FROM: JOHN PALLASCH
Assistant Secretary for Employment and Training

SUBJECT: Response to the Office of Inspector General Draft Report Number 19-20-XXX-03-315 – *COVID-19: States Cite Vulnerabilities in Detecting Fraud While Complying with the CARES Act UI Program Self-Certification Requirement*

Thank you for the opportunity to respond to the Office of Inspector General (OIG) draft report, *COVID-19: States Cite Vulnerabilities in Detecting Fraud While Complying with the CARES Act UI Program Self-Certification Requirement.* The draft report provides the OIG's conclusions regarding actions taken by the Employment and Training Administration (ETA) and states to deter and detect fraud relating to the Pandemic Unemployment Assistance (PUA) program's self-certification process required in the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The draft report focuses largely on state-provided information in response to an OIG-administered survey related to the implementation of the PUA program, with particular focus on the self-certification process.

As previously communicated to the OIG, ETA shares the OIG's concerns regarding potential fraud in the PUA program, arising from the self-certification eligibility process established under the CARES Act, and agrees that the PUA program's legal structure makes it vulnerable to fraud. For this reason, ETA has taken significant action to address improper payments and fraud in the Unemployment Insurance (UI) system stemming from the CARES Act and will continue to expand upon these efforts. ETA remains committed to working with states to ensure full compliance and faithful execution of the CARES Act.

When ETA becomes aware a state is being targeted by fraud schemes, it immediately reaches out to work with the state and provide assistance, as well as to advise the state on all appropriate steps and available resources to prevent and detect fraud and to recapture payments, where appropriate. ETA is also working to ensure states collaborate with the OIG and other federal law enforcement entities to identify and disrupt these organized fraud schemes. The Department of Labor (Department) continues to actively work with the OIG's Office of Investigations – Racketeering and Fraud, states, and other partners to aggressively address UI program fraud. Most recently, ETA partnered with the Inspector General's office to discuss this important matter with the states, articulating the key actions all states must take to prevent fraud in the PUA program, and other UI programs.

Additionally, the Department has included program integrity requirements for states in the majority of its issued operational guidance associated with the CARES Act. The most recently issued UI Program Letters (UIPL) specifically require actions to prevent and detect improper payments and fraud and advises states of available resources to address this issue. For example, in UIPL No. 23-20, the Department provides guidance on tools available to states to prevent and detect improper and fraudulent payments, and in UIPL No. 28-20, the Department provided states $100 million nationally in funding to assist with efforts in deterring fraud in the CARES Act UI programs.

The Department is committed to ensuring states have access to the most innovative and effective tools and resources to combat new and emerging fraud schemes. The Department created the UI Integrity Center (Center) and operates it in partnership with the National Association of State Workforce Agencies to support states by providing information, tools, and resources to address fraud and improper payments in the UI program. The Center is a significant technical assistance resource for state UI agencies that continues to develop new expertise and resources during the course of the COVID-19 pandemic. Among its assets, the Center operates an Integrity Data Hub—a secure, robust, and centralized multi-state data system that provides multiple solutions to support prevention and detection of fraud, including an identity verification solution states can use when claims are first filed, a Suspicious Actor Repository, a Fraud Alert System, and other data sources designed to identify potential fraud. State best practices are captured and disseminated through the Department's UI Community of Practice on ETA's technical assistance website, WorkforceGPS, and on routine state coordination calls focused on fraud prevention. The Center also provides states with in-depth consultations and coaching on fraud prevention strategies, including data mining and analytics, to respond to specific fraudulent activities affecting the state. The Center's resources also include a National Integrity Academy with training modules for state staff specifically focused on fraud prevention and investigation. The Department and the Center are also actively communicating with banking institutions and their associations to promote relationships with states to establish effective partnerships to detect fraudulent activities and recover fraudulent overpayments.

Finally, as recently as September 29, 2020, the Secretary of Labor issued a letter to Governors of the 50 states, Puerto Rico, the U.S. Virgin Islands, Guam and American Samoa, and the Mayor of the District of Columbia to stress the importance of program integrity, preventing fraud, and partnering with the Department and the Center in this endeavor. The letter provided information on nine specific focus areas for state action on this critically important matter.

The Department also notes that on page 5 of the draft report, the OIG states that "the Department's Solicitor's office asserts that states have no authority to require claimants to provide documentation of wages earned or income verification" as a condition of eligibility. As we have stated in response to previous OIG reports, the Department's Solicitor's Office performed a legal analysis of this issue, and this position is based on the Department's legal interpretation of the statutory provision.

Thank you again for the opportunity to respond to this draft report.

Enclosure

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APPENDIX C: ACKNOWLEDGEMENTS

Key contributors to this report were:

Dwight Gates, Audit Director
Jaimie Richardson, Audit Manager
Jennifer Dunbar, Management and Program Analyst
Hilda Gil, Auditor
Wangui Njuguna, Writer-Editor

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