

DISTRICT OF COLUMBIA OFFICE OF THE INSPECTOR GENERAL

OIG Project No. 21-1-27CF

April 2023



DEPARTMENT OF EMPLOYMENT SERVICES

DOES Struggled to Handle Surge in Unemployment Insurance Claims During April 2020 through September 30, 2021



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- promote economy, efficiency, effectiveness, and accountability;
- inform stakeholders about issues relating to District programs and operations; and
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Executive Summary

DOES Struggled to Handle Surge in Unemployment Insurance Claims During April 2020 through September 30, 2021

WHY WE DID THIS AUDIT

The COVID-19 public health emergency led to business closures across the District and a rise in traditional unemployment insurance claims. This surge in claims prompted the federal government to establish and fund new programs to provide additional support to Americans facing sudden financial hardship. The Unemployment Insurance (UI) program operates through the District's Department of Employment Services (DOES), which provides unemployment benefits to eligible unemployed or underemployed claimants.

Several factors lead the OIG to conduct this audit. Specifically, complaints to the OIG Hotline identified issues in the program, including delays in processing UI benefit applications, technology issues, poor customer service, a lack of responsiveness to applicant complaints and elevated fraud risk associated with UI systems during the public health emergency. The D.C. Council also expressed an interest in examining how DOES handled the surge in demand for UI claims.

OBJECTIVES

The objectives of this audit were to assess DOES responsiveness in processing unemployment insurance claims and controls over the accessibility, availability, and reliability of the UI system.

WHAT WE FOUND

Like many governments and agencies across the country, the COVID-19 pandemic presented numerous challenges for DOES, some of which it handled well. We commend DOES's response to the unprecedented nature of the pandemic by having comprehensive and detailed policies, procedures, and timelines to achieve consistency and efficiency in processing UI claims. To cope with the increased volume of claims, DOES requested and obtained 20 additional personnel from the U.S. Department of Labor (DOL), increasing its number of claims examiners from 38 to 58. DOES also hired a contractor to provide remote emergency call center operations for augmenting and supporting the DOES UI Customer Navigation Center (CNC) at a cost of approximately \$34.6 million.

However, there were several areas where DOES could have performed more effectively. For example, while DOES augmented staffing to reduce the length of time to adjudicate claims and release benefit payments, we found that DOES failed to consistently process and pay benefits for UI claims within 21 days.¹ DOES

¹ DOES measures the first payment promptness as a percentage of all first payments made within 21 days.

Executive Summary

engaged a vendor to assist with the increased call volume; however, for the UI claims we reviewed, DOES failed to consistently maintain required case notes and documentation, which may have resulted in call center representatives having limited information to provide to callers.

DOES's failure to consistently use its case management information systems (MIS) to track and monitor UI claims processing status also may have contributed to its untimely processing of benefits for payments. Further, DOES's UI case MIS could not create reports or support the analysis of claims purged from the UI system; and DOES neither tracked nor analyzed its UI case MIS technical infrastructure issues.

Finally, we found that DOES did not collect and review vendor timesheets to validate whether time billed on the contractor's invoice valued at \$34.6 million was accurate and whether the call center was adequately staffed as the contract required. Included in the \$34.6 million in vendor payments was at least \$231,716.20 in unauthorized administrative fees that the vendor billed the District and DOES approved for payment.

WHAT WE RECOMMEND

We made 14 recommendations to improve DOES's responsiveness in timely resolving UI claims needing adjudication and making eligibility determinations. If DOES implements our recommendations, it could substantiate that all claims submitted were accurately and completely processed; efficiently analyze data to assess the contractor's performance; identify trends or noncompliance that could expose the District to the financial risk of improper billings; and achieve the agency's strategic objective of improving the efficiency, integrity, and performance of UI benefits.

MANAGEMENT RESPONSE

DOES agreed with two recommendations and disagreed with 12 recommendations.

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Inspector General

Inspector General



April 6, 2023

Dr. Unique N. Morris-Hughes
Director
Department of Employment Services
4058 Minnesota Avenue, N.E.
Washington, D.C. 20019

Dear Director Morris-Hughes:

Enclosed is our final report, *DOES Struggled to Handle Surge in Unemployment Insurance Claims During April 2020 through September 30, 2021* (OIG Project No. 21-1-27CF). We conducted this audit in accordance with generally accepted government auditing standards (GAGAS). Our audit objectives were to assess DOES responsiveness in processing unemployment insurance claims and its controls over the accessibility, availability, and reliability of the UI system. The audit was included in our *Fiscal Year 2021 Audit and Inspection Plan*.

We provided the Department of Employment Services (DOES) with our draft report on February 28, 2023, and received its response on March 14, 2023. Our draft report contained 14 recommendations to DOES for actions we deemed necessary to correct identified deficiencies. DOES agreed with Recommendations 9 and 11. DOES's actions taken and/or planned are responsive and meet the intent of the recommendations. Therefore, we consider these recommendations resolved but open pending evidence of stated actions. Although DOES disagreed with Recommendations 12-14, DOES called for the District to directly audit the vendor to determine any overpayments included in the \$34.6M that DOES paid to the vendor. DOES's actions taken and/or planned are responsive and meet the intent of the recommendations. Therefore, we consider these recommendations resolved but open pending evidence of stated actions.

DOES disagreed with Recommendations 1-8, and 10. DOES's actions taken and/or planned are nonresponsive and do not meet the intent of the recommendations. Therefore, we consider these recommendations unresolved, and we request that DOES reconsider its position and provide additional responses within 30 days of the date of this final report.

DOES should consider the intent of these recommendations in the context of the findings and conclusions. DOES reiterated the claim adjudication process depicted in Figures 2 through 6 instead of addressing the specific deficiencies identified in the figures. For example, DOES disagreed with Recommendation 1 by stating that, “[d]uring the period in question, monetarily ineligible claimants were instructed to contact the agency if the determination was incorrect.” However, DOES did not provide any evidence that this instruction was provided to the 37 claims identified as deficient in Figure 2 of the draft report. DOES also disagreed with Recommendation 2 by stating that, “[i]f a claimant is not paid on time, it is a failure by the claimant to complete their weekly certification on time.” However, DOES did not provide any evidence that the nine claimants identified in Figure 3 failed to complete their weekly certifications on time.

During the audit, we received DOES's views on our findings, recommendations, and conclusions in writing. We incorporated DOES's views in our draft report if supported by sufficient and appropriate

evidence. DOES's March 14, 2023, response did not provide additional evidence to support its disagreements. Based on DOES's response, we re-examined our facts and conclusions and determined that the draft report is fairly presented. DOES's responses to the draft report are included in their entirety at Appendix D.

We appreciate the cooperation and courtesies extended to our staff during this audit. If you have any questions concerning this report, please contact me or Fekede Gindaba, Assistant Inspector General for Audits, at 202-727-2540.

Sincerely,



Daniel W. Lucas
Inspector General

DWL/kh

Enclosure

cc:

The Honorable Muriel Bowser, Mayor, District of Columbia, Attention: Betsy Cavendish
Mr. Kevin Donahue, City Administrator, District of Columbia
Mr. Barry Kreiswirth, General Counsel, City Administrator, District of Columbia
Mr. Eugene Adams, Director, Mayor's Office of Legal Counsel
Mr. Keith Anderson, Interim Deputy Mayor for Planning and Economic Development
The Honorable Phil Mendelson, Chairman, Council of the District of Columbia
The Honorable Anita Bonds, Chairperson, Committee on Executive Administration and Labor,
Council of the District of Columbia
The Honorable Robert C. White, Jr., Chairperson, Committee on Government Operations and
Facilities, Council of the District of Columbia
Ms. Susanna Castillo, Director of Communications, Office of Communications, Executive Office
of the Mayor
Ms. Jennifer Reed, Director, Office of Budget and Performance Management, Office of the City
Administrator
Ms. Nyasha Smith, Secretary to the Council
The Honorable Brian L. Schwalb, Attorney General for the District of Columbia
Mr. Glen Lee, Chief Financial Officer, Office of the Chief Financial Officer
Mr. Timothy Barry, Executive Director, Office of Integrity and Oversight, Office of the Chief
Financial Officer
The Honorable Kathy Patterson, D.C. Auditor, Office of the D.C. Auditor
Mr. Jed Ross, Director and Chief Risk Officer, Office of Risk Management

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BACKGROUND

The Department of Employment Services (DOES) mission is to "connect District residents, job seekers, and employers to opportunities and resources that empower fair, safe, effective working communities."² DOES administers the Unemployment Insurance (UI) program based on District law and pursuant to federal guidelines established by the U.S. Department of Labor (DOL).

Through the Unemployment Insurance Division, DOES delivers basic income support services to eligible unemployed or underemployed individuals who lost their jobs through no fault of their own or had their wages or salary limited. The UI program provides cash benefits to eligible claimants.

DOES uses information technology (IT) systems and databases for claims filing and processing, wage and benefit calculation, documentation storage, and documenting notes. DOES uses the following IT systems and databases to carry out these functions:

- Web Enabled Benefit Services (WEBS) is the system that allows claimants to enter UI claims from their personal computers. It includes a series of formatted pages that collect required information, such as eligibility information, direct deposit information, personal information, etc.
- District Online Compensation System (DOCS) is the claims management system. The DOCS features include automatic forms processing, automated appeals processing, daily online updates, prior claims data retrieval, an online audit trail, and automatic generation of federal reports.

On March 11, 2020, Mayor Muriel Bowser declared a public health emergency due to the Coronavirus (COVID-19) pandemic. The COVID-19 Public Health Emergency precipitated business closures, led to an increase in traditional UI claims, and prompted the federal government to implement and fund new programs to address the surge in unemployment. The Office of the Inspector General (OIG) identified this engagement due to interest from the D.C. Council, complaints made to the OIG Hotline, and fraud risk associated with UI systems during the COVID-19 Public Health Emergency.

The audit objectives were to assess DOES responsiveness in processing unemployment insurance claims and internal controls over the accessibility, availability, and reliability of the UI system. The OIG included this audit in our *Fiscal Year 2021 Audit and Inspection Plan*.³

We issued our engagement letter on May 3, 2021. However, DOES limited OIG access to the UI system until there was a signed Data Access and Use Agreement (hereafter referred to as "Agreement") in place due to concerns regarding OIG access to confidential personally identifiable information (PII) and federal tax information (FTI). On January 11, 2022, DOES and the OIG executed the Agreement.

² DOES website, <https://does.dc.gov/page/about-does> (last visited Feb. 6, 2023).

³ OIG website, https://oig.dc.gov/sites/default/files/DC-OIG-FY21-Audit-and-Inspection-Plan_0.pdf

The audit focused on UI claims processing from April 1, 2020, through September 30, 2021.⁴ We conducted our audit from January 2022 through January 2023 in accordance with generally accepted government auditing standards (GAGAS).

We provided DOES with our audit findings, recommendations, and conclusions on January 4, 2023, and held discussions with DOES on January 5, 2023. DOES provided us with its written response on January 23, 2023. Although DOES clarified specific statements in its response, DOES did not provide further evidence or supporting documentation to support its clarifications. We also provided the Office of Contracting and Procurement (OCP) with our audit findings, recommendations, and conclusions and held discussions with OCP on January 13, 2023. OCP provided us with its written response on January 22, 2023. OCP did not provide further evidence or supporting documentation to support its response. We have incorporated DOES's and OCP's viewpoints in this draft report when supported by sufficient and appropriate evidence.

FINDINGS

DOES DEVELOPED AND PUBLISHED A STRATEGIC PLAN TO EXECUTE ITS MISSION

The U.S. Government Accountability Office (GAO) states that state, local, and quasi-governmental entities may adopt Standards for Internal Control in the Federal Government (Green Book) internal control standards. According to the Green Book:

A direct relationship exists among an entity's objectives, the ... internal control[s], and the organizational structure of an entity. Objectives are what an entity wants to achieve. The ... internal control[s] are what are required of the entity to achieve the objectives. Organizational structure encompasses the operating units, operational processes, and other structures management uses to achieve the objectives.⁵

DOES Designed and Published a Strategic Objective to Improve the Efficiency, Integrity, and Performance of Unemployment Compensation Benefits and Unemployment Tax Services as Part of its Fiscal Year 2021 Performance Plan

Consistent with Green Book principles, DOES published (1) a strategic objective; (2) two key performance indicators (KPIs) and related targets; (3) an operational activity;⁶ and (4) a workload measure⁷ for its unemployment insurance program as part of its FY 2021 Performance Plan.

⁴ Some of the claim file dates in our sample fall outside of our audit scope. However, DOES processed these claims during our audit scope.

⁵ U.S. GOV'T ACCOUNTABILITY OFFICE, GAO-14-704G, STANDARDS FOR INTERNAL CONTROL IN THE FEDERAL GOV'T, § OV2.10 at 9-10. (Sept. 2014), <https://www.gao.gov/assets/gao-14-704g.pdf>, (last visited Nov. 30, 2022).

⁶ DOES defined an "operational activity" as providing temporary weekly benefits to workers who became unemployed due to no fault of their own.

⁷ DOES defined a "workload measure" as the average number of issues resolved by benefits claims examiners.

The two KPIs and related targets that DOES published were:

- Percent of new unemployment insurance status determinations⁸ made within 90 calendar days. The target was 70 percent for FY 2021.
- Percent of Nonmonetary Determinations (Separations and Non-separations) made within 21 days of the date of detection. The target was 80 percent for FY 2021.

DOES Designed and Published an Organizational Structure to Achieve Its Strategic Objective

Consistent with the Green Book and as set forth in the agency's organizational chart and FY 2021 approved budget book, DOES established the Office of Unemployment Compensation. During the audit, we worked directly with the Office of Unemployment Compensation's UI Benefits Division, which is further organized into six units as follows:

- **Separations Unit** – obtains detailed information about the claimant's cause of separation from employment.
- **Non-Separations Unit** – is responsible for obtaining detailed statements from the claimant or other parties related to a claimant's non-separation issue, which can include severance, pension, inability to work, unavailable to work, or refusal of suitable work.
- **Validations Unit** – determines a claimant's monetary eligibility to receive UI benefits.
- **American Job Center (AJC)** – provides access and information that helps claimants find employment or become job-ready and directs customers to career-related resources.
- **Benefit Payment Control (BPC) Unit** – promotes and maintains the integrity of the UI division through the prevention, detection, investigation, prosecution, and recovery of UI overpayments made to claimants. BPC is also responsible for investigating and determining fraudulent and/or erroneous payment cases.
- **Pandemic Unemployment Assistance (PUA) Unit** – assists UI claimants typically ineligible for traditional UI, such as self-employed individuals, independent contractors, and gig economy workers.

DOES had to update its UI system to allow individuals to initiate claims for new federal pandemic benefits. Overall, we consider the amount of time DOES used to implement the federal pandemic programs was reasonable. The PUA Unit was established in response to the COVID-19 Public Health Emergency. Table 1 shows the federal pandemic programs, effective dates, and the number of days DOES used for implementing the programs in the existing UI System.

⁸ DOES defines “determination” as “[a] written decision that is made by [an] Adjudicator/Claims Examiner and is sent to all interested employees.” *Id.* at 5.

Table 1: Federal Pandemic Programs and Effective Dates

Federal UI Program	Effective Date of the Program	Date DOES Moved Federal Program to Production In DOCS	Date The District Offered Benefits to Claimants	Number of Days to Update UI System
	A	B	C	D = B - A
Federal Pandemic Unemployment Compensation	3/29/2020	4/17/2020	4/20/2020	18
Pandemic Emergency Unemployment Compensation	3/29/2020	5/1/2020	4/27/2020	32
Pandemic Unemployment Assistance	3/29/2020	4/28/2020	4/2/2020	29
Extended Benefits	5/24/2020	7/30/2020	7/6/2020	66
Mixed Earners Unemployment Compensation	12/27/2020	2/22/2021	1/11/2021	55
Lost Wage Assistance	8/1/2020	9/18/2020	4/2/2020	47

Source: DOES operational records.

DOES requested and obtained 20 additional staff from the DOL, increasing its number of claims examiners from 38, as of March 10, 2020, to 58 as of September 14, 2021. With the additional personnel, DOES created various task forces to focus on reducing the timeframe to complete the entire lifecycle of adjudicating a claim and releasing benefit payments.

In April 2020, DOES engaged a contractor to provide remote emergency call center operations to augment and support the DOES UI Customer Navigation Center (CNC), outsourcing Tier 2 and Tier 3 activities⁹ at a cost of approximately \$34.6 million.

DOES Designed Control Activities to Minimize Risks Related to the Accessibility, Availability, and Reliability of Unemployment Insurance Claims

According to the Green Book, control activities are the policies, procedures, techniques, and mechanisms that are designed to achieve the entity's objectives and address related risks.¹⁰ DOES established comprehensive and detailed policies, procedures, and timelines designed to achieve consistencies and efficiencies in processing UI claims: (1) DOES Standard Operating Procedures, Adjudication, and (2) DOES Standard Operating Procedures, Appeals.

To effectively manage the new federal programs, DOES had to recruit and train staff on program regulations. In addition, DOES restructured staffing using existing staff as subject matter experts to assist contracted staff in the emergency call center. DOES tracked actual performance to targets on a quarterly basis to measure its success toward achieving its goals. According to the DOES FY 21 Performance Accountability Report (PAR), DOES made 43.4 percent of

⁹ Tier 2 calls require the call taker to provide responses to specific UI customer account inquiries. Tier 3 calls require the call taker to assist the customer in filing an initial UI claim. DOES does not have a Tier 1 level of service.

¹⁰ U.S. GOV'T ACCOUNTABILITY OFFICE, *supra* note 5 § OV10.02.

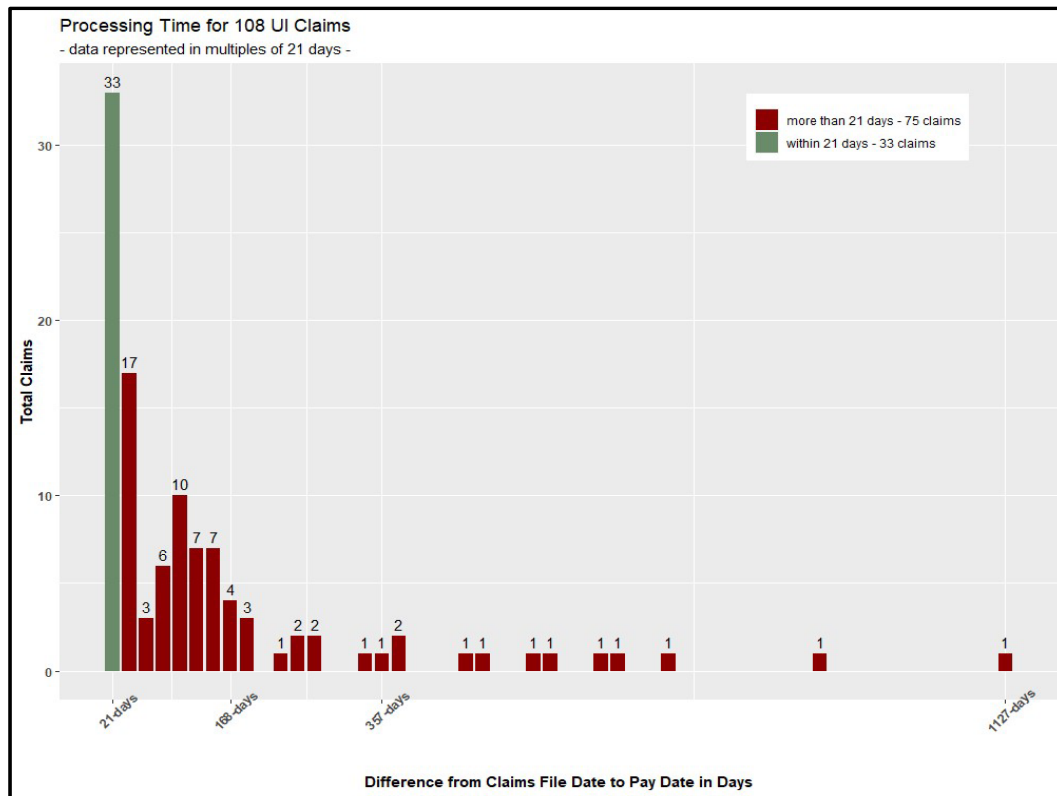
determinations within 21 days as actual performance. However, DOES reported that it planned to make 80 percent of nonmonetary determinations within 21 days, which means DOES missed its performance target. In subsequent sections of this report, we discuss certain factors contributing to the missed performance target.

DOES WAS NOT ALWAYS RESPONSIVE IN PROCESSING UNEMPLOYMENT INSURANCE CLAIMS

DOES’s reasons for missed performance targets during FY 2021 stem from the COVID-19 Public Health Emergency and the agency's responsibility to administer additional programs for claimants receiving unemployment benefits. The increased workload and several technical infrastructure issues led to delayed claims reviews. However, DOES officials could not provide the OIG with the operational information they used to compile the FY 21 PAR, such as staffing and other resource needs assessments to administer additional programs and an analysis of technical infrastructure issues that DOES experienced.

We examined 166 UI claims. DOES processed and approved benefits payments for only 108 UI claims and failed to timely process and pay benefits for 75 of the 108 UI claims within 21 days,¹¹ as shown in Figure 1 below.

Figure 1: Processing Time for Monetarily Eligible Claims



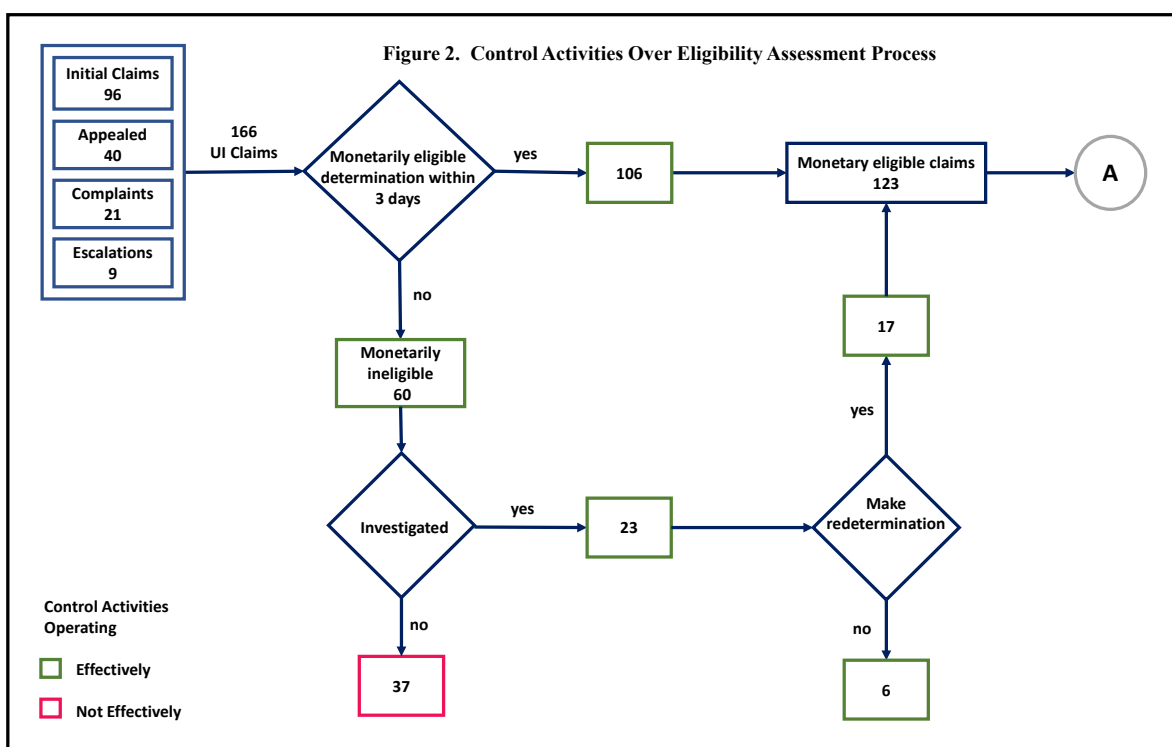
Source: OIG analysis of DOES processing time for 108 paid UI claims.

¹¹ DOES measures the first payment promptness as a percentage of all first payments made within 21 days.

Given DOES's inability to provide the operational information to support their performance accountability report, we performed root cause analyses without operational information to understand the factors contributing to DOES missed performance targets. We determined that DOES could have leveraged control activities in the following areas to improve its responsiveness for processing UI claims: eligibility assessment; issue detection; issue resolution; fact-finding; claimant notification; and appeals and escalation.

DOES Did Not Consistently Investigate Missing Wages on Monetarily Ineligible Claims

According to DOES Standard Operating Procedures (SOPs), the day after an initial claim is filed, DOES must investigate missing wages on monetarily ineligible claims by obtaining wage documentation from claimants.¹² However, DOES did not investigate missing wages for 37 of 60 monetarily ineligible claims as required. Figure 2 illustrates that certain control activities over the eligibility assessment process were not operating effectively as designed.



Source: OIG analysis of a sample of UI claims that DOES processed.¹³

As part of the investigation process, DOES typically gathers additional facts that a claimant did not submit as part of the initial claim filing process. DOES defines "fact" as something that has been determined, as a result of weighing evidence, to be an accurate description of what occurred, and defines "evidence" as whatever is presented in an attempt to establish an alleged fact.¹⁴

¹² D.C. Dep't of Emp't Services Standard Operating Procedures, Claims Validation 20 (Issued Oct. 1, 2015).

¹³ The 21 Complaints identified in Figure 2 above were received through the OIG Hotline.

¹⁴ D.C. Dep't of Emp't Services Standard Operating Procedures, Adjudication 26 (Rev. Nov. 19, 2014).

DOES did not consistently investigate missing wages primarily because the agency failed to provide daily supervision to ensure staff members adhered to the following requirements:

Staff members are responsible for the following tasks: review and evaluates [sic] initial claims to confirm the last 30-day employer; capture the correct separating and base period employer(s); investigate monetarily ineligible claims; address benefit charge inquiries from employers, [and] prepare wage investigations for the Office of Tax to confirm wage reporting accuracy¹⁵

Without conducting wage investigations as required, DOES may have improperly denied benefits for 37 of 60 claimants.

We recommend the DOES Director:

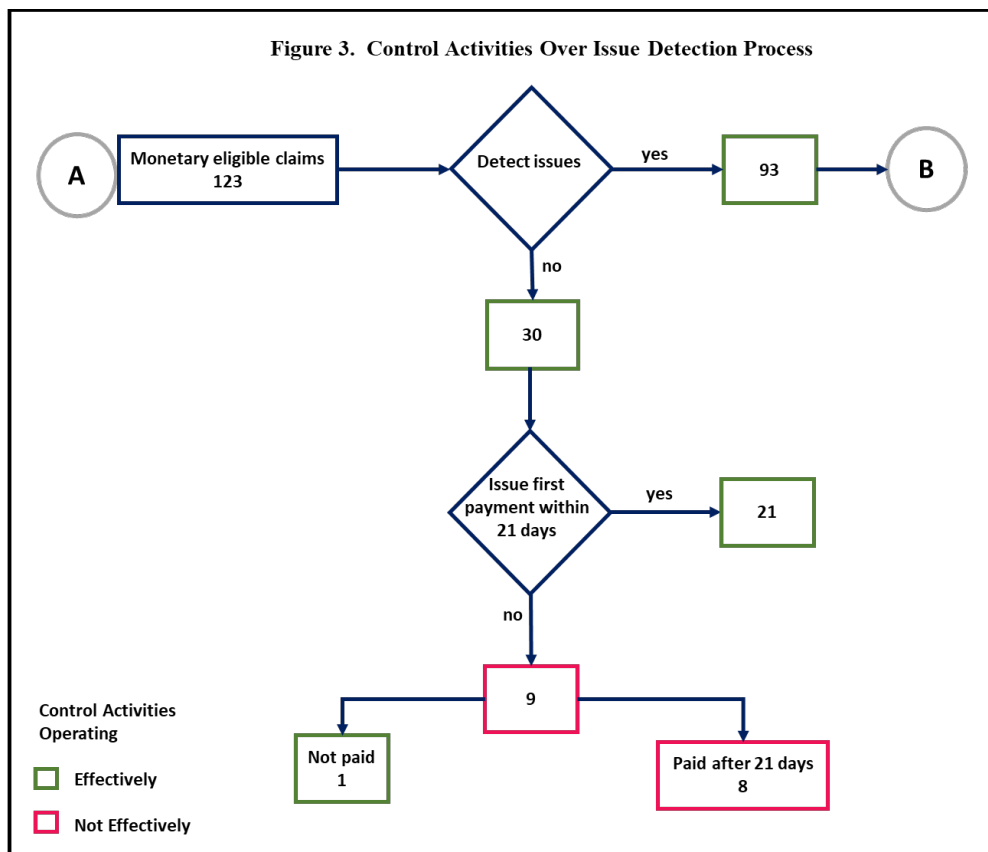
1. Develop and implement a procedure to provide adequate daily supervision to ensure staff investigate all monetarily ineligible claims, including the aforementioned 37 UI claims, to confirm wage reporting accuracy as the SOPs require.

DOES Did Not Always Timely Process UI Claims

When DOES detects no issues with a UI claim, its SOPs require¹⁶ DOES to issue the first payment within 21 days of a claim filing. DOES did not issue payments for eight of nine UI claims within 21 days, as required. Figure 3 illustrates that certain control activities over the issue detection process were not operating effectively as designed.

¹⁵ *Id.* at 7.

¹⁶ *Id.* at 4.



Source: OIG analysis of a sample of UI claims that DOES processed.

We attribute this condition to the lack of automated workflows built into the case management system to process error-free UI claims within 21 days of filing. As a result, DOES MIS contributed to prolonged processing of benefits for eligible claimants.

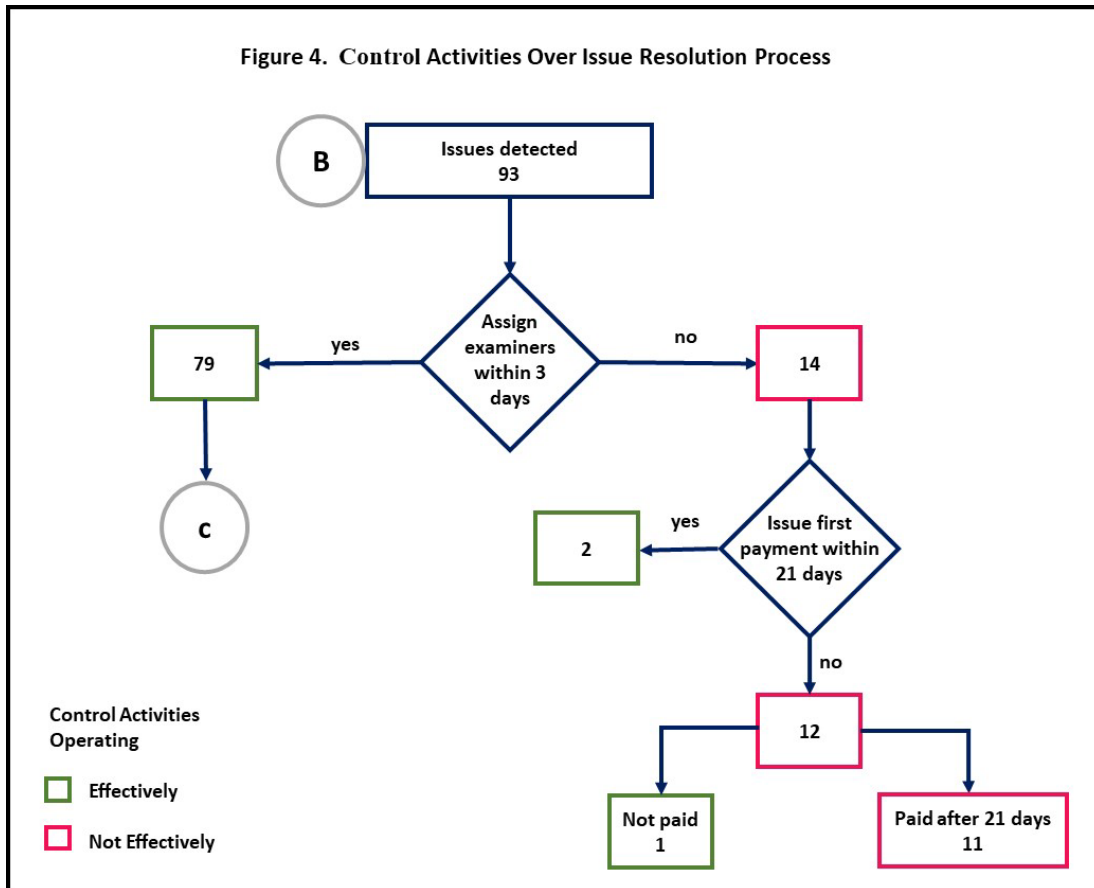
We recommend the DOES Director:

2. Develop a plan to automate workflows in the case management system to process error-free UI claims within 21 days of filing as the SOPs require.

DOES Did Not Always Assign Claims Examiners to Adjudicate Issues

According to DOES SOPs,¹⁷ upon detection of a separation or non-separation issue, claims take an average of 1 day to be assigned to claims examiners. DOES did not assign claims examiners for 14 of 93 UI claims with separation or non-separation issues as the SOPs required. Figure 4 illustrates that certain control activities over the issue resolution process were not operating effectively as designed.

¹⁷ Adjudication SOPs *supra* note 14 at 7.



Source: OIG analysis of a sample of UI claims that DOES processed.

DOES did not always assign claims examiners as required primarily because supervisory staff failed to adhere to the following requirements:

UI Supervisory staff within the Claims Validations Unit, Quality Review Unit (QRU) and UI Call Center provide daily reports to ensure that each initial claim filed contains accurate and relevant separation information before assignment to a claims examiner for resolution. The daily validation procedures ensure each claim contains the correct last 30-day employer, sufficient separation information, and accurate claimant personal identification data.¹⁸

As a result of failure to timely adjudicate issues, DOES failed to process payments within 21 days for 11 of 14 UI claims with issues needing adjudication.

¹⁸ *Id.* at 6.

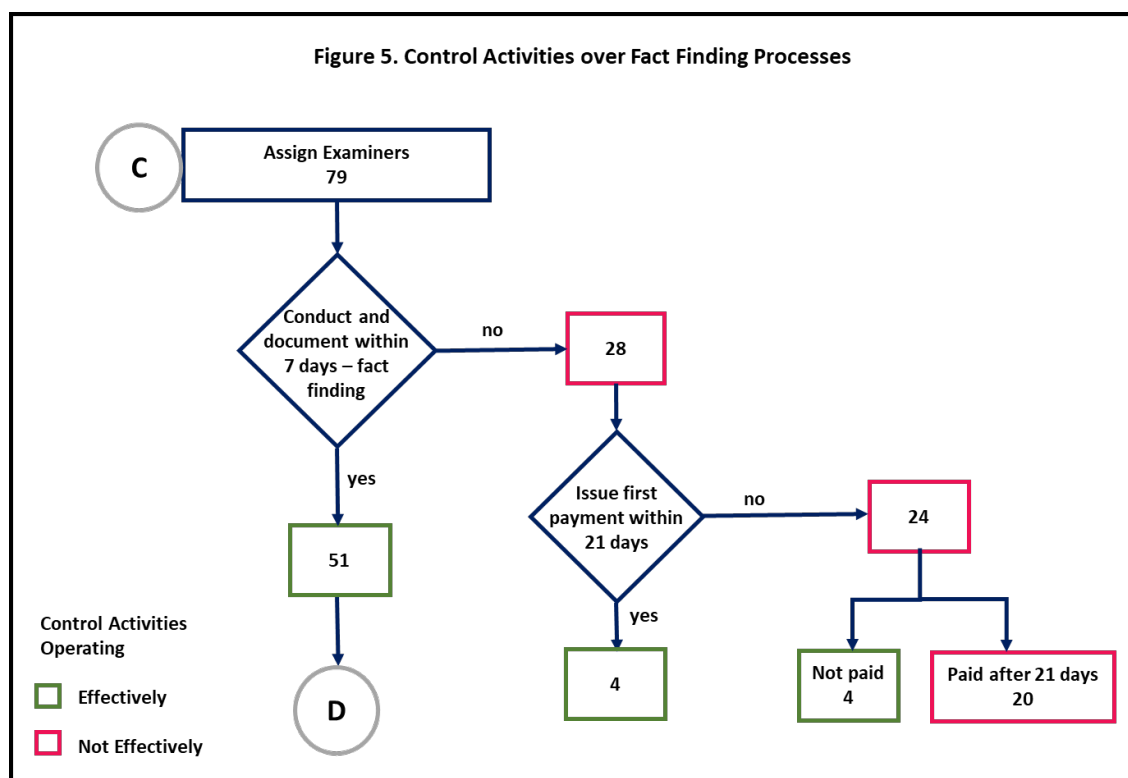
We recommend the DOES Director:

3. Develop and implement a procedure to provide management oversight to ensure supervisory staff consistently assign claims examiners to all monetarily eligible claims with issues as the SOPs require.

DOES Did Not Always Conduct and/or Document Required Fact-Finding Activities

According to DOES SOPs,¹⁹ DOES is required to complete the following five activities within 7 days of the claim filing date: (1) make a notation in case notes that the questionnaire has been sent to the claimant with a timestamp; (2) upload emailed cover letter and questionnaire to claimant profile; (3) upload fact-finding (FF) questionnaire responses and documents to claimant profile; (4) review FF questionnaire for sufficiency; and (5) if the response is not sufficient, assign claims examiner to contact claimant by telephone to gather additional information.

DOES did not conduct and document required fact-finding activities for 28 of 79 UI claims assigned to examiners. Figure 5 on the following page illustrates that certain control activities over the fact-finding process were not operating effectively as designed.



Source: OIG analysis of a sample of UI claims that DOES processed.

DOES did not always conduct and document required fact-finding activities primarily because it failed to provide daily supervision to ensure claims examiners adhere to the following requirements:

¹⁹ Adjudication SOPs *supra* note 14 at 33-34.

Claims Examiners ... are responsible for obtaining, through investigation, detailed information pertaining to the assigned ... issue by contacting the claimant, employer and any other necessary parties in order to gather relevant information All cases assigned to the claims examiner must have sufficient documented fact-finding information before rendering a determination. All claims examiners are required to utilize the fact-finding questionnaires. The questionnaires are designed to assist claims examiners in gathering the necessary and relevant information for a decision regarding eligibility for UI benefits. The claims examiner will conduct additional fact-finding investigations as necessary with the claimant, employer, or relevant third parties in order to ensure that a quality and timely agency determination is provided.²⁰

As a result, DOES may have made eligibility determinations without gathering necessary and relevant information to ensure quality and timely determinations.

We recommend the DOES Director:

4. Develop and implement a procedure to provide daily supervision to ensure claims examiners conduct and document fact-finding activities for assigned UI claims, including the aforementioned 28 UI claims as the SOPs require.

DOES Did Not Always Issue Accurate and Timely Determinations in UI Claims

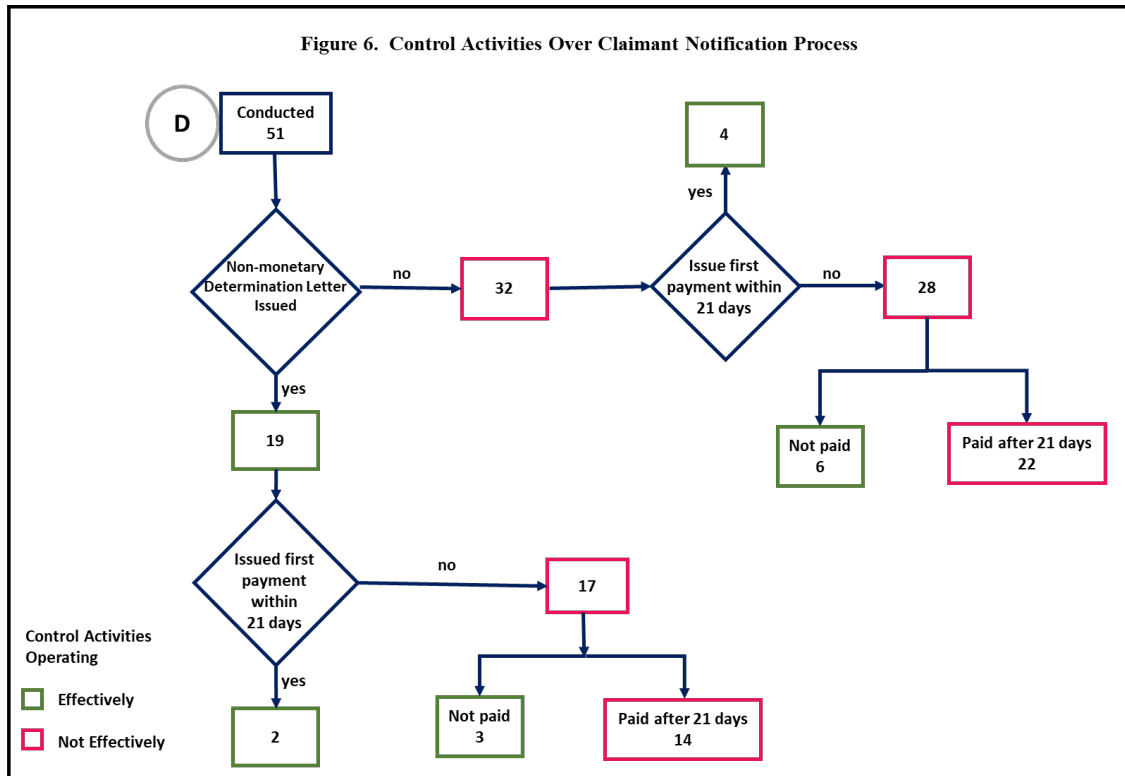
According to DOES Adjudication SOPs,²¹

Fact finding statements and evidence obtained during the fact-finding process are then utilized by the claims examiner in issuing a determination to the claimant and employer. The determination letter issued by the claims examiner explains the reason for allowing or disqualifying UI benefits. If during the fact finding process the Claims Validations Unit finds any reason that invalidates the issue or claim, the claim investigation ends. The...goal is to render an accurate and timely determination for UI claims no more than 14 days from the established date of the claim.

DOES did not render accurate and timely determinations for 32 UI claims as required by the DOL nonmonetary determination timelapse. Figure 6 illustrates that certain control activities over the claimant notification process were not operating effectively as designed.

²⁰ *Id.* at 7.

²¹ *Id.*



Source: OIG analysis of a sample of UI claims that DOES processed.

We attribute DOES’s failure to render accurate and timely determinations primarily to incomplete and inaccurate fact-finding statements and evidence obtained during the fact-finding process. As a result of failure to make accurately and timely determinations, DOES may have delayed processing UI benefits for 36 eligible claimants.

In addition, DOES determinations for 24 of 26 UI claims were reversed through the appeals process,²² including 2 that were identified on the escalations listing, which indicated that the fact-finding process was ineffective.

We recommend the DOES Director:

5. Develop and implement a procedure to enforce accurate and timely determinations of UI claims by ensuring the statements and evidence obtained during the fact-finding process are accurate and complete.

²² According to DOES, an “appeals process is designed to afford interested parties the reasonable opportunity for a fair hearing at the [Office of Administrative Hearings] OAH in any action which allows or denies benefit entitlement, or in any action which affects the rights of an interested party.” D.C. DEP’T OF EMP’T SERVICES STANDARD OPERATING PROCEDURES, APPEALS AT 6 (Sept. 30, 2019).

DOES Did Not Always Process Appeals

According to DOES SOPs,²³ if DOES is a named party to an appeal hearing, the Appeals Supervisor must process the appeal before the hearing. If DOES is not a named party, the Appeals Supervisor can process the appeal when the Final Order for the appeal is received. However, DOES did not process appeals for 6 of 8 appeals before scheduled hearings and 18 of 32 appeals when final orders were received. A lack of management oversight contributed to DOES's failure to process appeals before scheduled hearings or when Final Orders were received.

Without processing appeals before scheduled hearings in 6 cases, DOES may have not: (1) prepared the agency's position by reviewing the case; (2) submitted documents and other items (photos, business records, videotape, etc.) as evidence to support the case at the hearing; (3) verified if opposing party's exhibits were provided; and (4) determined if the hearing would be in-person, by telephone, or via video teleconference, as required.

Without processing appeal transactions when final orders were received in 18 cases, DOES failed to issue or stop payments within 15 calendar days from the date the Order of Reversal was received from OAH as the SOPs require.

We recommend the Director DOES:

6. Develop and implement a procedure to provide oversight to ensure supervisory staff in the Appeals Unit consistently process appeal transactions before scheduled hearings or when final orders are received as the SOPs dictate.

DOES Did Not Always Reverse Overpayments

According to the SOPs,²⁴ the Appeals Supervisor can enter into the case MIS an issue resolve code along with the appeal decision, status, and remand codes. If the issue resolve code is "R" for Reversal, where DOES initially paid benefits to the claimants and the employer wins the appeal, which causes an overpayment, the overpayment will be established. DOES did not enter the issue resolve code for 24 of 40 final orders it received from OAH.

DOES officials stated that Appeals SOPs referenced in this draft report do not accurately reflect their current processes and they initiated a revision of the SOPs in November 2022, which is in progress. DOES did not provide us with the draft revised Appeals SOPs. Although DOES stopped payments in accordance with the final ruling, DOES did not reverse overpayments valued at \$52,338 for seven appeals.

We recommend the DOES Director:

7. Ensure staff consistently process appeals and enter issue resolve codes to the case MIS as the SOPs require.

²³ *Id.* at 9.

²⁴ *Id.* at 16 and 26.

8. Develop a plan to recoup unreversed overpayments, including the \$52,338.

DOES DID NOT CONSISTENTLY USE ITS CASE MANAGEMENT INFORMATION SYSTEMS TO TRACK AND MONITOR UI CLAIMS PROCESSING STATUS

According to the Green Book, management should use and communicate quality information internally and externally to achieve the entity's objectives.²⁵ DOES's case MIS lacks the reporting functionality required to produce quality and accurate claims data and supporting documentation for effective and efficient management of the UI Program. To assess UI system reliability, on February 8, 2022, we requested the record of claims filed from April 1, 2020, through September 30, 2021. However, DOES did not have the capability to run the report and instead provided us a written explanation that stated "[t]he UI Claims has [*sic*] been requested and they [DOES] are working with the vendor to obtain the information, however there may be some costs to the agency to obtain the massive amount of data being requested...."²⁶

On April 18, 2022, DOES provided the OIG a UI claims report for the period April 2020 to September 30, 2021, that contained the claim ID and file date, claimant ID, name, address, and social security number (SSN) for 211,060 claims, starting with claim ID 711417 and ending with 1046686. The UI system assigns sequential claim ID numbers to distinguish separate UI claims. We identified approximately 124,314 missing claims ID numbers. DOES explained that several reasons could cause the missing claims numbers. For example, the system will hold up to eight claims for a claimant, and if a claimant has reached the maximum number of claims in the system, the system will purge the oldest claim and remove the claim ID.

Another example is if a claim is not payable, it must be deleted from the system to allow a new claim to be filed. The new claim will be backdated and made payable. DOES added that once a claim is deleted from the system, the claim is unrecoverable, and no information can be provided for the claim. However, DOES could not provide evidence to support their explanation for the missing claims numbers, such as the list of claimants who had reached the maximum number of claims or the list of claims deleted and replaced with new claims. Without the ability to create reports and analyze the missing claim numbers in the case management system data, DOES could not substantiate that all claims submitted were accurately and completely processed.

We recommend the DOES Director:

9. Develop and implement a procedure to ensure the case MIS has adequate reporting capability to assist management in tracking and monitoring UI claims processing status.

²⁵ U.S. GOV'T ACCOUNTABILITY OFFICE, *supra* note 5, Principles 13, 14 & 15 at 58.

²⁶ Email from D.C. Dep't of Emp't Services, to OIG (Mar. 4, 2022, 15:32 EST) (on file with the OIG).

DOES DID NOT TRACK AND ANALYZE TECHNICAL INFRASTRUCTURE ISSUES

Our review of 166 UI claims indicated, in addition to missing claims numbers, that the DOES case MIS did not contain required documentation as the SOPs required,²⁷ such as wage investigation results, issue resolution activities, and written determinations to qualify or disqualify 97 (58 percent) claimants for UI benefits. DOES attributed missing documentation to several technical infrastructure issues related to the case MIS. However, DOES could not provide the OIG with an analysis of the technical infrastructure issues it experienced. Without tracking and analyzing technical infrastructure issues, DOES could not substantiate whether the case MIS inaccessibility, unavailability, or unreliability contributed to missing required documentation.

We recommend the DOES Director:

10. Develop and implement procedures to track and analyze technical infrastructure issues.

DOES DID NOT MAINTAIN REQUIRED CASE NOTES AND DOCUMENTATION TO ENSURE EMERGENCY CALL CENTER REMOTE OPERATIONS WERE EFFICIENTLY AND EFFECTIVELY MANAGED

According to contract terms and conditions,²⁸ Tier 2 support calls require the call taker to respond to specific UI customer account inquiries. The contractor billed and received \$29.2 million from the District for this contract line item. According to DOES officials, the Tier 2 support call taker had access to the DOES case MIS to enter notes and upload documents.

According to contract terms and conditions, Tier 3 support calls required the call taker to assist the customer in filing an initial UI claim. The contractor billed and received \$1.6 million from the District for this contract line item. However, DOES did not provide the OIG with system access to review periodic reports of the Tier 3 support that assisted claimants with completing initial UI claims. Our review of 166 UI claims indicated that 127 (76.5 percent) were filed online, and the remaining 39 claims (23.5 percent) were filed via phone.

The lack of case notes and documentation occurred because DOES failed to enforce contract terms and conditions of Contract CW84178 section C.5.2, which required the contractor to utilize DOES's ticketing system to make call notations, to include the outcome of the call on 100 percent of calls handled. Without accessing case notes and documentation in the case MIS, DOES cannot efficiently analyze data to assess the performance of Tiers 2 and 3 support; identify trends or noncompliance that could expose the District to the financial risk of improper billings; and achieve the agency's strategic objective of improving the efficiency, integrity, and performance of UI benefits.

²⁷ Claims Validation SOPs *supra* note 12 at 3. Adjudication SOPs *supra* note 14 at 7.

²⁸ Contract CW84178.

We recommend the DOES Director:

11. Develop and implement procedures to ensure all case notes and documentation are maintained in the case MIS.
12. Develop and implement procedures to assess the performance of Tiers 2 and 3 support and identify any improper billings.

DOES DID NOT COLLECT AND REVIEW TIMESHEETS TO VALIDATE WHETHER TIME BILLED ON THE CONTRACTOR'S INVOICE WAS ACCURATE AND COMPLETE

According to contract CW84178 section G.1.1, "[t]he District will make payments to the Contractor, upon the submission of proper invoices, at the prices stipulated in [the] contract, for supplies delivered and accepted or services performed and accepted".... DOES did not collect and review timesheets to validate whether time billed on the contractor's invoice was accurate and whether the call center was staffed as the contract required. According to a DOES official who served as Contract Administrator (CA) and did not receive a delegated authority by the contracting officer, relied on an Excel spreadsheet that the contractor provided to approve invoices for payments. According to a DOES official,

All timesheets were validated against the daily staffing provided by the vendor and verified with known absences (e.g. if Lisa was a known absence on a specific date, it was verified that hours were not billed for Lisa on that date). DOES did not independently audit the source of the information provided from the vendor time management system (ADP). Lastly, the District may audit any contract to determine whether it overpaid for services received, for three years after the termination/expiration of the contract.²⁹

The DOES official serving as CA approved invoices for payments valued at \$34.6 million without validating the source of information summarized in the Excel spreadsheet by labor category, staff name, date worked, hours, and rate. As a result, DOES may have paid for services it did not receive.

We recommend the DOES Director:

13. Develop and implement procedures to collect timesheets and independently validate the accuracy and completeness of the vendor invoices valued at \$34.6 million.

DOES DID NOT DETECT AND REJECT IMPROPER BILLINGS

According to contract CW84178 section G.8.3, "[i]n the event the Contractor effects any change at the instruction or request of any person other than the [Contracting Officer] CO, the change will be considered to have been made without authority and no adjustment will be made in the

²⁹ Attachment to letter from D.C. Dep't of Emp't Services, to OIG via Email (Jan. 23, 2023, 17:30 EST) (on file with the OIG).

contract price to cover any cost increase incurred as a result thereof." However, included in the \$34.6 million in vendor invoices was at least 3.5 percent in unauthorized administrative fees that the vendor invoiced the District. According to a DOES official:

DOES did not authorize the addition of administrative fees. Contracts with fees added were processed in the Emergency Operations Center within the Office of Contracting and Procurement outside of the PASS system. Invoices approved by DOES were evaluated for labor category hours. Administrative fees were processed or added by EOC staff without consultation with DOES.³⁰

We note that the vendor added the administrative fees, which DOES officials approved for payment processing. For example, on August 31, 2020, a vendor invoiced the District \$478,065.38 for the services rendered during August 2020. The invoice also included an additional administrative fee of \$16,732.29. On September 16, 2020, the DOES official serving as CA approved the invoice valued at \$494,797.67 for payment, and on September 23, 2020, the vendor received \$494,797.67 in credit card payments.

We calculated a total of \$231,716.20 in credit card processing fees for which the CA should have obtained authorization from the CO prior to approving the invoices for payment via credit cards.

We recommend the DOES Director:

14. Develop a plan to recoup unauthorized administrative fees, including the \$231,716.20 in credit card processing fees.

CONCLUSION

We commend DOES for establishing comprehensive and detailed policies, procedures, and timelines to achieve consistency and efficiency in processing UI claims. The COVID-19 Public Health Emergency and the unprecedented increase in claims for unemployment benefits created a strain on DOES UI systems. DOES had to adapt quickly to address the surge in calls, manage the increase in unemployment benefits claims, and implement technology updates in response to new and updated federal benefit programs. Overall, we consider the amount of time DOES took to implement the federal pandemic programs as reasonable. However, DOES lacked sufficient oversight and an effective UI technology system to respond to and promptly process benefit claims. The report discussions in Figures 1-6 regarding eligibility assessments; issue detection; issue resolution; fact-finding; claimant notification; appeals and escalation, and related recommendations are designed to ensure timely responses and benefit payments and to improve controls over the accessibility, availability, and reliability of the UI system. Implementing the report's recommendations will strengthen DOES processes to deliver essential income support services to eligible claimants.

³⁰ *Id.*

AGENCY RESPONSE AND OFFICE OF THE INSPECTOR GENERAL COMMENTS

We provided the DOES with our draft report on February 28, 2023, and received its response on March 14, 2023. Our draft report contained 14 recommendations to DOES for actions we deemed necessary to correct identified deficiencies. DOES agreed with Recommendations 9 and 11. DOES's actions taken and/or planned are responsive and meet the intent of the recommendations. Therefore, we consider these recommendations resolved but open pending evidence of stated actions. Although DOES disagreed with Recommendations 12-14, DOES called for the District to directly audit the vendor to determine any overpayments included in the \$34.6M that DOES paid to the vendor. DOES's actions taken and/or planned are responsive and meet the intent of the recommendations. Therefore, we consider these recommendations resolved but open pending evidence of stated actions.

DOES disagreed with Recommendations 1-8, and 10. DOES's actions taken and/or planned are nonresponsive and do not meet the intent of the recommendations. DOES should consider the intent of these recommendations in the context of the findings and conclusions. DOES reiterated the claim adjudication process depicted in Figures 2 through 6 instead of addressing the specific deficiencies identified in the figures. For example, DOES disagreed with Recommendation 1 by stating that, “[d]uring the period in question, monetarily ineligible claimants were instructed to contact the agency if the determination was incorrect.” However, DOES did not provide any evidence that this instruction was provided to the 37 claims identified as deficient in Figure 2 of the draft report. DOES also disagreed with Recommendation 2 by stating that, “[i]f a claimant is not paid on time, it is a failure by the claimant to complete their weekly certification on time.” However, DOES did not provide any evidence that nine claimants identified in Figure 3 failed to complete their weekly certifications on time.

ACTIONS REQUIRED

Therefore, we consider Recommendations 1-8, and 10 unresolved and we request that DOES reconsider its position and provide additional responses within 30 days of the date of this final report.

Appendix A. Objectives, Scope, and Methodology

We conducted this performance audit from January 2022 through January 2023 in accordance with GAGAS. 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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our audit focused on unemployment insurance claims processing from April 1, 2020, through September 30, 2021. The objectives of this audit were to assess DOES responsiveness in processing unemployment insurance claims, and controls over the accessibility, availability and reliability of the UI system. The audit was included in the Office of the Inspector General's (OIG) *Fiscal Year 2021 Audit and Inspection Plan*.³¹

We issued our engagement letter on May 3, 2021; however, DOES limited our access to the UI systems until there was a signed Data Access and Use Agreement (hereafter referred to as "Agreement") in place due to concerns with the OIG's access to confidential PII and FTI. On January 11, 2022, DOES and the OIG executed the Agreement.

We used federal and District laws and regulations and emergency legislation regarding the UI claims during the public health emergency. We examined DOES policies and procedures to gain an understanding of the UI claims processes. We also gained an understanding of DOES's responsibilities for managing, processing, and overseeing the UI claims processes by conducting interviews with DOES officials. In addition, we used the United States Government Accountability Office (GAO) Standards for Internal Control in the Federal Government (Green Book) to evaluate the design and implementation of DOES's control activities processing UI claims.

We conducted walkthroughs of DOES's internal controls to determine if risks were minimized related to processing UI claims; identified the population of UI claimants that submitted applications during our audit period; designed tests attributes; and selected a random sample of 166 UI claims (96 initial claims, 40 reversed and modified appeals, 21 OIG Hotline complaints and 9 escalations) and reviewed DOES UI systems, WEBS, and DOCS for claims intake, claim and payment processing, timeliness and responsiveness. In addition, we reviewed and evaluated the content and quality of case notes and documentation in DOES's case management information systems.

We reviewed the Emergency Call Center Remote Operations contract and amendments to the contract and invoices for appropriate billings. We also reviewed the federal program's guidance to determine: (1) the effective dates of the programs; (2) when DOES modified its UI systems to include the federal programs; and (3) when DOES offered benefits to claimants. We assessed the validity and reliability of computer-processed data and performed limited existence and completeness tests to verify the accuracy of the data; and determined that the data were sufficiently reliable for this report.

³¹ OIG website, https://oig.dc.gov/sites/default/files/DC-OIG-FY21-Audit-and-Inspection-Plan_0.pdf.

Appendix B. Acronyms and Abbreviations

BPC	Benefit Payment Control
CA	Contract Administrator
CNC	Customer Navigation Center
CO	Contracting Officer
COVID-19	Coronavirus 2019
DOCS	District Online Compensation System
DOES	Department of Employment Services
DOL	U.S. Department of Labor
FF	Fact Finding
FTI	Federal Tax Information
GAGAS	Generally Accepted Government Auditing Standards
GAO	United States Government Accountability Office
KPI	Key Performance Indicator
MIS	Management Information System
OAH	Office of Administrative Hearings
OCP	Office of Contracting and Procurement
OIG	Office of the Inspector General
PII	Personally Identifiable Information
PUA	Pandemic Unemployment Assistance
SOP	Standard Operating Procedure
UI	Unemployment Insurance
WEBS	Web Enabled Benefits Services

Appendix C. Table of Recommendations

Responsible Agency	Recommendations	Potential Monetary Benefits	Agency Response
DOES	1. Develop and implement a procedure to provide adequate daily supervision to ensure staff investigate all monetarily ineligible claims, including the aforementioned 37 UI claims, to confirm wage reporting accuracy as the SOPs require.		Disagreed
DOES	2. Develop a plan to automate workflows in the case management system to process error-free UI claims within 21 days of filing as the SOPs require.		Disagreed
DOES	3. Develop and implement a procedure to provide management oversight to ensure supervisory staff consistently assign claims examiners to all monetarily eligible claims with issues as the SOPs require.		Disagreed
DOES	4. Develop and implement a procedure to provide daily supervision to ensure claims examiners conduct and document fact-finding activities for assigned UI claims, including the aforementioned 28 UI claims as the SOPs require.		Disagreed
DOES	5. Develop and implement a procedure to enforce accurate and timely determinations of UI claims by ensuring the statements and evidence obtained during the fact-finding process are accurate and complete.		Disagreed
DOES	6. Develop and implement a procedure to provide oversight to ensure supervisory staff in the Appeals Unit consistently process appeal transactions before scheduled hearings or when final orders are received as the SOPs dictate.		Disagreed
DOES	7. Ensure staff consistently process appeals and enter issue resolve codes to the case MIS as the SOPs require.		Disagreed
DOES	8. Develop a plan to recoup unreversed overpayments, including the \$52,338.	\$52,338	Disagreed

Responsible Agency	Recommendations	Potential Monetary Benefits	Agency Response
DOES	9. Develop and implement a procedure to ensure the case MIS has adequate reporting capability to assist management in tracking and monitoring UI claims processing status.		Agreed
DOES	10. Develop and implement procedures to track and analyze technical infrastructure issues.		Disagreed
DOES	11. Develop and implement procedures to ensure all case notes and documentation are maintained in the case MIS.		Agreed
DOES	12. Develop and implement procedures to assess the performance of Tiers 2 and 3 support and identify any improper billings.		Disagreed
DOES	13. Develop and implement procedures to collect timesheets and independently validate the accuracy and completeness of the vendor invoices valued at \$34.6 million.	\$34.6M	Disagreed
DOES	14. Develop a plan to recoup unauthorized administrative fees, including the \$231,716.20 in credit card processing fees.	\$231,716	Disagreed

Appendix D. DOES Response to the Draft Report

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Department of Employment Services



MURIEL BOWSER
MAYOR

DR. UNIQUE MORRIS HUGHES
DIRECTOR

March 14, 2023

Fekede Gindaba
Assistant Inspector General for Audits
Office of the Inspector General, Audit Unit
Government of the District of Columbia
717 14th Street, N.W., Suite 500
Washington, DC 20005

Re: OIG Project No. 21-1-27CF, Audit of the Department of Employment Services
Unemployment Insurance Claims Processing

VIA E-MAIL

Dear Mr. Gindaba,

Attached is the Department of Employment Services' (DOES) response to the Office of Inspector General Audit of the DOES Unemployment Insurance (UI) Claims Processing.

DOES would like to note that during this audit review period covering April 1, 2020, through September 30, 2021, the District along with the rest of the country was in the midst of the COVID-19 Public Health Emergency. As a result, the District experienced an unprecedented increase in the number of unemployment claims filed and calls received regarding unemployment claims.

We look forward to continuing to work with you to assess and improve our UI program to better serve District of Columbia constituents.

Sincerely,

Dr. Unique Morris-Hughes
Director

cc:

Monnikka Madison, Deputy Director, Economic Stability and Benefits
Tonya A. Robinson, General Counsel
Ramon Perez-Goizueta, Chief Compliance Officer

Responsible Agency	Recommendations	Potential Monetary Benefits	Agency Response
DOES	<p>1. Develop and implement a procedure to provide adequate daily supervision to ensure staff investigate all monetarily ineligible claims, including the aforementioned 37 UI claims, to confirm wage reporting accuracy as the SOPs require.</p>		<p>Agency disagrees with this recommendation. There is no federal law or DC Code requirement that a monetarily ineligible claim be investigated. District Law (D.C. Code 51-111(b)) states determinations shall be final within 15 calendar days of the mailing of such notice. Claimants receive a Notice of Monetary Determination, which is an automated process at the onset of the submission of a claim. It informs the claimant that the determination will become final within 15 days of the mail date of the determination unless the claimant requests a reconsideration. The form also provides the claimant with instructions on requesting a reconsideration. Should we not receive a request for consideration, the eligibility status is finalized, and no further investigation is required by the State. The obligation to further investigate monetary eligibility only occurs when a claim has wages in another state and we implement an issue code 55.</p> <p>During the period in question, monetarily ineligible claimants were instructed to contact the agency if the determination was incorrect. The Notice of Monetary Determination document reflects the wages that are available in the District under this SSN for any quarter during the base period. It is the claimant's responsibility to identify, correct, and inform DOES of any inaccuracies for their wages that are detected by the system. A monetary ineligibility can be caused by the following:</p> <ul style="list-style-type: none"> • Wages in another state (issue code 55) • Federal wages • Military wages • Missing covered wages. <p>DOES used the Interstate ICON application to determine if wages were earned in other states during the claimant's base period. Conduent manages this application. As noted during March and April 2020, ICON was delayed in providing timely wage information due to capacity issues, and as a result, the District could not access this information timely. Additionally, the states of Maryland and Virginia installed new</p>

			<p>benefit systems that weren't working as programmed. The District was unable to access the necessary information needed to process some of our monetarily ineligible claims.</p> <p>During the period in question, DOES did not process issue code 55 if the claim was identified as fraudulent (issue codes 58, 81 and 83). Additionally, the claimant was not eligible for benefits under the CARES Act if they qualified for a traditional claim in another state. When this occurred, issue code 55 was not processed, and the claimant was referred to the state where the claimant qualified for a traditional claim.</p>
DOES	2.Develop a plan to automate workflows in the case management system to process error-free UI claims within 21 days of filing as the SOPs require.		<p>Agency disagrees with this recommendation. Workflow is already automated for the population described. If the claim is monetarily eligible with no issue, there is no action to be taken by DOES. The payment is system automated and issued timely. If a claimant is not paid on time, it is a failure by the claimant to complete their weekly certification on time. Additionally, first payment promptness applies to traditional UI claims and DOL specifically excludes Workshare, episodic claims such as DUA, and retroactive payments for a compensable waiting period. As such, Pandemic Unemployment Assistance (PUA) claims are not subject to DOL first payment promptness guidance.</p>
DOES	3.Develop and implement a procedure to provide management oversight to ensure supervisory staff consistently assign claims examiners to all monetarily eligible claims with issues as the SOPs require.		<p>Agency disagrees with this recommendation. There is already a DOES procedure to provide management oversight. The incoming claim volume exceeded the daily workload for a UI claims examiner. DOES has imposed limits on the number of cases that can be assigned to each claims examiner per day to manage workloads and staff schedules. If the volume of new claims filed on a given day exceeds the amount that can be assigned to examiners, a claim will roll over to the next day to be scheduled.</p>
DOES	4.Develop and implement a procedure to provide daily supervision to ensure claims examiners conduct and document fact-finding activities for assigned UI claims, including the		<p>Agency disagrees with this recommendation. Delays in the fact-finding process can be caused by a lack of timely response to DOES requests for information. Even as claims examiners issue fact-finding requests in accordance with standard timelines, employers, claimants, and others may not provide their responses by the requested deadline. Responses may also be incomplete or incorrect, requiring the examiner to make</p>

	aforementioned 28 UI claims as the SOPs require.		additional requests. The adjudication process will be on hold until DOES receives sufficient information to make a determination of benefits eligibility. Additionally, the Adjudication SOP does not cover procedures for handling documentation related to issue code 55, which is a monetary issue.
DOES	5. Develop and implement a procedure to enforce accurate and timely determinations of UI claims by ensuring the statements and evidence obtained during the fact-finding process are accurate and complete.		<p>Agency disagrees with this recommendation. DOES must reiterate that determination letters are not required to meet first payment promptness. These are two separate metrics, and the audit report conflates the requirements to meet first payment promptness and non-monetary timelapse. DOES meets first payment promptness by issuing payment. Any measure of DOES's requirement to meet first-payment promptness must be reviewed separately from the requirement to meet non-monetary determination timelapse.</p> <p>The audit report notes that DOES determinations of benefits eligibility were reversed through the appeals process for 22 of 31 assessed claims. However, the Office of Administrative Hearings (OAH) sometimes makes decisions that run counter to federal and DC policy on federal benefits eligibility. When that occurs, DOES appeals the decision. Furthermore, for OAH hearings the court reviews the evidence de novo. De novo means that parties will present their cases all over again.</p>
DOES	6. Develop and implement a procedure to provide oversight to ensure supervisory staff in the Appeals Unit consistently process appeal transactions before scheduled hearings or when final orders are received as the SOPs dictate.		<p>Agency disagrees with this recommendation. The audit report states that DOES did not process appeals before scheduled hearings for 6 of 8 cases and did not process 18 of 32 appeals after receiving final orders from OAH. DOES reviewed the claim ID list and identified 45 of the claim IDs had an appeal filed.</p> <ul style="list-style-type: none"> • For 24 of 45 DOES was not a party. 18 of these 24 Final Orders have been processed and 2 affirmed the Claim's examiner determination and no further action was required. • Four (4) of the appeals are out of scope, including an appeal filed 9/16/19 and another on 12/23/21. • For the remaining 17 appeals that DOES was a party to, 13 were processed (c2 transaction) upon receipt of the final order from OAH.

			<p>Additionally, the SOP sections paraphrased in the report do not accurately reflect our current processes. We were unable to complete standard review and update cycles for SOPs during the flood of claims in the pandemic but did initiate a revision of the Appeals SOP in November 2022. This revision is in progress.</p>
DOES	7.Ensure staff consistently process appeals and enter issue resolve codes to the case MIS as the SOPs require.		Agency disagrees with this recommendation. When an OAH judge reverses a claims examiner’s decision that a claimant is eligible for benefits and rules in favor of the employer, an overpayment will be established for the weeks of benefits the claimant is held ineligible. The statement as written in the exit document “If the Decision code is ‘R’ for Reversal, where DOES initially paid benefits to the claimants and the employer wins the appeal, which then causes an overpayment, the overpayment must be reversed” is inaccurate. An overpayment will be established, which the claimant can appeal. BPC pursues all avenues available under DC code to recoup any established overpayments.
DOES	8.Develop a plan to recoup unreversed overpayments, including the \$52,338.	\$52,338	
DOES	9. Develop and implement a procedure to ensure the case MIS has adequate reporting capability to assist management in tracking and monitoring UI claims processing status.		<p>Agency agrees with this recommendation. DOES is in the process of implementing OIG’s recommendation for Case Management Information Systems. The ongoing system modernization effort will ultimately enable us to run reports on all data attributes of claims, for any time period. We look forward to this new system launching in 2023. Regarding the current system capabilities and processes, we are providing additional details on the information gaps described in the audit report.</p> <p><u>Context missing from audit report:</u> Of the 124,314 claims the auditor identified as missing, we can identify which claims are backdated and thus out of the scope of the inquiry. We have done this and determined 111,621 claims fall within this category. This data was provided to the audit team on May 13, 2022. For the remaining 12,693 claims, we would need to investigate each missing claim IDs by going through each one manually and comparing it to the images of purged claims. If there is not a match between a missing claim ID and our records of purged claims, it would be assumed to be a deleted claim. This process would require several assumptions since there is no backup data for deleted claims.</p>

		<p><u>Reasons a Claim ID can be missing:</u> Though claim IDs are generated sequentially, not every claim will be listed during a determined time period for three reasons: 1) the claim is backdated and is therefore out of scope of the time period requested, 2) the claim is purged from the claimant’s profile due to the claimant having 9 claims attached to their claimant ID, or 3) a claim is deleted from the system using our system of record, DOCS. Once a claim ID is assigned, that number can no longer be used, so if a claim is removed for any reason, it will not show up on data pulls.</p> <p><u>Why we did not provide purged claims data:</u> All data for purged claims is kept and stored for reference on the mainframe. To retrieve purged claim data, we upload the purged claims to a COBOL file type and use the records to create screenshots. The data can only be viewed as an image, so it must be downloaded and reviewed manually to determine if the purged claim is within the scope of inquiry, then manually transferred into a format that is machine-readable. Due to the time-intensive nature of this process, we would require additional time beyond the duration of the audit to gather purged claim data.</p> <p><u>Why we did not include backdated claims:</u> We pulled the data for claims based on the effective date, not based on claim IDs. If a claim came in during the audit period but was backdated to a date prior to the audit period, it would not be reflected in the data because it is outside the scope of the inquiry.</p> <p><u>Why we cannot get deleted claims data:</u> A claim can be deleted from the system if it has not had any payment action taken on it. If information such as weekly certification or wages are on the claim, they must be removed and transferred to a new claim before the claim in question can be deleted. The system will not allow a claim to be deleted unless there is no payment action. Once a claim is deleted from the system, there is no record of it kept. Claim IDs</p>
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			assigned to claims that are deleted are unrecoverable and no information can be provided for the claim attached to the ID.
DOES	10. Develop and implement procedures to track and analyze technical infrastructure issues.		<p>Agency disagrees with this recommendation. OIG states that 61% of reviewed claims were missing documentation in the management information system (NMDS). However, not all claims require the full list of documentation cited in the report, including wage investigation results, issue resolution activities, and written determinations of benefits. Claims that have no wages associated with them do not require an investigation of wages. Claims that have no associated issues do not require issue resolution documentation. Determination letters for PUA claims are only issued when a claim is disqualified for PUA. The twenty-six (26) PUA claims do not follow our Adjudication SOP, and instead follow guidance released by DOL in Unemployment Insurance Program Letter (UIPL) 16-20 and subsequent changes.</p> <p>Twenty (20) claims had an issue code 99, which is an administrative stop to prevent improper payments being disbursed while BPC is conducting the return-to-work status. All New Hire (99issue) cases are worked in BARTS as WEBS is just the application that holds the issue. If the claimant and/or employer respond to the Wage Audit Notice and there is no discrepancy the issue is cleared in WEBS. If the claimant fails to respond a Failure to Report Determination is issued via BARTS and not WEBS. If a Wage Audit Notice is returned and the claimant failed to report earnings, the 99 issue is cleared in WEBS and the investigation is conducted in BARTS where the claimant will receive a Notice of Determination of Overpayment a Notice of Determination by Claims Examiner. Issue code 99 claims do not require determination letters as it is just an administrative hold.</p> <p>Additionally, the UI system is undergoing modernization which when implemented will alleviate technological infrastructure issues.</p>
DOES	11. Develop and implement procedures to ensure all case notes and documentation are maintained in the case MIS.		Agency Agrees with this recommendation. DOES is in the process of implementing OIG's recommendation for Case Management Information Systems. The ongoing system modernization effort will ultimately enable us to run reports on all data attributes of claims, for any time period. We look forward to this new system launching in 2023.

			Regarding the current system capabilities and processes, we are providing additional details on the information gaps described in the audit report.
DOES	12. Develop and implement procedures to assess the performance of Tiers 2 and 3 support and identify any improper billings.		Agency disagrees with this recommendation. DOES was not involved in the negotiation of the contract for the emergency call center operations. "Over the last sixteen months, the Office of Contracting and Procurement, through the Mayor's declaration of the public health emergency, has served as the District's central contracting and procurement function in response to the COVID-19 pandemic." Testimony of Director George Schutter on Emergency Procurements During the Public Health Emergency, provided Wednesday, July 14, 2021, before the Committee on Government Operations and Facilities, the Honorable Robert White, Chairman.
DOES	13. Develop and implement procedures to collect timesheets and independently validate the accuracy and completeness of the vendor invoices valued at \$34.6 million.	\$34.6M	Agency disagrees with this recommendation. All timesheets were validated against the daily staffing provided by the vendor and verified with known absences (e.g. if Lisa was a known absence on a specific date, it was verified that hours were not billed for Lisa on that date). DOES did not independently audit the source of the information provided from the vendor time management system (ADP). Lastly, the District may audit any contract to determine whether it overpaid for services received, for three years after the termination/expiration of the contract.
DOES	14. Develop a plan to recoup unauthorized administrative fees, including the \$231,716.20 in credit card processing fees.	\$231,716	Agency disagrees with this recommendation. DOES did not authorize the addition of administrative fees. Contracts with fees added were processed in the Emergency Operations Center within the Office of Contracting and Procurement outside of the PASS system. Invoices approved by DOES were evaluated for labor category hours. Administrative fees were processed or added by EOC staff without consultation with DOES. The terms of the contract provided, G.1.1 The District will make payments to the Contractor, upon the submission of proper invoices, at the prices stipulated in this contract, for supplies delivered and accepted or services performed and accepted, less any discounts, allowances or adjustments provided for in this contract.

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