State of Washington Status of Audit Resolution December 2017

Employment Security Department

Agency 540

Audit	Finding	Finding and		
Report	Number	Corrective Action Plan		
2016 F	005	Finding:	The Employment Security Department made unsupported payments to Trade Readjustment Allowance program participants under the Unemployment Insurance program.	
		Status:	Corrective action in progress	
		Corrective Action:	As of October 2016, the Department established new procedures over the Trade Readjustment Allowance program which includes payment documentation and retention requirements, and managerial oversight and review processes.	
			As of December 2016, manuals were developed to provide guidance to staff on the newly implemented policies and procedures to ensure program compliance and payment accuracy.	
			As of January 2017, the Department implemented the Unemployment Tax and Benefit (UTAB) system to help automate and improve payment accuracy. UTAB is also used by the Trade Readjustment Allowance programs for maintaining payment documentation and record retention.	
			By December 2017, the Department anticipates receiving the final determination letter from the U.S. Department of Labor and will determine what, if any, costs need to be repaid.	
			The conditions noted in this finding were previously reported in finding 2015-008.	
		Completion Date:	Corrective action is expected to be complete by December 2017	
		Agency Contact:	Ben Hainline Director of Internal Audit PO Box 46000 Olympia, WA 98504-6000 (360) 902-9276 bhainline@esd.wa.gov	

State of Washington Status of Audit Resolution December 2017

Employment Security Department

Agency 540

Audit	Finding	Finding and		
Report	Number	Corrective Action Plan		
2016 F	006	Finding:	The Employment Security Department did not establish adequate internal controls over its Next Generation Tax System, which led to improper computations of employer unemployment insurance tax rates.	
		Corrective Action:	The Department has established a Next Generation Tax System (NGTS) Interfaces and Data Quality Assurance project team, which comprised of 29 employees and 44 contractors from the business and technology sectors. The team is dedicated to addressing the concerns over improper computations of employer insurance tax rates and billings in NGTS. The project team is also working on improving the system's internal controls related to processing transactions and reporting.	
			In addition, the Department has contracted with Microsoft to remediate technical issues with NGTS and work on eliminating any identified deficiencies.	
			The Department has also implemented a reconciliation process between the Employer Account Management system and NGTS to ensure wage and payment information transmitted between the two systems is complete and accurate.	
			The Department has established improvement goals and tracking its progress on correcting issues associated with improper tax rates. Since May 2017, the Department has made consistent improvement in meeting established goals.	
			As of October 2017, the Department continued to make good progress on process improvements and meeting data accuracy goals that led to increase in overall billing and tax rate accuracy. The Department also anticipates making frequent incremental progress throughout 2018.	
			The conditions in this finding were previously reported in finding 2015-002.	
		Completion Date:	Corrective action is expected to be complete by December 2018	
		Agency Contact:	Ben Hainline Director of Internal Audit PO Box 46000 Olympia, WA 98504-6000 (360) 902-9276 bhainline@esd.wa.gov	