

Employment Security Department

Agency 540

Audit Report	Finding Number	Finding and Resolution	
1029365	001	<p>Finding:</p> <p>Fraud Amount:</p> <p>Amount to be Recovered:</p> <p>Recovery to date:</p> <p>Resolution /Status:</p> <p>Personnel Action Taken:</p> <p>Criminal Action Taken:</p> <p>Agency Contact:</p>	<p>The Department’s internal controls were inadequate to detect and prevent occupational misappropriation and safeguard public resources, resulting in a misappropriation of unemployment insurance benefit funds between January 2020 and December 2020.</p> <p>\$315,282</p> <p>\$330,282</p> <p>\$0</p> <p>The Employment Security Department (ESD) partially concurs with this finding.</p> <p>A complete secondary review of all claims would not be manageable and would essentially require that claims be worked twice, which would negatively impact our ability to pay legitimate claimants in a timely manner.</p> <p>As of November 2021, the Department implemented a review process which consisted of an ongoing sampling of employee case work by the Claim Center.</p> <p>The Department will also take the following actions:</p> <ul style="list-style-type: none"> • Provide training sessions to employees to educate staff on negative impacts of internal fraud and possible consequences, to enhance and protect Department’s value and mission. • Work with the prosecutor to ensure that if the Specialist is convicted, restitution is imposed so that a mechanism is in place to recover any funds possible. <p>The employee was in a non-permanent position. Upon the fraud discovery, the Department immediately ended the non-permanent appointment.</p> <p>The Department is cooperating with various law enforcement agencies where any actions taken will be determined.</p> <p>Jay Summers External Audit Manager PO Box 9046 Olympia, WA 98507-9046 (360) 529-6718 Joshua.Summers@esd.wa.gov</p>

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Audit Report	Finding Number	Finding and Resolution
1030927	001	<p>Finding: The Department’s internal controls were inadequate for safeguarding public resources, resulting in questionable time reporting and compensation paid to an employee.</p> <p>Fraud Amount: Undetermined</p> <p>Amount to be Recovered: \$0</p> <p>Recovery to date: Not applicable</p> <p>Resolution /Status: The Employment Security Department (ESD) thanks the State Auditor’s Office (SAO) for their work and commitment towards detecting and mitigating fraud. However, ESD respectfully disagrees with this report.</p> <p>ESD identified several critical factual errors and issues with the report, which include:</p> <ul style="list-style-type: none"> • ESD, the U.S. Department of Justice (DOJ), and the U.S. Department of Labor (USDOL) all concluded there was not sufficient evidence to support moving forward with their investigations. ESD does not agree with the SAO’s assertion that the time worked wasn’t adequately supported. • The report draws conclusions about the validity of time worked based on assumptions about the individual’s job duties, and the report fails to consider key information provided by ESD about their job duties that would impact the conclusions drawn in the SAO’s report. • It is unclear in the SAO report that the amount of time the individual worked, which SAO deemed “unreasonable,” was averaged over both jobs. Not only is this confusing but ESD cannot attest to the work done by the individual outside of ESD. • The conclusion that ESD does not have adequate controls to verify work performed by employees is at odds with the State Administrative & Accounting Manual – which provides the requirements state agencies must meet relative to control and accountability over financial and administrative affairs. <p>ESD reported this suspected fraud as soon as we became aware of it. Two federal offices concluded there was not enough evidence to move forward. ESD’s internal controls were in place and performing as intended.</p> <p>Considering these factors, ESD has no corrective action based upon this report. ESD remains committed to combating fraud in every way. ESD hired an internal fraud investigator, who is developing a program that will strengthen existing processes to monitor for internal fraud and abuse within ESD.</p>

State of Washington - Office of Financial Management
 Status of Audit Resolution
 December 2022

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Audit Report	Finding Number	Finding and Resolution	
1030927	001 (cont'd)	Personnel Action Taken:	Contract with the employee was ended.
		Criminal Action Taken:	Referred to SAO, USDOL and DOJ
		Agency Contact:	Jay Summers External Audit Manager PO Box 9046 Olympia, WA 98507-9046 (360) 529-6718 Joshua.Summers@esd.wa.gov