

State of Washington
 Status of Audit Resolution
 December 2016

Employment Security Department

Agency 540

Audit Report	Finding Number	Finding and Corrective Action Plan
2015 F	006	<p>Finding: The Employment Security Department did not have adequate internal controls over and did not comply with requirements to ensure only eligible claimants of the Unemployment Insurance program received benefits.</p> <p>Corrective Action: The Department has reviewed the work search verification and job search review processes to determine what new processes need to be implemented or changed to ensure that only eligible claimants receive benefits.</p> <p>By December 2016, changes in job search rules will be developed and formally adopted.</p> <p>The Department will develop new policies and procedures to improve work search verification and job search review and monitoring processes. These procedures will include:</p> <ul style="list-style-type: none"> • Management oversight to ensure accuracy and completeness of eligibility determination. • A new monitoring system that ensure the weekly in-person reviews have been completed. • The minimum number of required verifications. • Documentation retention requirements. <p>Completion Date: Corrective action is expected to be complete by June 2017</p> <p>Agency Contact: Ben Hainline Director of Internal Audit PO Box 46000 Olympia, WA 98504-6000 (360) 902-9276 bhainline@esd.wa.gov</p>

State of Washington
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Audit Report	Finding Number	Finding and Corrective Action Plan
2015 F	007	<p>Finding: The Employment Security Department paid Trade Readjustment Allowance program benefits to participants who were not eligible to receive them.</p> <p>Corrective Action: As of July 2016, the Department has implemented the following corrective actions:</p> <ul style="list-style-type: none"> • Developed new policies and procedures to improve application eligibility review process. • Established new requirements for managerial review and oversight to reduce errors and increase program compliance and accuracy. Currently, 100% review is conducted while staff is receiving training. Once training is completed, reviews will be performed on a random basis. • Conducted on-going trainings to increase staff's knowledge on the Trade Readjustment Allowance program requirements. Due to a recent reorganization within the agency, training is being provided to all staff. <p>As of September 2016, the Department repaid the questioned costs to the federal awarding agency, U.S. Department of Labor.</p> <p>By December 2016, manuals will be developed to provide guidance to staff on the newly implemented policies and procedures to ensure program compliance and accuracy.</p> <p>Completion Date: Corrective action is expected to be complete by December 2016</p> <p>Agency Contact: Ben Hainline Director of Internal Audit PO Box 46000 Olympia, WA 98504-6000 (360) 902-9276 bhainline@esd.wa.gov</p>

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Audit Report	Finding Number	Finding and Corrective Action Plan
2015 F	008	<p>Finding: The Employment Security Department made unsupported payments to Trade Readjustment Allowance program participants.</p> <p>Corrective Action: Beginning in October 2016, the Department began scanning and maintaining supporting payment documentation in accordance with federal and state record retention guidelines.</p> <p>The Department has also implemented the following corrective actions:</p> <ul style="list-style-type: none"> • Established new procedures over the Trade Readjustment Allowance (TRA) program payment documentation and retention. TRA staff will submit a copy of the payment supporting documentation to the Finance Department for their records. • Established procedures to ensure managerial oversight and review are in place to improve program compliance over payment documentation and retention. • Repaid the questioned costs to the federal awarding agency, U.S. Department of Labor, in August 2016. <p>By December 2016, manuals will be developed to provide guidance to staff on the newly implemented policies and procedures to ensure program compliance and accuracy.</p> <p>The Unemployment Tax and Benefit System is set to go live on January 3, 2017. The new system is expected to improve the payment accuracy and documentation process.</p> <p>Completion Date: Corrective action is expected to be complete by January 2017</p> <p>Agency Contact: Ben Hainline Director of Internal Audit PO Box 46000 Olympia, WA 98504-6000 (360) 902-9276 bhainline@esd.wa.gov</p>

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2015 F	009	<p>Finding: The Employment Security Department did not have adequate internal controls to ensure only eligible participants of the Trade Adjustment Assistance program received benefits.</p> <p>Corrective Action: As of February 2016, the Department:</p> <ul style="list-style-type: none"> • Added additional staff to increase support and initiated separation of duties by assigning one individual to determine the eligibility for benefits using the General Unemployment Insurance Design Effort system and a second individual to enter information into the Case Management System. • Established a plan to increase accuracy and efficiency within the Trade Adjustment Assistance (TAA) program, which included the following activities: increased managerial oversight and review over the eligibility determination process, completing spot checks, and conducting random testing. • Set up new guidelines to assist TAA program staff in determining eligibility and ensuring participants meet federal requirements before authorizing payment, and developed a checklist to ensure proper documentation is in place. <p>Completion Date: February 2016, subject to audit follow-up</p> <p>Agency Contact: Ben Hainline Director of Internal Audit PO Box 46000 Olympia, WA 98504-6000 (360) 902-9276 bhainline@esd.wa.gov</p>

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Audit Report	Finding Number	Finding and Corrective Action Plan
2015 F	010	<p>Finding: The Employment Security Department did not have support for transportation reimbursement payments to Trade Adjustment Assistance program participants.</p> <p>Corrective Action: In August 2016, the Department repaid the questioned costs to the federal awarding agency, U.S. Department of Labor.</p> <p>As of October 2016, the Department began scanning and maintaining transportation reimbursement payment supporting documentation in accordance with federal and state record retention guidelines.</p> <p>The Department is in the process of :</p> <ul style="list-style-type: none"> • Redesigning the claim forms requiring an additional review of the payment calculation for accuracy by field staff and a second review by central office staff. • Formalizing new procedures to ensure segregation of duties between payment processing, and payment review and approval. • Developing new procedures to strengthen internal controls in the reimbursement payment process. These procedures will be reviewed and monitored by management on an ongoing basis. <p>Completion Date: Corrective action is expected to be complete by December 2016</p> <p>Agency Contact: Ben Hainline Director of Internal Audit PO Box 46000 Olympia, WA 98504-6000 (360) 902-9276 bhainline@esd.wa.gov</p>