



ARRA REPORT BY THE
INSPECTOR GENERAL AND STATE BOARD OF ACCOUNTS

2010-04-0109

June 4, 2010

ARRA DWD UNEMPLOYMENT INSURANCE PROGRAM

Indiana Inspector General Staff Attorney Kristi Shute and State Examiner Bruce A. Hartman of the Indiana State Board of Accounts report as follows:

This report addresses an evaluation of the Temporary Federal Additional Compensation Program (FAC), Federal Additional Compensation Administration (FACA), and Emergency Unemployment Compensation Administration (EUCA) portions of the Unemployment Insurance (UI) program¹ within the Indiana Department of Workforce Development (DWD).²

The UI program provides unemployment benefits to eligible workers who are unemployed through no fault of their own and meet other eligibility requirements of State law.³

On February 17, 2009, the United States Government enacted the

¹ 42 USC §7 *et seq.*

² The Indiana Department of Workforce Development (DWD) is established in IC 22-4.1-2-1.

³ *See:* <http://www.ows.doleta.gov/unemploy/uifactsheet.asp>.

American Recovery and Reinvestment Act (ARRA).⁴ The ARRA intends to provide a stimulus to the United States economy by providing \$787 billion in program funding and tax credits.⁵

The purpose of this report is to document a preliminary ARRA compliance review of the UI program by the State Board of Accounts (SBOA) and the Office of the Inspector General (OIG).

I

FAC funds will be used to provide additional assistance to unemployed workers by adding \$25 to all UI weekly benefit payments for the period beginning with the week ending February 28, 2009, and will conclude with the week ending July 3, 2010. As of January 14, 2010, DWD has disbursed a total of \$326,547,725 in FAC funds for UI benefits and has received a total of \$325,322,825 in reimbursements for those payments from the federal government.

DWD was also awarded \$120,839 for the FACA portion to cover the cost of system re-programming as a result of the additional \$25 per week through the FAC program and \$3,162,361 for the EUCA portion to accommodate the increase in claimants and extended benefits. The funds must be liquidated by September 30, 2010, and September 30, 2011, for FACA and EUCA, respectively.

⁴ American Recovery and Reinvestment Act of 2009, P.L. No. 111-5, 123 Stat. 115 (2009).

⁵ See: <http://www.recovery.gov>.

II

The OIG’s enabling statute provides that the OIG “is responsible for addressing fraud, waste, abuse and wrongdoing in agencies.” IC 4-2-7-2(b).

The SBOA has similar duties, including the authority to develop and publish “accounting and uniform compliance guidelines manuals” (“Manuals”) to provide guidance to public entities, IC 5-11-1-24(a), to perform audits, IC 5-11-1-9, and to make written findings regarding violations of its Manuals or “any law.” IC 5-11-5-1(a).

Within these authorities, a preliminary review of the UI program was made. This review included, but was not limited to, reviewing the program objectives, meeting with the program staff, reviewing agency-completed spending plans, reviewing monthly update reports submitted to the Indiana Office of Management and Budget (OMB) and an assessment of the program’s risks.

From this preliminary review, we make the following findings and recommendations.

III

A

Findings

1

We find from our initial review that, except for the issues addressed below, the program controls outlined in the FAC, FACA and EUCA spending plans are adequate to meet the respective federal ARRA and State OMB

guidelines and requirements.

2

The State Board of Accounts (SBOA) compliance review report B34750 for the period ended February 28, 2009, noted a deficiency pertaining to the UI program. The SBOA also noted two deficiencies pertaining to the UI program during our current A-133 audit of DWD for the year ended June 30, 2009. In addition, DWD had several findings related to the UI program in the March 9, 2009, United States Department of Labor Monitoring Report. We may perform additional procedures at a later time to verify compliance requirements.

B

Recommendation

Accordingly, our recommendation is that the above findings be addressed and any future ARRA expenditures as addressed above be made through procedures approved by the SBOA.

Dated this 4th day of June, 2010.

APPROVED BY:



David O. Thomas, Inspector General