



Fraud, Waste, and Mismanagement Hotline *Semiannual Report: January 2021 – June 2021*

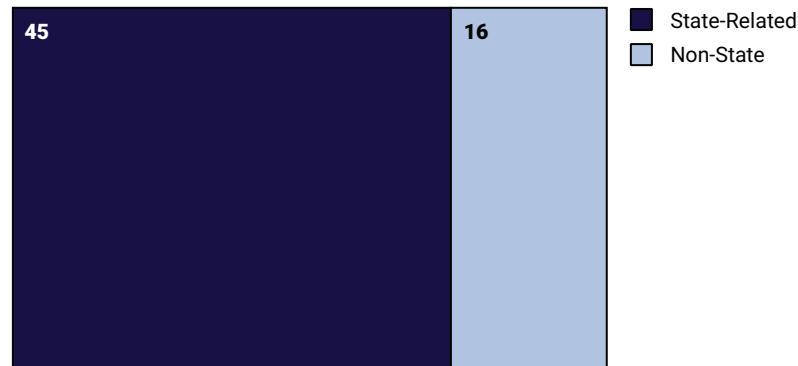
As required by s. 13.94 (1) (br), Wis. Stats., the Legislative Audit Bureau operates a toll-free hotline (1-877-FRAUD-17) that allows the public and individuals within state government to confidentially report alleged fraud, waste, and mismanagement. Callers may remain anonymous, and the Bureau is statutorily required to protect their identities even when other information is made public.

We highlight the activity of the Bureau’s Fraud, Waste, and Mismanagement hotline for the period from January 1, 2021, through June 30, 2021, including the 45 state-related reports we received. We also describe our review of the multiple Unemployment Insurance (UI) program issues reported to the hotline from January through June 2021, including our analysis of benefit appeal timeliness.

We received a total of 61 reports from January 1, 2021, through June 30, 2021

We note that 45 of the 61 hotline reports (73.8 percent) were state-related. The majority of such reports pertained to concerns about alleged agency mismanagement. As of June 30, 2021, we had resolved 31 of the 45 state-related reports we received. As of July 1, 2021, 14 of the 45 state-related hotline reports remained under review.

Fraud, Waste, and Mismanagement Hotline Activity January through June 2021

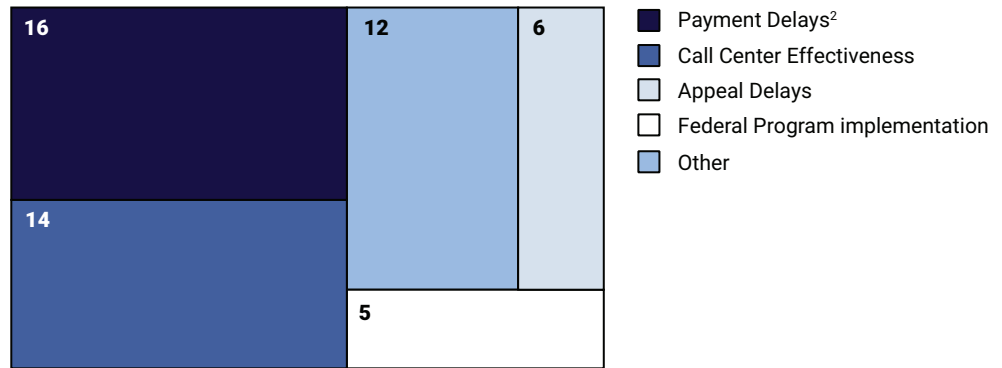


TOTAL REPORTS: 61

From January through June 2021, we received a total of 30 reports to the hotline pertaining to the Unemployment Insurance program

The UI program is administered by the Department of Workforce Development (DWD). Individuals who contacted the hotline often reported multiple issues. The 30 reports to the hotline included a total of 53 issues, including benefit payment delays, call center effectiveness, and appeals timeliness.

Unemployment Insurance Issues Reported to the Hotline¹
January through June 2021



TOTAL ISSUES: 53

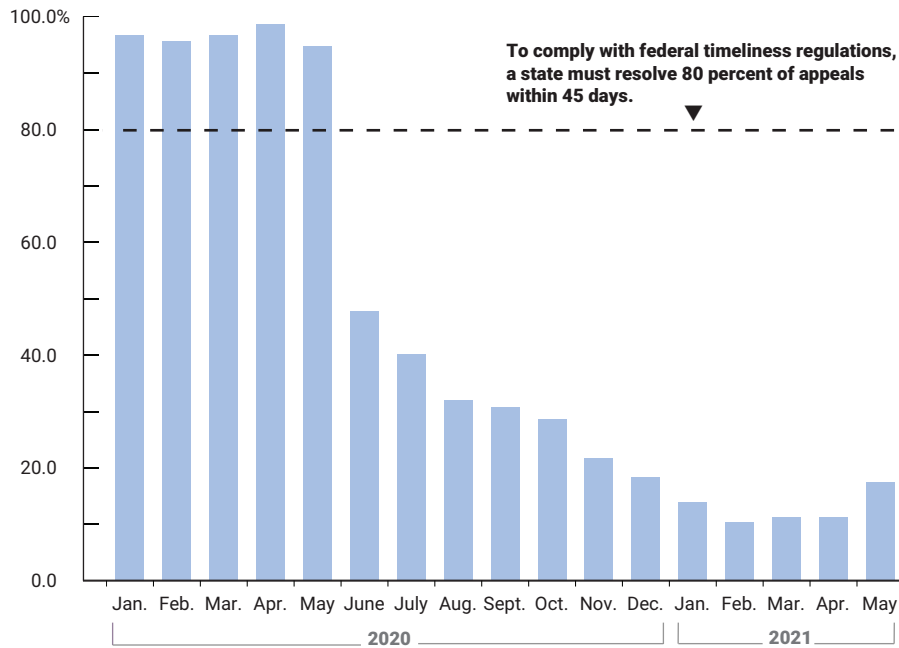
¹ The number of issues reported exceeded the number of hotline reports received as some contained multiple allegations.

² Includes payment delays associated with multiple UI programs.

We found that DWD did not comply with certain federal regulations for timely appeals

We reviewed the appeal timeliness data DWD reported to the federal government. We found that DWD had not complied with federal regulations because it did not resolve appeal decisions in a timely manner from June 2020 through May 2021. This was consistent with the appeal delays that individuals reported to the hotline.

Percentage of Appeals Resolved within 45 Days¹



Source: U.S. Department of Labor

¹ Includes data related only to regular unemployment insurance claims for which appeal hearing determinations had been made in the reporting period, with time lapse measured from the date the appeal was filed to the date a determination on the appeal was made.

We compared appeal determination data reported by Wisconsin to that of other Midwestern states, each of which administers its own UI program under the laws and regulations of that state. Wisconsin’s performance ranked third among the five Midwestern states that we reviewed for May 2021. Among the 45 states and territories that reported appeals data in May 2021, DWD’s percentage of appeal determinations made within 45 days ranked slightly above the median. Only 2 of these 45 states and territories were in compliance with federal requirements for issuing appeal decisions in a timely manner.

DWD indicated that it added staff in early 2021 to address the increase in appeals filed. However, more than 14,500 appeals were awaiting a decision in May 2021.

In July 2021, we recommended that DWD report by September 16, 2021, to the Joint Legislative Audit Committee on its plan to achieve compliance and the status of appeals as of August 31, 2021.

DWD is implementing an IT modernization project

2021 Wisconsin Act 4 directed DWD to begin an information technology (IT) UI modernization project and to report on the status of these efforts to certain legislative committees. We reviewed DWD's March and April 2021 reports on the status of its IT modernization project.

We found that DWD solicited proposals to identify a vendor to implement cloud-based communication enhancements, which resulted in a June 2021 contract for these services. According to the contract, DWD anticipates the vendor will begin work on implementing new communication enhancements in August 2021. In June 2021, DWD also issued a request for proposals to develop a new UI benefit payment processing information system. DWD is currently evaluating the proposals. DWD will provide its next update to the Legislature on the status of the IT modernization project in July 2021 and then quarterly thereafter.