

# WE ARE YOUR DOL



Kathy Hochul, Governor  
Roberta Reardon, Commissioner

May 12, 2023

Nadine Morrell  
Office of the State Comptroller  
Division of State Government Accountability  
110 State Street – 11<sup>th</sup> Floor  
Albany, NY 12236-0001

Re: Audit Report – 2021-S-3, Issued 11/15/2022

Dear Ms. Morrell,

The Department of Labor (DOL) has reviewed the Office of the State Comptroller's (OSC) above-referenced Audit Report Number 2021-S-3 titled Controls and Management of the Unemployment Insurance System for the period January 2020 through March 2022. The report contained six recommendations, below are the DOL's responses:

**OSC Recommendation 1:** Continue the development of the replacement UI system and ensure its timely implementation.

**DOL 180-day Response to Recommendation 1:**

The development and replacement of DOL's current system continues. We anticipate the new system will go live following robust testing in less than one year.

**OSC Recommendation 2:** Take steps, including collecting and analyzing data related to the identity verification process, to ensure the correct balance between fraudulent identity detection and a streamlined process for those in need of UI benefits.

**DOL 180-day Response to Recommendation 2:**

The global pandemic and federal CARES Act response laid an indelible mark on the unemployment insurance program. While it is true that cyber criminals targeted, capitalized, and pounced upon the federal pandemic programs like PUA, FPUC, and the Paycheck Protection Program, know that DOL emerged stronger, more agile, and more strategic. In fact, DOL submits that we struck that balance well during CY 2022 where out of \$2,400,000,000 in unemployment benefit payments, losses attributable to ID theft identification issues plummeted to about \$462,000.

**OSC Recommendation 3:** Follow up on the questionable claims identified by our audit to ensure adjustments have been made so they are paid from the proper finding source and overpayments are recovered.

**DOL 180-day Response to Recommendation 3:**

As noted in the report, DOL has performed adjusting entries on all issues identified. DOL continues making claim adjustments as needed to ensure claimants receive appropriate benefits, benefits are paid from the proper funding allocation, overpayments are established, and attempts are made to collect upon recoverable overpayments that are not otherwise waived pursuant to federal authority.

**OSC Recommendation 4:** Develop and implement a process to include specific language access information in the UI system to provide the DOL with appropriate, complete, accurate, accessible, and timely information on LEP individuals.

**DOL 180-day Response to Recommendation 4:**

In our October 2022 response, we advised that DOL was seeking a multi-million dollar Equity Grant from the United States Department of Labor to promote equity, access, and inclusion throughout the UI program. We are pleased to inform that our grant request was approved, in full, in January 2023. Now, DOL is busy integrating these equity, accessibility, and inclusion improvements for *all* New Yorkers – whether it's LEP, disability, or otherwise – into our new system slated to go live in less than a year.

**OSC Recommendation 5:** Ensure the current and new UI system and data comply with the provisions of the Security Policy, the Classification, Authentication, Encryption, and Logging Standards, as well as the Change Management Process and Policy by:

- Performing a data classification for the systems and data related to the UI process.
- Ensuring encryption has been employed where necessary on the UI system
- Reviewing and modifying as necessary the procedures for granting access.
- Separating duties for administrators of UI applications or implementing appropriate compensating controls
- Establishing formal log monitoring and review process to support operations, maintain awareness of security events, and verify compliance.
- Ensuring changes to the UI system are fully documented.

# WE ARE YOUR DOL



Kathy Hochul, Governor  
Roberta Reardon, Commissioner

## **DOL 180-day Response to Recommendation 5:**

DOL continues to work with its internal IT security team and our partners at ITS to ensure compliance with the provisions of the Security Policy, the Classification, Authentication, Encryption, and Logging Standards, as well as the Change Management Process and Policy.

**OSC Recommendation 6:** Improve timeliness of cooperation with authorized State oversight inquiries to ensure transparent and accountable agency operations.

## **DOL 180-day Response to Recommendation 6:**

DOL continues to monitor cooperation with authorized State oversight inquiries and encourages open communication regarding concerns over timeliness.

If you have any comments, please contact Donald Temple, Director Internal Audit, (518) 457-7332.

Sincerely,

A handwritten signature in black ink, appearing to read "Scott B. Melvin".

Scott B. Melvin  
Executive Deputy Commissioner

Cc: Roberta Reardon, Commissioner  
Susan Filburn, Deputy Commissioner, Employment Security  
Lars Thompson, Associate Commissioner, UI Claims Processing & Quality Review  
Stephen Geskey, Associate Commissioner, UI Adjudication & Employer Liability  
Jacqueline Kagan, Associate Commissioner, Worker Protection  
Donald Temple, Director of Internal Audit and Control  
Samantha Doran, Auditor 3, Internal Audit