

UNEMPLOYMENT COMPENSATION CLAIMS

BACKGROUND

Unemployment insurance provides temporary income payments to make up part of the wages lost to workers who lose their jobs through no fault of their own. It is job insurance paid for by a tax on industry. Eligible claimants are paid unemployment benefits from the Florida Unemployment compensation trust fund. The City as a reimbursable employer is required to repay the fund dollar-for-dollar for the benefits paid to eligible former employees.

The Division of Unemployment Compensation establishes the eligibility of each claim. A Determination Notice of Unemployment Compensation Claim is sent to the City of Tampa for each former employee that has filed a claim. If the city believes that the claimant is not entitled to benefits it has ten days to submit a reply. After the determination on the claim is made, the claimant or the employer may request a formal hearing before an appeals referee. The request for the hearing must be made within twenty days from the date of the determination. If the determination of the appeals referee is to award unemployment compensation benefits, the City may request an administrative review of the referee's decision by the Unemployment Appeals Commission.

The City's unemployment compensation program is monitored by the Department of Administration Equal Employment/Labor Division. Unemployment benefits paid in fiscal year 1995 and through March 31, 1996, amounted to \$140,992. During the period claims were processed and monitored for 67 former city employees.

SCOPE

The audit period was from October 1, 1995, through March 31, 1996. The purpose of the audit was to evaluate the effectiveness of monitoring the unemployment claims processed during the audit period.

STATISTICS

	<u>FY94</u>	<u>FY95</u>	<u>FY96</u>
Claims Processed	80	83	42
Compensation Paid	\$53,329	\$96,208	\$44,784

Note: The fiscal year 1996 statistics were for the first six months of the year.

PLANNING

1. Prepare and send an entrance letter to Manager of Auditee Division.
2. Prepare a planning program and include a time budget for the preliminary survey work.
3. Conduct an in-house review of the following:
 - a. Prior internal audit reports and management comments,
 - b. The annual budget and Mission & Management Statement of Auditee Department, and
 - c. Charter, Organization Chart, and any Procedure Manuals.
4. Schedule and hold an entrance conference with the Auditee. Obtain the name of the departmental contact person, and secure a place from which to conduct the field work portion of the audit.

5. Begin Preliminary Survey by interviewing the appropriate personnel in the Auditee Department. Document the interviews with narratives in the work file.
6. Review and document Internal Control System. (Include control points, such as the location within the system of approvals, authorizations, segregation of duties, supervision, reconciliations, computer-generated error and edit listings, exception reports, etc.) Gain an understanding of the Unemployment compensation Law.
7. After gaining an understanding of various functions, conduct several transaction walk-throughs. Revise documentation as necessary.
8. Prepare a survey memo listing the strengths and weaknesses of the system. Discuss the areas of greatest risk and exposure to the City. Also, include suggested audit objectives and test procedures. Discuss with Audit Supervisor and the Deputy Director.
9. Prepare the audit program and include a time budget and estimated completion date. Index the work file and turn in for review.
10. Clear review notes and revise the audit program, if necessary.

OBJECTIVE # 1:

Determine if the claimants were eligible for unemployment benefits.

1. Obtain the quarterly listings of unemployment claim payments.
2. Select a random sample of 20 persons that received unemployment benefits.
3. Review the personnel records to determine if:
 - a. the person actually was employed by the City of Tampa.
 - b. the reason for separation from employment from the City did not disqualify the person from receiving unemployment benefits.
 - c. the claimant earned the minimum amount of wages in the base period.
4. Summarize and conclude.

OBJECTIVE # 2:

Determine if the weekly benefit payments were accurately computed.

1. Obtain the payroll records for the persons selected for testing.
2. Calculate the weekly benefit amounts.
3. Calculate the available credit.
4. Determine the reason for any difference noted between the calculated payment and the actual unemployment payment.

5. Summarize and conclude.

OBJECTIVE # 3:

Determine if unemployment benefits were paid for the authorized time period.

1. Review the "Determination Notice" to obtain the expiration date of the claim.
2. Review the "Reimbursement Invoice" to determine if payments were not made past the claim expiration date.
3. Resolve any differences with the local unemployment office.
4. Summarize and conclude.

WRAP-UP

1. Complete and index workpapers.
2. Clear review notes.
3. Prepare a preliminary draft of the audit report.
4. Prepare requests for auditee responses.
5. Schedule and hold exit conference.
6. Incorporate auditee responses into the final audit report.
7. Send the final audit report to the printer.