

THOMAS P. DiNAPOLI  
STATE COMPTROLLER



110 STATE STREET  
ALBANY, NEW YORK 12236

STATE OF NEW YORK  
OFFICE OF THE STATE COMPTROLLER

February 27, 2009

Ms. M. Patricia Smith  
Commissioner  
NYS Department of Labor  
W. Averell Harriman State Office Campus  
Building 12  
Albany, NY 12240

Re: Report 2008-F-50

Dear Ms. Smith:

Pursuant to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution; and Article II, Section 8 of the State Finance Law, we have followed up on the actions taken by officials of the Department of Labor (Department) to implement the recommendations contained in our audit report, *Use of New Hires Database* (Report 2006-S-86).

**Background, Scope and Objectives**

The Department has a New Hires Cross Match Program (Program) to detect those who are earning wages and receiving unemployment insurance benefits at the same time. The Department told us that an equally important purpose is to identify, as quickly as possible, individuals who are in the process of collecting benefits to which they are not entitled and to stop future invalid benefit requests submitted by these individuals from being processed and paid. As part of the program, the Department matches its Unemployment Insurance database with the State Directory of New Hires, administered by the State Department of Taxation and Finance. This match identifies those individuals who are earning wages while collecting unemployment insurance and establishes unemployment insurance overpayments to be recovered from such individuals.

Our initial audit report, which was issued on June 5, 2007, examined whether the Department effectively utilized the State Directory of New Hires database to identify and collect unemployment insurance overpayments. We found that the Department has effectively utilized the State Directory of New Hires to identify and establish unemployment insurance overpayments. To further enhance its effectiveness, we recommended that the Department formalize its policies and procedures for the Program, and obtain access to the Federal new hires database as an additional source of information. The objective of our follow-up was to assess the extent of implementation as of December 18, 2008 of the two recommendations included in our initial report.

## **Summary Conclusions and Status of Audit Recommendations**

We found the Department has implemented both of the recommendations from our original report.

### **Follow-up Observations**

#### **Recommendation 1**

*Develop formal policies and procedures that would serve as a guideline to management and staff responsible for weekly processing of new hire information.*

Status - Implemented

Agency Action - The Department developed their New Hire Procedures to serve as a guideline for the weekly processing of new hire information. These procedures detail actions from the receipt and processing of new leads, to obtaining employer and claimant responses to Department requests for information, to reviewing completed overpayments and finally to recording the case results. According to Department officials, these policies and procedures are continuously updated as necessary, such as to include the match with the federal new hire database. Department officials also stated these policies and procedures are distributed to all staff.

#### **Recommendation 2**

*Complete the programming that will enable cross matches with the federal new hire database to be performed.*

Status - Implemented

Agency Action - We found the Department has completed the programming required to enable cross matches with the federal new hire database. The Department began performing these matches in May 2007 and completes these matches weekly. To date, the Department has reported approximately \$3.8 million in overpayments, as a result of these matches.

Major contributors to this report were Todd Seeberger, Vicki Wilkins, Andrew Davis and Mark Radley.

We thank the management and staff of the Department for the courtesies and cooperation extended to our auditors during this process.

Very truly yours,

Donald Geary  
Audit Manager

cc: Thomas Lukacs, Division of the Budget