

U.S. DEPARTMENT OF LABOR Employment & Training Administration Washington, D.C. 20210	CLASSIFICATION
	UI / IS
	CORRESPONDENCE SYMBOL
	TEUMC
	DATE
	July 25, 1988

DIRECTIVE : **GENERAL ADMINISTRATION LETTER NO. 4-88**

TO : ALL STATE EMPLOYMENT SECURITY AGENCIES

FROM : DONALD J. KULIK /s/
Administrator
for Regional Management

SUBJECT : Unemployment Insurance (UI) Internal Security
(IS) Policy

1. Purpose. To rescind GAL No. 43-81, and to reissue and update policy guidance for use by the State Employment Security Agencies (SESAs) in carrying out responsibilities and tasks to be performed by IS staff.

2. References. ET Handbook No. 376; and UIPL Nos. 34-87, 42-87, 8-88, and 51-88.

3. Background. The reduction of fraud and abuse continues to be a priority in the UI program. To accomplish this, UI program and internal security staff should continue to review the adequacy of existing internal controls in order to recommend to management the installation of controls where none exist or the strengthening of controls where weaknesses are detected.

Since Fiscal Year 1982, funds have been allocated to the SESAs for positions to carry out internal security in UI operations. Internal security staff activities have included conducting risk analyses, reviewing newly automated and manual procedures, conducting investigations of alleged internal violations by SESA staff and other perpetrators, and conducting periodic audits and reviews of UI operations.

4. Policy.

a. SESA UI management should devise an internal security system that will best suit their specific needs given the variations in UI procedures and operations in each State;

b. IS staff should be responsible to officials at a sufficiently high level to permit independence of UI operations reviewed and integrity of systems;

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c. IS staff should, dependent on State agency administrative grants, be authorized to perform or monitor audits and reviews on a regular basis;

d. IS staff should be under the supervision of an official other than the UI Chief of Benefits, UI Chief of Tax, the Chief of Data Processing or any individual or organization having direct responsibility for payment certification or processing operations;

e. SESA management should;

- (1) assure that the topic of internal security is included in SESA training programs for new employees;
- (2) make all relevant records available to the IS staff upon request for audits/reviews; and
- (3) define in writing the role, responsibilities, and job duties of the IS staff.

5. Tasks. SESA UI needs for the IS staff vary, and the scope of work set by SESA management may include the following:

a. recommend procedural changes to strengthen internal security in UI operations;

b. review and take appropriate action on cases detected by internal controls;

c. consult in the setting up or establishment of benefit payment procedures or other internal controls;

d. monitor changes to computer systems to ensure proper entry into systems;

e. plan, conduct, and/or oversee periodic risk analysis in accordance with the requirements of UIPL No. 34-87;

f. plan, conduct, and/or oversee a review of internal security in the SESA's UI operations at least once every 4 years as stated in UIPL 51-88;

g. conclude audits/reviews with a close-out meeting in which findings and recommendations are discussed with the office supervisor except where the possibility of fraud may require different treatment; and

h. prepare periodic written reports to SESA management on risk analysis performed and audits/reviews conducted (the requirements for conducting risk analyses are contained in UIPL No. 34-87).

6. Action Required. SESAs should advise appropriate staff of the above information.

7. Inquiries. All questions or inquiries should be referred to the appropriate Regional Office.