

# EDD Audit Progress Report

We are dedicated to protecting unemployment benefits for eligible California workers. In January 2021, the California State Auditor (CSA) released two audit reports about our ability to deliver unemployment benefits while preventing fraud and maintaining privacy. The reports provide recommendations to increase our accountability and improve operations.

Here you can find our progress toward addressing the CSA's recommendations and related Department resources. This page will be updated as recommendations start and finish, in compliance with the CSA reports.

To view the full CSA reports, select the following:

- [Report 2020-128/628.1](#) – Recommendations related to EDD operations.
- [Report 2020-628.2](#) – Recommendations related to fraud prevention.

## Audit Recommendations

### Operations Audit Recommendations

#### Operations Audit Recommendations, as listed in CSA Report 2020-128/628.1

Recommendation	Status	Resources
To provide a more transparent picture of claims in its backlog, by March 2021 EDD should revise its public dashboards to clearly indicate the number of claims that have waited longer than 21 days for payment because EDD has not yet resolved pending work on the claim.	Submitted to State Auditor	<a href="#">Unemployment Benefits Data Dashboard</a>
To ensure that its identity verification processes are as robust as possible, EDD should determine by June 2021 the reasons why claimants cannot successfully complete their identity verification through ID.me and work with its vendor to resolve these problems. EDD should thereafter regularly monitor the rate of successful identity verifications to ensure that it consistently minimizes unnecessary staff intervention.	In progress	
To retain as much automation in initial claims processing as possible, by June 2021 EDD should determine the automation modifications achieved through its emergency processing tool that it can retain and by September 2021 it should make those a permanent feature of its UI Online application.	In progress	
To ensure that it does not delay needed improvements to its IT systems, EDD should, by June 2021, identify the elements of the Benefit Systems Modernization project that can assist it in making timely payments and that it can implement incrementally. It should then prioritize implementing the elements most likely to benefit Californians.	In progress	
To ensure its ability to respond in a timely fashion to fluctuations in its workload, EDD should immediately begin modeling workload projections that account for possible scenarios that would cause a spike in Unemployment Insurance (UI)	In progress	

claims. EDD should plan its staffing around the likelihood of those scenarios, including having a contingency plan for less likely scenarios that would have a significant impact on its workload.

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To continue providing timely payment of benefits to Californians in need while also effectively responding to the Department of Labor's directive regarding immediately resuming all eligibility determinations and resolving all suspended determinations, EDD should do the following:

- Perform a risk assessment of its deferred workloads, including deferred eligibility determinations and retroactive certifications. EDD's assessment should take into account the relative likelihood that it issued payments to ineligible claimants by considering historic overpayment trends as well as the new or altered eligibility requirements the federal government adopted in response to the pandemic. If necessary, EDD should either partner with another state agency or contract for assistance in performing the analysis in support of this assessment.

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To continue providing timely payment of benefits to Californians in need while also effectively responding to the Department of Labor's directive regarding immediately resuming all eligibility determinations and resolving all suspended determinations, EDD should do the following:

- Develop a workload plan that prioritizes its deferred workloads based on the risk assessment and determine the staffing and IT resources needed to accomplish the work within expected time frames.

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To continue providing timely payment of benefits to Californians in need while also effectively responding to the Department of Labor's directive regarding immediately resuming all eligibility determinations and resolving all suspended determinations, EDD should do the following:

- Hire and train staff as necessary in order to carry out the workload plan.

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To continue providing timely payment of benefits to Californians in need while also effectively responding to the Department of Labor's directive regarding immediately resuming all eligibility determinations and resolving all suspended determinations, EDD should do the following:

- Using the workload plan, EDD should process the deferred work in alignment with the following:
  - The need to pay timely benefits to new or continued claimants.
  - Federal expectations about the urgency of the deferred work.
  - Any deadlines by which EDD may no longer be allowed to recoup inappropriately paid benefits.

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To ensure that it is able to take informed steps to provide better customer service through improved call center performance, EDD should implement a formal policy by no later than May 2021 that establishes a process for tracking and periodically analyzing the reasons why UI claimants call for assistance. By no later than October 2021, and every six months thereafter, EDD should analyze these data to improve its call center by doing the following:

- Identifying and resolving weaknesses or problems with the ways in which it provides assistance to UI claimants through self-service and noncall-center options.

To ensure that it is able to take informed steps to provide better customer service through improved call center performance, EDD should implement a formal policy by no later than May 2021 that establishes a process for tracking and periodically analyzing the reasons why UI claimants call for assistance. By no later than October 2021, and every six months thereafter, EDD should analyze these data to improve its call center by doing the following:

- Developing specialized training modules to quickly train its call-center staff on the most commonly requested items with which callers want assistance.


To assess the effectiveness of its call center, by May 2021 EDD should implement a policy for tracking and monitoring its rate of first-call resolution. EDD should review first-call resolution data at least monthly to evaluate whether it is providing effective assistance to callers.

To maximize the number of calls that its staff are able to answer, as soon as possible EDD should add the prerecorded message functionality to its new phone system to advise claimants of their rights and responsibilities after they file their claim with an agent

To provide a more convenient customer experience, as soon as possible EDD should implement those features of its new phone system that allow callers to request a callback from an agent instead of waiting on hold for assistance.

## Anti-Fraud Audit Recommendations

### Anti-Fraud Audit Recommendations, as listed in CSA Report 2020-628.2

Recommendation	Status	Resources
To prepare to respond to victims of identity theft who receive incorrect tax forms, EDD should, by mid-February 2021, provide information on its website and set up a separate email box for such individuals to contact EDD and receive prompt resolution.	Submitted to State Auditor	<a href="#">Form 1099G Information Center</a>
To ensure that it reviews each account that Bank of America reports to it as suspicious or potentially fraudulent, by February 2021, EDD should establish a centralized tracking tool that allows it to review and stop payment on claims, as appropriate. EDD should use this tool to monitor its own internal decisions and track whether the claimant responds to its requests for identity information and should, therefore, have their account unfrozen.	Submitted to State Auditor	
To ensure that its recession planning encompasses its fraud prevention efforts, EDD should identify the fraud prevention and detection efforts it can adjust during periods of high demand for UI benefits. It should ensure that it accounts for all	In progress	

probable consequences of the adjustments and design procedures that appropriately balance the need to provide prompt payment during a recession with the need to guard against fraud in the UI program.

To ensure that it provides appropriate assistance to victims of identity theft who report fraud through its online fraud reporting portal, EDD should, by March 2021, establish a working group to coordinate the work needed to resolve each complaint of identity theft, make decisions about staffing levels necessary, and add staffing to accomplish the work.

Submitted to State Auditor

To ensure that it provides legitimate claimants with benefits but does not pay benefits related to fraudulent claims, EDD should immediately obtain from Bank of America a comprehensive list of claimants' accounts that are frozen. EDD should immediately thereafter evaluate the list—including considering using ID.me to verify claimants' identities—to identify accounts that should be unfrozen. By March 2021, it should direct Bank of America to take action to freeze or unfreeze accounts as appropriate.

Submitted to State Auditor

To ensure that it maintains a robust set of safeguards against fraud, EDD should, by March 2021, designate a unit as responsible for coordinating all UI fraud prevention and detection. EDD should assign that unit sufficient authority to carry out its responsibilities and align the unit's duties with the US Government Accountability Office's framework for fraud prevention.

Submitted to State Auditor

To ensure that it maintains a robust set of safeguards against fraud, EDD should, by May 2021, develop a plan for how it will assess the effectiveness of its fraud prevention and detection tools.

In progress

