

UI REPORTS HANDBOOK NO. 401

ETA 9000 Internal Fraud Activities

CONTENTS

A. Facsimile of Form.....IV-11-2

B. Purpose.....IV-11-4

C. Due Date and Transmittal.....IV-11-4

D. General Reporting Instructions.....IV-11-4

    1. Rounding Dollar Amounts.....IV-11-4

    2. Estimating Cases and Dollar Amounts.....IV-11-4

    3. Safeguard and Cost Benefit Analysis.....IV-11-5

4. Past Experience.....IV-11-5

5. Automated Analysis.....IV-11-5

E. Definitions.....IV-11-5

    1. Employee.....IV-11-5

    2. Internal Fraud.....IV-11-5

    3. UI Program.....IV-11-5

F. Item by Item Instructions.....IV-11-5

    1. Section A. Benefit Funds.....IV-11-5

    2. Section B. Contributions.....IV-11-6

    3. Section C. Administrative Funds.....IV-11-7

    4. Section D. Detection and Prevention Activities.....IV-11-8

    5. Section E. Action Against Employees.....IV-11-9

G. Checking Form ETA 9000.....IV-11-9

    1. General Check.....IV-11-9

    2. Section A.....IV-11-9

    3. Section B.....IV-11-10

    4. Section C.....IV-11-10

    5. Section D.....IV-11-10

    6. Section E.....IV-11-10

**UI REPORTS HANDBOOK NO. 401**  
**ETA 9000 Internal Fraud Activities**

**A. Facsimile of Form**

ETA 9000 INTERNAL FRAUD ACTIVITIES

STATE:		REGION:		REPORT FOR PERIOD ENDING:			
<b>SECTION A. BENEFIT FUNDS - UI EMPLOYEE</b>							
	Line	Number Cases		Dollar Amounts		Number Cases Employee Acted	
		Actual (1)	Estimated (2)	Actual (3)	Estimated (4)	Alone (5)	With Others (6)
Claimed Benefits after Returned to Work	101						
Diverted Benefits Non-employee Claims	102						
Established Claims with Bogus Wages	103						
Authorized Improper Claims for Others	104						
Annonriated Outgoing/Returned Checks	105						
Pocketed Repayment by Overpaid	106						
Extorted Money from Claimants	107						
Miscellaneous	108						
<b>Totals</b>	<b>109</b>						
<b>SECTION B. CONTRIBUTIONS - UI EMPLOYEE</b>							
Misused Confidential Employer Files	201						
Misappropriated Monies Taxes, Penalty/Interest Employers	202						
Falsified Employer Records Reducing Tax/Penalty/Interest	203						
Misappropriated Refunds Due Employer	204						
Generated False Refund Checks	205						
Created Fictitious Employer Account	206						
Extorted Money from Employer	207						
Miscellaneous	208						
<b>Totals</b>	<b>209</b>						
<b>SECTION C. ADMINISTRATIVE FUNDS - UI EMPLOYEE</b>							
	Line	Number Cases		Dollar Amounts		Number Cases Employee Acted	
		Actual (1)	Estimated (2)	Actual (3)	Estimated (4)	Alone (5)	With Others (6)
Embezzled Administrative Funds	301						
Misused Equipment or Supplies	302						

## UI REPORTS HANDBOOK NO. 401

### ETA 9000 Internal Fraud Activities

Falsified Time and Attendance Records	303						
Falsified Travel Voucher	304						
Made Unauthorized Telephone Calls	305						
Miscellaneous	306						
<b>Totals</b>	<b>307</b>						

#### SECTION D. DETECTION AND PREVENTION ACTIVITIES

	Line	Number Cases		Dollar Amounts	
		Actual (7)	Estimated (8)	Actual (9)	Estimated (10)
Audits Conducted	401				
Matching Systems	402				
Communications	403				
Controls Established	404				
Miscellaneous	405				
<b>Totals</b>	<b>406</b>				

#### SECTION E. ACTION AGAINST EMPLOYEES - NUMBER EMPLOYEES

	Line	Charged (11)	Arrested (12)	Prosecuted (13)	Convicted (14)	Imprisoned (15)	No Action (16)
Criminal Actions	501						
		Charged (17)	Arrested (18)	Prosecuted (19)	Convicted (20)	Imprisoned (21)	No Action (22)
OIG Referral	502						
		Reprimanded (23)	Suspended (24)	Demoted (25)	Discharged (26)	Resigned (27)	No Action (28)
Administrative Actions	503						

Comments:

**O M B No.:** 1205-0187    **O M B Expiration Date:** 06/30/2008    **O M B Burden Hours:** 180 Minutes  
**O M B Burden Statement:** These reporting instructions have been approved under the Paperwork reduction Act of 1995. Persons are not required to respond to this collection of information unless it displays a valid OMB control number. Public reporting burden for this collection of information includes the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Submission is mandatory under SSA 303(a)(6). Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the U.S. Department of Labor, Office of Workforce Security, Room S-4231, 200 Constitution Ave., NW, Washington, DC, 20210.

## B. Purpose

Form ETA 9000 provides information on State Workforce Agency (SWA) internal fraud activities in the unemployment insurance (UI) program. Such information includes:

1. The number of actual and estimated internal fraud cases involving UI program benefit funds, contributions and administrative funds.

## UI REPORTS HANDBOOK NO. 401

### ETA 9000 Internal Fraud Activities

2. The actual and established dollar amounts involved in such cases.
3. The number of actual cases in which employees acted alone or acted with others.
4. The activities used by the SWA to detect or prevent such cases.
5. The criminal and administrative actions taken against employees involved in the internal fraud cases.

Each SWA should maintain all documentation supporting the information reported on Form 9000 and retain it for three years following the end of each report period for audit purposes.

#### C. Due Date and Transmittal

The ETA 9000 report is prepared once for each federal fiscal year and should be transmitted over the UI system.

The federal fiscal year ends September 30 and the report is due November 1st. Only if electronic transmission of the report is not available should the report be sent in by hard copy mailed. In such cases, one copy of the report should be sent mailed to the appropriate Regional Office; the original and one copy should be sent mailed to:

US Department of Labor  
Employment and Training Administration  
TEURA – Room S-4231  
Francis Perkins Building  
200 Constitution Avenue N.W.  
Washington, DC 20210

#### D. General Reporting Instructions

1. Rounding Dollar Amounts. In reporting dollar amounts on Form ETA 9000, any dollar amount which is not an even dollar amount should be rounded to the next higher dollar.
2. Estimating Cases and Dollar Amounts. The ETA 9000 report captures both actual and estimated data. Cases and dollars may be estimated using various quantitative methods. To date no method has been identified as the best method. SWAs must identify the method used to capture the estimated data and provide a rationale for choosing that particular method.
3. Safeguard and Cost Benefit Analysis. The preferable method for estimating dollar amounts saved is the “safeguard and cost-benefit analysis” included in the UI risk analysis methodology. SWAs use such analyses in their risk

## UI REPORTS HANDBOOK NO. 401

### ETA 9000 Internal Fraud Activities

analysis studies to identify necessary safeguards and to determine their cost-benefit in terms of the dollar amounts of loss prevented.

4. Past Experience. In instances where the “safeguard and cost-benefit analysis” method would not be appropriate, the method for estimating dollar amounts saved may be based on actual dollar amounts of loss experienced before the controls or safeguards to prevent internal fraud were established.
5. Automated Analysis. SWAs may use an automated risk analysis software package such as Riskwatch, which can provide a framework for the ETA 9000 estimates.

#### E. Definitions

For the purpose of this report:

1. Employee. Means a SWA employee who performs UI program function activities. (Refer to Chapter IV-5 of ET Handbook No. 362, SWA Accounting Manual, Volume II).
2. Internal Fraud. Defined as deliberate conduct by a SWA employee aimed at obtaining SWA funds, property, etc. to which he or she is not entitled or assisting another individual in obtaining EWA funds, property, etc. to which that individual is not entitled.
3. UI Program. Means all state and federal programs administered by the SWA which provide for the payment of benefits to individuals with respect to their unemployment. Such programs include state UI, Unemployment Compensation for Federal Employees (UCFE) and Ex-service members (UCX), Federal-State Extended Benefits (EB), Trade Adjustment Assistance (TAA), Disaster Unemployment Assistance (DUA) and temporary federal programs such as Emergency Unemployment Compensation (EUC).

#### F. Item by Item Instructions

Reporting Instructions for Form ETA 9000, Sections A through E

1. Section A. Benefit Funds. This section concerns actual and estimated internal fraud cases involving UI program benefit funds. The items in this section represent the major areas of internal fraud reported by SWAs in the past. These items are classified as follows:
  - a. Employee with a legitimate claim continues to file after returning to work with the SWA or later reactivates his/her claim while still working and fails to report earnings.

## UI REPORTS HANDBOOK NO. 401

### ETA 9000 Internal Fraud Activities

- b. Employee diverts benefits from non-employee claims (usually inactive) by changing the address on the claim (and possibly claimant name) and issuing checks to a drop address.
- c. Employee establishes claims with bogus wages and pays benefits to himself /herself or others.
- d. Employee processes claims for others knowing they do not meet eligibility requirements.
- e. Employee appropriates outgoing or returned benefit checks.
- f. Employee pockets repayment made by overpaid claimants.
- g. Employee extorts money from claimants for authorizing benefits to which they may or may not be entitled.
- h. Miscellaneous. (All other cases)

Line items 101 through 108 correspond to items 1 through 8 above. Enter in columns 1 through 4 the number of actual and estimated internal fraud cases detected and prevented; the actual and estimated dollar amounts involved in such cases and enter in columns 5 and 6 the number of actual cases in which employees acted alone or acted with others in committing internal fraud.

Enter in columns 1 through 6 the totals of lines 101 through 108 on line 109 marked "Totals."

2. Section B – Contributions. This section concerns actual and estimated internal fraud cases involving UI program employer contributions. The items in this section are classified as follows:
- a. Employee misused confidential information from employer file.
  - b. Employee misappropriated monies due to SWA in taxes, interest, and penalties.
  - c. Employee falsified records for a kick-back, reducing the amount of tax, interest and penalties due SWA.
  - d. Employee misappropriated refund checks due an employer.
  - e. Employee generated false refund checks, diverting payment to himself/herself or an accomplice.
  - f. Employee created fictitious employer accounts and claimed UI benefits based on bogus wage credits.

## UI REPORTS HANDBOOK NO. 401

### ETA 9000 Internal Fraud Activities

g. Employee extorted money from an employer.

h. Miscellaneous. (All other cases)

Line items 201 through 208 correspond to items 1 through 8 above. Enter columns 1 through 4 the number of actual and estimated internal fraud cases detected and prevented; the actual and estimated dollar amounts involved in such cases and enter in columns 5 and 6 the number of actual cases in which employees acted alone or acted with others in committing internal fraud.

Enter in columns 1 through 6 the totals of lines 201 through 208 on line 209 which is marked "Totals."

3. Section C – Administrative Funds. This section concerns actual and estimated internal fraud cases involving UI program administrative funds. The items in this section represent the major areas of internal fraud cases involving administrative funds reported by SWAs. These items are classified as follows:

a. Employee embezzled or misused UI program administrative funds (including Petty Cash funds).

b. Employee misused equipment or supplies (including theft and sabotage).

c. Employee falsified time and attendance records.

d. Employee falsified travel vouchers.

e. Employee made unauthorized telephone calls.

f. Miscellaneous (All other cases)

Line items 301 through 306 correspond to items 1 through 6 above. Enter columns 1 through 4 the number of actual and estimated internal fraud cases detected and prevented; the actual and estimated dollar amounts involved in such cases and enter in columns 5 and 6 the number of actual cases in which employees acted alone or acted with others in committing internal fraud.

Enter in columns 1 through 6 the totals of lines 301 through 306 on line 307 which is marked "Totals."

4. Section D – Detection and Prevention Activities. This section concerns the activities used by SWAs to detect or prevent internal fraud in the UI program. The items in this section represent the activities used to detect or prevent all

## UI REPORTS HANDBOOK NO. 401

### ETA 9000 Internal Fraud Activities

of the internal fraud cases which were reported in sections A, B, or C. These items are classified as follows:

- a. Fraud cases detected as a result of audits.
- b. Fraud cases detected as a result of matching systems.
- c. Fraud cases detected as a result of communications from concerned sources.
- d. Fraud cases detected as a result of controls established.
- e. Miscellaneous. (All other activities)

Line 401, Fraud Cases Detected as a Result of Audits. Enter in columns 7 and 9 the number of actual internal fraud cases and dollar amounts detected as a result of audits or reviews conducted by the SWA or other state or federal agency.

Line 402, Fraud Cases Detected as a Result of Matching Systems. Enter in columns 7 and 9 the number of actual internal fraud cases and dollar amounts detected as a result of matching systems (e.g. crossmatch or SWA employee payrolls with UI benefit files)

Line 403, Fraud Cases Detected as a Result of Communications from Concerned Sources. Enter in columns 7 and 9 the number of actual internal fraud cases and dollar amounts detected as a result of communications from concerned sources (e.g. other SWA employees, employers, sources outside the SWA)

Line 404, Fraud Cases Detected as a Result of Controls Established. Enter in columns 8 and 10 the number of estimated internal fraud cases prevented and dollar amounts saved as a result of controls or safeguards established (e.g. The amount of savings estimated from a safeguard implemented to correct a particular vulnerability noted in a risk analysis)

Line 405, Miscellaneous. Enter in columns 7 and 10 the number of all other actual or estimated internal fraud cases and dollar amounts.

Line 406, Totals. Enter in columns 7 and 10 the totals of lines 401 through 405 on line 406. the sum totals of section D (line 406) should equal the sum totals of Section A, B and C (lines 109, 209 and 307).

5. Section E, Action Against Employees. This section concerns the criminal and administrative actions taken by the SWA and the US Department of Labor's Office of Inspector General (OIG) against SWA employees who committed



## UI REPORTS HANDBOOK NO. 401

### ETA 9000 Internal Fraud Activities

internal fraud. This section also includes instances where no action was taken by SWA or the OIG. These actions are classified as follows:

Line 501, Criminal Actions. Enter in columns 11 through 15 the number of employees who as a result of internal fraud were charged, arrested, prosecuted, convicted or imprisoned. If any such action was taken after the case was referred to the OIG, enter the number only in line 502, columns 17 through 21. Enter in column 16 the number of such employees against whom no criminal action was taken.

Line 502, OIG Referrals. Enter in columns 17 through 21 the number of employees who as a result of internal fraud were charged, arrested, prosecuted, convicted or imprisoned after the cases were referred to the OIG. Enter in column 22 the number of such employees against whom no criminal action was taken.

Line 503, Administrative Actions. Enter in columns 23 through 27 the number of employees who as a result of internal fraud were reprimanded, suspended, demoted, discharged or who resigned to avoid discharge. Enter in column 28 the number of such employees against whom no administrative action was taken.

#### G. Checking Form ETA 9000

1. General Check. The region code, state code, state name and report period ended date appear at the top of the report.

The date that the report is prepared and the name and title of the state agency head or designated representative are typed at the bottom of the report and the signature is immediately above the typed name.

Entries are required for all fields. If an item is not applicable enter "NA." If no activity corresponding to the item occurred during the report period enter "0."

The area titled "Remarks" located at the bottom of each page should be used to describe miscellaneous entries in lines 108, 208, 306 and 405 on the report (including amended reports).

2. Section A. Column 1, lines 101 through 109, should equal the sum of column 5 and 6, lines 101 through 109, in each respective line.

Column 1 through 6, line 109, should equal the sum of columns 1 through 6, lines 101 through 108, in each respective line.

3. Section B. Column 1, lines 201 through 209, should equal the sum of columns 5 and 6, line 201 through 209, in each respective line.

## UI REPORTS HANDBOOK NO. 401

### ETA 9000 Internal Fraud Activities

Column 1 through 6, line 209, should equal the sum of columns 1 through 6, lines 201 through 208, in each respective line.

4. Section C. Column 1, lines 301 through 307, should equal the sum of columns 5 and 6, line 301 through 307, in each respective line.

Column 1 through 6, line 307, should equal the sum of columns 1 through 6, lines 301 through 306, in each respective line.

5. Section D. Columns 7 through 10, line 406, should equal the sum of columns 1 through 4, lines 109, 209 and 307, in each respective line.

Column 7 through 10, line 406, should equal the sum of columns 7 through 10, lines 201 through 208, in each respective line.

6. Section E. A check of this section against other sections of the ETA 9000 is not applicable since numbers reported in this section do not necessarily apply to numbers reported in the other sections. Numbers reported in this section apply to criminal and administrative actions taken against past, as well as, present employees as such actions occur.

However, only those actions taken against employees during the reporting period should be reported in section E.