

Victoria L. Gruber  
Executive Director



Brian S. Tanen, CPA, CFE  
Legislative Auditor

**DEPARTMENT OF LEGISLATIVE SERVICES**  
OFFICE OF LEGISLATIVE AUDITS  
MARYLAND GENERAL ASSEMBLY

May 14, 2026

Senator Guy J. Guzzone, Chair  
Senate Budget and Taxation Committee  
Miller Senate Office Building, 3 West Wing  
11 Bladen Street  
Annapolis, Maryland 21401

Delegate Benjamin S. Barnes, Chair  
House Appropriations Committee  
Taylor House Office Building, Room 121  
6 Bladen Street  
Annapolis, Maryland 21401

Dear Senator Guzzone and Delegate Barnes:

The Office of Legislative Audits (OLA) has reviewed the actions taken by the Maryland Department of Labor (MDL) Division of Unemployment Insurance (DUI) to resolve three of the repeat findings (that were addressed by 4 recommendations) in our November 15, 2022 audit report. This review was conducted in accordance with a requirement specified in the April 2025 *Joint Chairmen's Report (JCR)*, pages 201 and 202.

The JCR required that, prior to the release of \$250,000 of its administrative appropriation for fiscal year 2026, MDL must take corrective action on these repeat audit findings on or before November 1, 2025. The JCR language further provided that OLA submit a report to the budget committees listing each repeat audit finding along with a determination that each repeat finding was corrected.

MDL on behalf of DUI provided a status report to OLA, dated November, 2025, detailing certain corrective actions that had been completed and actions that were ongoing with respect to the three repeat audit findings (**Exhibit 1**). The MDL status report indicated that corrective actions had been completed for the recommendations on these three repeat findings (findings 2, 6, and 7).

In accordance with the JCR requirement, we reviewed the implementation status for the three repeat findings which MDL reported as complete on the status report and held discussions with DUI personnel as necessary to assess the implementation status of the related recommendations. Our review did not constitute an audit conducted in accordance with generally accepted government auditing standards and had we conducted an audit, other matters may have come to our attention which may have changed our assessment of the implementation status for these findings. In addition, our review did not include an assessment of DUI's procedures and controls to ensure corrective actions were operating as intended and were ongoing. Accordingly, conditions may change and/or compliance with policies and procedures may deteriorate in the future. The status of each of the findings are subject to a comprehensive review during our scheduled audit of DUI.

As summarized in **Exhibit 2**, our review determined that contrary to the reported status, DUI had not yet taken sufficient action to implement the recommendations for the three findings as further described in **Exhibit 3**.

We shared our results with DUI, which agreed with our assessment of findings 6 and 7 but disagreed with our assessment of finding 2. We reviewed our work and believe that our assessment correctly represents the current implementation status for the finding as outlined in **Exhibit 3**. We wish to acknowledge the cooperation extended to us during the review by DUI. We trust our response satisfactorily addresses the JCR requirement. Please contact me if you need additional information.

Sincerely,

*Brian S. Tanen*

Brian S. Tanen, CPA, CFE  
Legislative Auditor

cc: Senator Shelly L. Hettleman, Senate Chair, Joint Audit and Evaluation Committee  
Delegate Jared Solomon, House Chair, Joint Audit and Evaluation Committee  
Joint Audit and Evaluation Committee Members and Staff  
Senator William C. Ferguson IV, President of the Senate  
Delegate Joseline A. Peña-Melnyk, Speaker of the House of Delegates  
Governor Westley W. Moore  
Comptroller Brooke E. Lierman  
Treasurer Dereck E. Davis  
Attorney General Anthony G. Brown  
Secretary Yaakov Weissmann, Esq., Department of Budget and Management  
Secretary Portia Y. Wu, Esq., MDL  
Deputy Secretary Jason Perkins-Cohen, MDL and Acting Assistant Secretary for DUI  
Samuel K. Pannoh, Director, Office of Program Analysis and Audit, MDL  
Victoria L. Gruber, Executive Director, Department of Legislative Services  
Connor Brown, Policy Analyst, Department of Legislative Services

## Exhibit 1 to May 14, 2026 Letter to Joint Chairmen



OFFICE OF THE SECRETARY  
100 S. Charles Street Tower 1, 9th Floor  
Baltimore, MD 21201  
Portia Wu, Secretary

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November 12, 2025

Mr. Brian S. Tanen, CPA, CFE

Legislative Auditor  
Department of Legislative Services  
Office of Legislative Audits  
Maryland General Assembly  
The Warehouse at Camden Yards  
351 West Camden Street, Suite 400  
Baltimore, Maryland 21201

Re: Status Report on JCR's Request Regarding Repeat Findings in OLA, November 15, 2022,  
Audit Report – Maryland Division of Unemployment Insurance

Dear Mr. Tanen:

We are submitting a completed status report template that outlines the corrective actions taken to address all repeat findings identified in the November 15, 2022, audit report. We believe these corrective actions will resolve all repeat findings after your review.

Thank you for your support and guidance during the audit process. We look forward to hearing from you soon.

Sincerely,

A handwritten signature in black ink, appearing to read "Portia Wu", is written over a light blue circular stamp.

Portia Wu

Cc: Rachel Torres, Assistant Secretary, Division of Unemployment Insurance Attachment -  
Completed Status Report Template

## Exhibit 1 to May 14, 2026 Letter to Joint Chairmen

**OLA NOTE 1:** The JCR only required OLA to report on findings related to Benefit Payments. Accordingly, we did not assess the implementation status reported by DUI for finding 3.

**OLA NOTE 2:** We have edited DUI’s status report to remove certain employee names, as allowed by our policy.

**Finding 2**  
**DUI did not have comprehensive procedures to ensure that individuals filing claims using a foreign Internet Protocol (IP) address were eligible to receive benefits, including 3,724 claimants that received benefit payments totaling \$3.6 million.**

**Recommendation 2c**

**We recommend that DUI investigate the foreign IP addresses identified in this finding and take corrective action for any ineligible claimants and benefits identified (repeat).**

<b>Status of Recommendation 2c</b>			
<b>Status as of 11/1/2025</b>	<b>Select Status</b>	<b>Completion Date:</b>	August 2, 2023
<b>Please provide details of corrective action taken.</b>	<p><b>Status: Completed</b></p> <p>DUI investigated a sample of the foreign IP addresses identified by the auditors in connection with “telecerts” (weekly certifications submitted via telephone to the claim center) from the legacy unemployment insurance system. The audit findings cover the period from September 2017 through April 2020.</p> <p>When DUI began its investigation in November 2022, 2,816 of the identified payments were already outside the statute of limitations for establishing an overpayment determination. Under § 8-809(f)(2) of the Labor &amp; Employment Article, Annotated Code of Maryland, DUI is prohibited from issuing a benefit overpayment determination more than three years after the date benefits were paid to a claimant.</p> <p>DUI could review the remaining payments that were within the statutory period as of November 2022; however, given the time elapsed, all claims are now beyond the allowable period for corrective action.</p> <p>Moreover, since these claims were processed in the legacy system prior to the launch of BEACON 2.0, there is no data available in BEACON 2.0 to analyze the use of foreign IP addresses. Conducting a retrospective investigation would require extensive manual outreach to claimants who likely have not filed since 2017–2020, and whose contact</p>		

## Exhibit 1 to May 14, 2026 Letter to Joint Chairmen

	<p>information may be outdated. This would require significant staff resources with no potential corrective outcome, given the statutory bar. While no further action can be taken on these legacy claims, DUI has implemented preventive measures in the BEACON 2.0 system. BEACON now automatically blocks claims filed from foreign IP addresses, preventing similar occurrences in the future. These controls have effectively eliminated the risk of improper claims being filed through foreign IP addresses.</p>
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**Finding 3**  
**DUI did not ensure claimants who were full-time students were eligible for benefits, and that all claimants were enrolled in the Maryland Workforce Exchange System, as required.**

**Recommendation 3a**

**We recommend that DUI establish procedures, such as periodic matches to State higher education institution enrollment records, to identify and follow up on claimants who are attending school full-time but fail to disclose it (repeat).**

<b>Status of Recommendation 3a</b>			
<b>Status as of</b> 11/1/2025	<b>Select Status</b>	<b>Completion Date:</b>	March 31, 2025
<b>Please provide details of corrective action taken.</b>	<p><b>Status: Completed</b></p> <p>DUI has thoroughly explored this issue and the information previously provided.</p> <p>Between August 2022 and January 2023, DUI met with representatives from the Maryland Longitudinal Data System Center (MLDSC), the Maryland Higher Education Commission (MHEC), and the Jacob France Institute (JFI) to explore potential data-sharing mechanisms. All entities advised that non-aggregate student data could not legally be shared due to FERPA restrictions and the lack of an applicable education-related exception.</p>		

## Exhibit 1 to May 14, 2026 Letter to Joint Chairmen

DUI also reached out to the University System of Maryland and St. Mary's College of Maryland, both of which confirmed they could not provide non-aggregate enrollment data.

DUI had a Google Meet meeting with MLDSC on August 16, 2022, from 11:30-12:30. Attendees informed DUI that MLDSC cannot share non-aggregate data due to privacy requirements.

DUI had a Google Meet with MHEC on January 20, 2023, from 1:00-2:00. During that meeting, DUI was informed that MHEC could not share the information we are seeking due to FERPA and the fact that DUI's use of the requested information was not educational in nature.

DUI had a Google Meet with JFI on January 31, 2023, from 1:00-2:00. During that meeting, JFI representatives redirected DUI to MHEC.

In March 2024, DUI further communicated to OLA the legal constraints that preclude implementation of this recommendation. Although directory information may be disclosed under 20 U.S.C. § 1232g(b)(1)(E), disclosure is discretionary, and institutions must first provide notice and opt-out opportunities to students. Additionally, there is no mechanism for cross-matching claimant information against student enrollment records, as there is no central repository of directory information.

Obtaining and attempting to match enrollment data from any educational institution on a weekly basis in situations where a student fails to disclose their enrollment status would be administratively **infeasible** and **resource-intensive**. Given these legal and operational limitations, DUI cannot implement this recommendation as written.

## Exhibit 1 to May 14, 2026 Letter to Joint Chairmen

	<p>However, DUI continues to ensure compliance through existing eligibility verification processes within BEACON, including claimant self-certifications and staff review of school attendance information when disclosed. As with other claims, if DUI determines that a claimant knowingly failed to disclose or misrepresented their status as a student to obtain or increase a benefit payment, DUI treats that as fraud and takes corrective action under § 8-809(b) of the Labor &amp; Employment Article.</p>
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### Recommendation 3b

We recommend that DUI follow up on all applicants who state they are attending school to determine whether it impacts eligibility for unemployment benefits (repeat).

Status of Recommendation 3b			
<b>Status as of</b> 11/1/2025	<b>Select Status</b>	<b>Completion Date:</b>	March 31, 2024
<b>Please provide details of corrective action taken.</b>	<p><b>Status: Completed</b></p> <p>DUI has required, and continues to require, all claimants who report attending school in BEACON to answer additional eligibility questions, including with respect to their ability to work and availability for work. Claims staff review these responses to determine whether school attendance affects eligibility. If necessary, staff initiate adjudication to verify whether the claimant meets the statutory eligibility requirements under Maryland law.</p>		

### Recommendation 3c

We recommend that DUI verify that all claimants comply with applicable enrollment requirements, including the Maryland Workforce Exchange system (repeat).

Status of Recommendation 3c
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## Exhibit 1 to May 14, 2026 Letter to Joint Chairmen

<b>Status as of 11/1/2025</b>	<b>Select Status</b>	<b>Completion Date:</b>	March 16, 2024
<b>Please provide details of corrective action taken.</b>	<p><b>Status: Completed</b></p> <p>The technical issue in BEACON that previously prevented action items from being created when DUI was notified by DWDAL that a claimant had not completed the Maryland Workforce Exchange (MWE) registration was resolved on March 16, 2024.</p> <p>DUI now automatically creates an action item when notified by DWDAL of a missing MWE registration. This action item instructs the claimant to complete registration and provides detailed guidance for doing so. As a result, DUI now has a functional, automated control system that ensures compliance with MWE registration requirements.</p>		

### Recommendation 3d

**We recommend that DUI take timely and appropriate corrective action for any potentially ineligible claimants or benefits identified, including those noted in this finding (repeat).**

Status of Recommendation 3d			
<b>Status as of 11/1/2025</b>	<b>Select Status</b>	<b>Completion Date:</b>	March 15, 2024
<b>Please provide details of corrective action taken.</b>	<p><b>Status: Completed</b></p> <p>DUI takes timely corrective action whenever claimants are identified as potentially ineligible due to factors such as school attendance or failure to complete MWE registration. Corrective actions include issuing fact-finding requests, adjudicating eligibility, and establishing overpayments when appropriate. With BEACON's enhanced</p>		

## Exhibit 1 to May 14, 2026 Letter to Joint Chairmen

	automation and improved coordination with DWDAL, DUI can now act promptly to prevent or recover improper payments.
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### Claims Processing

**Finding 6**  
DUI did not adequately review regular claims and adjudications processed by claims center DUI employees and temporary staff, and output reports of manual wage entries could not be generated from BEACON for verification purposes.

#### Recommendation 6a

We recommend that DUI ensure that supervisors at claim centers perform the required reviews of claims processed (repeat).

Status of Recommendation 6a			
Status as of	Select Status	Completion Date:	November 30, 2023
11/1/2025			
<b>Please provide details of corrective action taken.</b>	<b>Status: Completed</b>  DUI implemented a formal policy in November 2023 requiring supervisors to review claims processed by claims center staff. The audit review conducted in September 2023 occurred prior to the implementation of this policy.  The new policy specifies the frequency and scope of supervisory reviews to ensure quality assurance, while recognizing that not all claims require review. Future audit evaluations should account for this policy's implementation and scope limitations.		

**Finding 7**  
DUI did not establish sufficient controls over reissued debit cards, and did not ensure the proper disposition of funds remaining on expired debit cards.

#### Recommendation 7a

We recommend that DUI establish procedures to ensure all reissued debit cards are subject to an independent review and approval (repeat).

#### Status of Recommendation 7a

## Exhibit 1 to May 14, 2026 Letter to Joint Chairmen

Status as of 11/1/2025	Select Status	Completion Date:	June 5, 2021
<p><b>Please provide details of corrective action taken.</b></p>	<p><b>Status: Completed</b></p> <p>DUI no longer uses debit cards for administering benefit payments. We have a clear policy for the reissuance of benefit payments. Payment may only be reissued after confirmation that a check has not been cashed. An investigation is performed by staff after communication with the claimant. Once that investigation is complete to reissue a check, the decision to reissue payment is made by the supervisor in the Benefit Payment Control Unit. Reissuance data is automatically reported and can subsequently be reviewed in BEACON as well.</p>		

### Recommendation 7c

**We recommend that DUI establish procedures to ensure unspent funds remaining on debit cards are returned to DUI or reported to the State Comptroller as unclaimed property in accordance with the *Maryland Unemployment Benefits Debit Card Deposit Agreement* (repeat).**

Status of Recommendation 7c			
Status as of 11/1/2025	Select Status	Completion Date:	March 31,2022
<p><b>Please provide details of corrective action taken.</b></p>	<p><b>Status: Completed</b></p> <p>DUI no longer uses debit cards to pay out benefits. With regard to unspent funds which were held by the bank on “frozen” debit card accounts (i.e. frozen due to suspected improper payment or fraud or for claimants subsequently deemed ineligible, etc.), this matter was resolved by a letter agreement between DUI and the Bank on July 10, 2025, which provided for the return of frozen funds. Where appropriate, frozen funds have been or will be returned to the United States Treasury accounts corresponding to the federal programs under which the benefits were initially paid.</p> <p>DUI has no legal authority to recover “unspent” funds on debit card accounts not identified as being associated with potentially fraudulent, improperly paid, or otherwise ineligible claims. Pursuant to the Letter</p>		

## Exhibit 1 to May 14, 2026 Letter to Joint Chairmen

	<p>Agreement, the Bank will continue to administer these funds in accordance with applicable law, including State escheatment requirements.</p>
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**Exhibit 2 to May 14, 2026 Letter to Joint Chairmen**

**Status of Repeat Findings in OLA’s November 15, 2022  
Audit Report on the Maryland Department of Labor (MDL) –  
Division of Unemployment Insurance (DUI)**

<b>Prior Recommendations Pertaining to Repeat Findings</b>	<b>MDL Reported Status</b>	<b>Status Based on OLA Review</b>
<p><b>Benefit Payments</b></p> <p>2. We recommend that DUI</p> <p>    c. investigate the foreign IP addresses identified in this finding and take corrective action for any ineligible claimants and benefits identified.</p>	Completed	<b>Not Resolved</b> (In Progress)
<p><b>Claims Processing</b></p> <p>6. We recommend that DUI</p> <p>    a. ensure that supervisors at claim centers perform the required reviews of claims processed.</p>	Completed	<b>Not Resolved</b> (In Progress)
<p><b>Claims Processing</b></p> <p>7. We recommend that DUI establish procedures to ensure</p> <p>    a. all reissued debit cards are subject to an independent review and approval.</p>	Completed	Resolved
<p>    c. unspent funds remaining on debit cards are returned to DUI or reported to the State Comptroller as unclaimed property in accordance with the aforementioned <i>Agreement</i>.</p>	Completed	<b>Not Resolved</b> (In Progress)

## **Exhibit 3 to May 14, 2026 Letter to Joint Chairmen**

### **Comments on Findings OLA Assessed as Unresolved**

#### **Prior Report Recommendation – Finding 2**

##### **We recommend that DUI**

- c. investigate the foreign IP addresses identified in this finding and take corrective action for any ineligible claimants and benefits identified (repeat).**

#### **Status as Determined by MDL - Completed**

##### **Office of Legislative Audits (OLA) Assessment of Status – Not Resolved**

Our review disclosed that DUI has not taken any action to address this recommendation since our May 13, 2024 letter to the Joint Chairmen. During our current review, DUI could not provide documentation of any investigation into the IP addresses including the timing and results of any such investigation. DUI indicated in its current status report that when it began its investigation in November 2022, 2,816 of the identified payments were already outside the three-year statute of limitations and no action could be taken to recover any improper benefit payments.

As noted in our May 13, 2024 letter, as of the date of our audit report (November 15, 2022), approximately \$609,454 in claim payments relating to the IP addresses in question had not yet exceeded the statute of limitations and could have been subject to corrective action if found to be improper in a timely manner. DUI's current status report stated that it could have reviewed the remaining payments that were within the statutory period as of November 2022; however, given the time elapsed, all claims are now beyond the allowable period for corrective action. As a result, the status of this recommendation could not be considered resolved.

#### **Prior Report Recommendation – Finding 6**

##### **We recommend that DUI**

- a. ensure that supervisors at claim centers perform the required reviews of claims processed (repeat).**

#### **Status as Determined by MDL - Completed**

##### **OLA Assessment of Status – Not Resolved**

Our review disclosed that DUI policy effective December 2023 only required supervisors to strive to review 5 claims and/or adjudications of each employee per week but did not require the reviews. In addition, DUI did not have a process to track and monitor the reviews to ensure they were being conducted. In this regard, our test of reviews conducted during weeks subsequent to the implementation date referenced in DUI's status report (November 2023) at each of the four claims centers disclosed that one claim center had not conducted any of the reviews and the other three claim centers' reviews did not include claims processed by certain team members. In addition, MDL's response to our most recent audit report dated January 6, 2026, indicated that MDL was in the process of updating its policies and procedures regarding supervisory reviews of

## **Exhibit 3 to May 14, 2026 Letter to Joint Chairmen**

### **Comments on Findings OLA Assessed as Unresolved**

claims and adjudications. MDL estimated that the updates described and implementation of our recommendation would be completed in April 2026.

#### **Prior Report Recommendation – Finding 7**

##### **Recommendation 7**

**We recommend that DUI establish procedures to ensure**

- c. unspent funds remaining on debit cards are returned to DUI or reported to the State Comptroller as unclaimed property in accordance with the aforementioned *Agreement* (repeat).**

#### **Status as Determined by MDL - Completed**

##### **OLA Assessment of Status – Not Resolved**

Our review disclosed that DUI is still in the process of resolving the returned unspent funds remaining on debit cards. According to MDL/DUI management, as of February 13, 2026, the full amount of the bank settlement, referred to as the Letter Agreement in its status report, had not been reconciled and MDL/DUI has not forwarded any unclaimed property to the Comptroller's office. We were advised by MDL/DUI management in February 2026 that the reconciliation will be completed within the next three months.