

# Audit Report

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## Uninsured Employers' Fund

June 2025

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### Public Notice

**In compliance with the requirements of the State Government Article Section 2-1224(i), of the Annotated Code of Maryland, the Office of Legislative Audits has redacted cybersecurity findings and related auditee responses from this public report.**



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

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DEPARTMENT OF LEGISLATIVE SERVICES  
OFFICE OF LEGISLATIVE AUDITS  
MARYLAND GENERAL ASSEMBLY

Victoria L. Gruber  
Executive Director

Brian S. Tanen, CPA, CFE  
Legislative Auditor

June 6, 2025

Senator Shelly L. Hettleman, Senate Chair, Joint Audit and Evaluation Committee  
Delegate Jared Solomon, House Chair, Joint Audit and Evaluation Committee  
Members of Joint Audit and Evaluation Committee  
Annapolis, Maryland

Ladies and Gentlemen:

We have conducted a fiscal compliance audit of the Uninsured Employers' Fund (UEF) for the period beginning December 1, 2020 and ending October 31, 2024. UEF is an independent State agency that is responsible for paying workers' compensation awards (including medical payments) to claimants who failed to receive payments from their employers that did not have workers' compensation insurance as required by State law. UEF is also responsible for collecting assessments from certain employers and insurance companies to fund these awards as well as reimbursements from uninsured employers. Since September 2017, UEF has contracted with a Third Party Administrator (TPA) that is responsible for investigating, processing, and managing UEF claims.

Our audit disclosed that UEF did not adequately monitor and pursue collection of amounts due from insurance companies and employers. Specifically, UEF's automated accounts receivable system did not produce accurate accounts receivable aging reports and UEF could not document it had attempted to identify and refer delinquent employers for license suspension, as permitted by State law. These conditions were noted but not corrected from our three preceding audit reports dating back to November 2014. UEF also did not always refer delinquent accounts to the Department of Budget and Management's Central Collection Unit (CCU), a condition noted but not corrected from our five preceding audit reports dating back to May 2009. As of March 2025 we identified 389 delinquent accounts totaling approximately \$2.0 million that had not been referred to CCU as required.

Our audit also disclosed that UEF did not ensure that payments to its TPA were adequate supported and consistent with the contract terms, a condition noted but not corrected from our two preceding audit reports dating back to January 2018. Specifically, UEF did not obtain adequate documentation to support hours worked by TPA employees complied with contract terms and the related amounts billed. According to UEF records, payments to the TPA between December 2020 and October 2024 totaled approximately \$7.1 million.

Finally, our audit disclosed a cybersecurity-related finding. However, in accordance with the State Government Article, Section 2-1224(i) of the Annotated Code of Maryland, we have redacted the finding from this audit report. Specifically, State law requires the Office of Legislative Audits to redact cybersecurity findings in a manner consistent with auditing best practices before the report is made available to the public. The term “cybersecurity” is defined in the State Finance and Procurement Article, Section 3.5-301(b), and using our professional judgment we have determined that the redacted finding falls under the referenced definition. The specifics of the cybersecurity finding were previously communicated to those parties responsible for acting on our recommendations.

UEF’s response to this audit is included as an appendix to this report. Consistent with State law, we have redacted the elements of UEF’s response related to the cybersecurity audit finding. We reviewed the response to our findings and related recommendations, and have concluded that the corrective actions identified are sufficient to address all issues.

We wish to acknowledge the cooperation extended to us during the audit by UEF.

Respectfully submitted,

*Brian S. Tanen*

Brian S. Tanen, CPA, CFE  
Legislative Auditor

## Table of Contents

<b>Background Information</b>	4
Agency Responsibilities and Financial Activity	4
Increase in Unfunded Liability and Potential Fund Insolvency	5
Status of Findings From Preceding Audit Report	6
<b>Findings and Recommendations</b>	7
<b>Accounts Receivable</b>	
*    Finding 1 – The Uninsured Employers’ Fund (UEF) did not adequately monitor and pursue collection of all delinquent accounts and did not refer delinquent accounts to the State’s Central Collection Unit (CCU) as required.	7
<b>Third-Party Administrator (TPA) Payments</b>	
*    Finding 2 – UEF did not obtain and review sufficient documentation to support the administrative fees paid to the TPA for administrative services.	9
<b>Information Systems Security and Control</b>	
Finding 3 – Redacted cybersecurity-related finding.	10
<b>Audit Scope, Objectives, and Methodology</b>	11
<b>Agency Response</b>	Appendix

\* Denotes items repeated in full or part from preceding audit report.

# Background Information

## Agency Responsibilities and Financial Activity

The Uninsured Employers' Fund (UEF) is responsible for paying workers' compensation awards (including medical payments) to claimants who failed to receive payments from their employers that did not have workers' compensation insurance as required by State law. According to State records, during fiscal year 2024, UEF's expenditures totaled approximately \$4.3 million (see Figure 1). UEF's primary source of revenue is an assessment collected from employers and insurance companies on awards and settlement agreements involving permanent disability or death approved by the Workers' Compensation Commission (WCC).

**Figure 1**  
**UEF Positions, Expenditures, and Funding Sources**

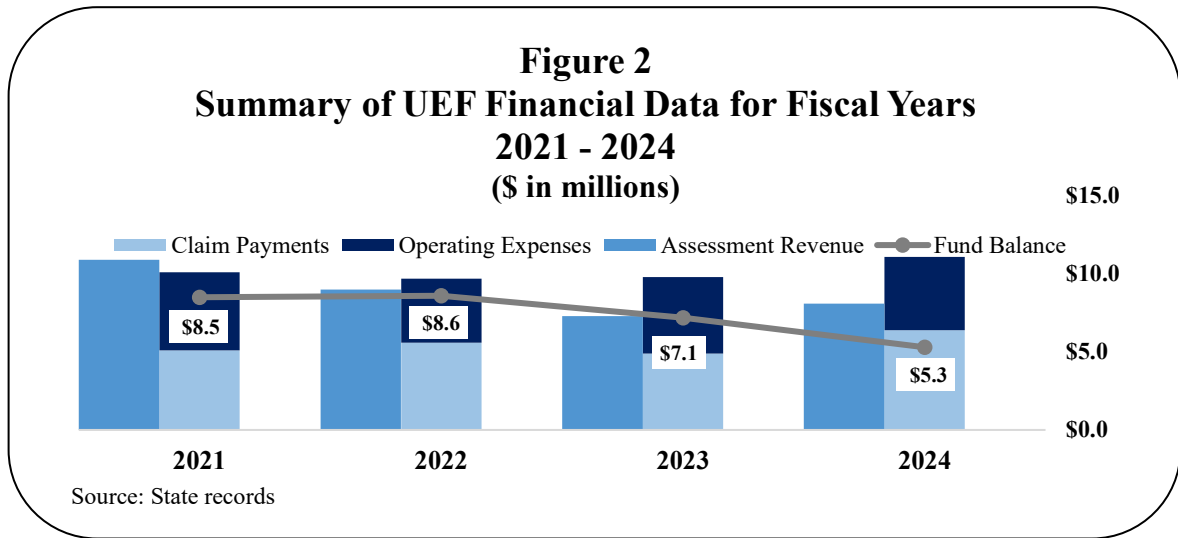
<b>Full Time Equivalent Positions as of June 30, 2024</b>	
	<b>Positions</b>
Filled	13
Vacant	0
<b>Total</b>	<b>13</b>

<b>Fiscal Year 2024 Expenditures</b>	
	<b>Expenditures</b>
Salaries, Wages and Fringe Benefits	\$1,873,302
Technical and Special Fees	1,763,921
Operating Expenses	653,497
<b>Total</b>	<b>\$4,290,720</b>

<b>Fiscal Year 2024 Funding Source</b>	
	<b>Funding</b>
Special Fund	\$4,248,202
Non-Budgeted Fund	42,518
<b>Total</b>	<b>\$4,290,720</b>

Source: State financial and personnel records

As noted in Figure 2, UEF’s fund balance as of June 30, 2024, totaled approximately \$5.3 million. During fiscal year 2024, revenues (primarily assessments) totaled approximately \$9.3 million, claim payments (indemnity and medical payments) totaled approximately \$6.8 million. Between fiscal years 2021 and 2024, assessment revenue declined while claim payments increased.



### Unfunded Liability and Potential Fund Insolvency

UEF’s most recent actuarial study performed in December 2020 indicated that, as of June 30, 2020, UEF had an unfunded liability for its claims of approximately \$115.8 million, representing an increase of \$99.8 million since UEF’s prior actuarial study performed in January 2015. The 2020 study primarily attributed this significant increase to UEF having more complete and reliable claims data than was available at the time of the prior estimate.

The unfunded liability results from claim obligations being funded on a pay-as-you-go basis. Accordingly, obligations that become due in future periods will have to be paid from future assessments collected from employers and insurance companies. In this regard, the December 2020 study indicated that the Fund will be insolvent by fiscal year 2030 unless a temporary increase to UEF’s assessment rate is maintained in future years.<sup>1</sup>

UEF and the Workers Compensation Commission (WCC) formed a workgroup to study and report on potential changes to UEF’s funding structure, operations, or

<sup>1</sup> Chapter 495, Laws of Maryland, 2020, provided for a temporary increase (from 2 percent to 3 percent) for fiscal year 2021.

other factors to address the potential insolvency. UEF recommended that the legislature increase the assessment collected from employers and insurance companies and the legislature approved an increase in the rate to 2.5 percent effective July 1, 2025.

### Status of Findings From Preceding Audit Report

Our audit included a review to determine the status of the three findings contained in our preceding audit report dated September 14, 2021. See Figure 3 for the results of our review.

<b>Figure 3</b> <b>Status of Preceding Findings</b>		
<b>Preceding Finding</b>	<b>Finding Description</b>	<b>Implementation Status</b>
Finding 1	UEF did not ensure that payments to its TPA were adequately supported and consistent with the contract terms. As a result, we identified payments totaling \$521,083 for which the rate paid by UEF was not included in the contract or exceeded the rates specified in the contract.	<b>Repeated</b> (Current Finding 2)
Finding 2	UEF did not adequately review recurring indemnity payments processed by the TPA to ensure claimants were still eligible for payment.	Not repeated
Finding 3	UEF did not adequately monitor and pursue collection of all delinquent accounts. As of November 30, 2020, there were 1,920 delinquent accounts totaling \$14.5 million that, based on their age, should have been referred to the State’s Central Collection Unit.	<b>Repeated</b> (Current Finding 1)



# Findings and Recommendations

## Accounts Receivable

### **Finding 1**

**Uninsured Employers' Fund (UEF) did not adequately monitor and pursue collection of all delinquent accounts and did not refer delinquent accounts to the State's Central Collection Unit (CCU), as required.**

### **Analysis**

UEF did not adequately monitor and pursue collection of all delinquent accounts and did not refer delinquent accounts to CCU, as required. UEF maintains accounts receivable records for amounts due from insurance companies and employers. These amounts include assessments on certain Workers' Compensation Commission (WCC) awards, fines and penalties assessed by WCC, and reimbursements due from uninsured employers for claimant awards and medical payments made on their behalf. As of March 2025, UEF's records reflected an accounts receivable balance totaling approximately \$117.4 million, with \$115.6 million currently outstanding for more than 90 days.

### Dunning Notices Were Not Issued at Proper Intervals

UEF did not always send the required number of dunning notices at required intervals. Our test of 15 delinquent invoices<sup>2</sup> over 180 days past due totaling approximately \$8,000, disclosed that for 14 invoices totaling \$7,800, UEF did not send the required dunning notices. For example, UEF did not send any dunning notices for 7 of the invoices and only sent one notice for 3 invoices. CCU regulations, as amended for UEF, require that three written demands, at 30-day intervals, will normally be made before an account is declared delinquent.

A similar condition was noted during our five preceding audit reports dating back to May 2009. In response to our prior report, UEF stated they would work to improve the process and would comply with the recommendation by March 2022. UEF was unable to provide explanations for why certain accounts are still not pursued for collection.

### Delinquent Accounts Were Not Referred to CCU as Required

UEF did not refer all delinquent accounts to CCU as required. According to UEF's records as of March 2025, there were 389 delinquent accounts totaling approximately \$2 million that were more than 180 days old and should have been

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<sup>2</sup> Test items were selected from UEF reports based on the age of the accounts (over 180 days), timing of assessments (within the audit period), and likelihood to hold a business license.

referred to CCU. This included 20 delinquent accounts that collectively totaled approximately \$1.5 million, which had been delinquent for periods ranging from 243 days to 16 years. Delays in the pursuit of outstanding debt may decrease the likelihood of collecting the funds owed.

A similar condition was noted in our five preceding audit reports dating back to 2009. In response to our prior audit, UEF advised that it has attempted over multiple years to identify and send all identifiable debts to the CCU. UEF management advised us that it hired an employee to specifically address getting delinquent accounts referred to CCU. While the number of delinquent accounts not referred to CCU has significantly decreased since the prior audit, additional efforts are needed to address the remaining delinquent accounts.

#### Account Aging Reports Were Not Accurate and Reliable

The accounts aging reports produced by UEF's automated accounts receivable system were not accurate and reliable for use in monitoring its accounts receivable balances. Specifically, as of March 2025, the total amount of delinquent accounts referred to CCU according to UEF's aging report (\$108.9 million) did not agree to a detailed report of delinquent accounts that were referred (\$27.9 million); a difference of \$81 million.

A similar condition was noted in our three preceding audits dating back to 2014. In response to our prior report, UEF advised that it would resolve the issues with the aging report by March 2022. However, as noted above, UEF did not correct the aging reports as indicated in its prior response.

#### Delinquent Employers Were Not Always Referred for License Suspension

UEF could not document that it attempted to identify and pursue license suspensions for delinquent employers. In this regard, our test of 5 licensed employers with accounts totaling \$77,336 that had been delinquent for between 181 days to more than 3 years, disclosed that UEF could not document that it attempted to identify whether any held a business or professional license or permit for any of the employers. State law permits UEF to request State and local licensing authorities to suspend the applicable license or permit of employers who fail to pay an assessment or penalty, or who failed to reimburse UEF for the payment of an award.

A similar condition was noted in our three preceding audit reports dating back to November 2014. In response to our preceding audit report, UEF advised that it had established a process to identify and refer delinquent accounts to applicable State and local licensing authorities for license or permit suspension. Although UEF created new written procedures for investigating and referring delinquent

accounts, UEF could not document that it had implemented the process and as of January 2025 could only document that it referred 13 delinquent accounts for license suspension between January 2020 and October 2024.

### **Recommendation 1**

**We recommend that UEF**

- a. generate dunning notices and produce accurate accounts receivable aging reports to monitor and pursue collection activities (repeat),**
- b. refer all delinquent accounts to CCU for collection in accordance with CCU regulations (repeat), and**
- c. document attempts to identify and refer delinquent employers to applicable State and local licensing authorities for license or permit suspension (repeat).**

### **Third-Party Administrator Payments**

#### **Finding 2**

**UEF did not obtain and review sufficient documentation to support the monthly fees paid to the third-party administrator (TPA) for administrative services.**

#### **Analysis**

UEF did not obtain and review sufficient documentation to support the monthly fees paid to the TPA for administrative services. UEF paid the TPA a fixed monthly fee for each year of the contract (a total of approximately \$7.1 million during the period from December 1, 2020 to October 31, 2024) for administrative services. In accordance with the TPA contract, the administrative services were to include nine full-time dedicated vendor employees to process UEF claims.

Our review disclosed that the invoices submitted by the TPA did not identify the vendor employees or related hours worked by employees, as required by the contract. As a result, UEF was precluded from determining the reasonableness of billed services. In this regard, we reviewed ten monthly statistical reports (January through October 2024) routinely provided by the TPA to UEF, which were not used by UEF in the invoice approval process. Based on our review of these reports and comparison to the related monthly invoices, we determined that for five of the ten months, the TPA only reported claims activity processed by seven to eight employees.

UEF management advised us that it was aware that the TPA was not providing all the required staffing during this period but had not pursued the matter with the

TPA and did not attempt to recover any administrative fees. Due to the lack of TPA personnel payroll data, we were unable to quantify the monetary impact for the missing positions.

A similar condition was noted in our two preceding audit reports dating back to January 2018. In response to our preceding audit report, UEF developed written procedures for monitoring TPA billings and operations which included a requirement for weekly reports of hours to be sent to the contract monitor by the TPA. Despite this requirement, the UEF employee responsible for TPA invoice review and approval, did not review the reports from the TPA; only the invoices.

**Recommendation 2**

**We recommend that UEF ensure that invoiced amounts are supported and agree to contract approved rates and level of services prior to approving invoices for payment (repeat).**

**Information Systems Security and Control**

We determined that the Information Systems Security and Control section, including Finding 3 related to “cybersecurity,” as defined by the State Finance and Procurement Article, Section 3.5-301(b) of the Annotated Code of Maryland, and therefore is subject to redaction from the publicly available audit report in accordance with the State Government Article 2-1224(i). Consequently, the specifics of the following finding, including the analysis, related recommendations, along with UEF’s response, have been redacted from this report copy.

**Finding 3**  
**Redacted cybersecurity-related finding.**

## **Audit Scope, Objectives, and Methodology**

We have conducted a fiscal compliance audit of the Uninsured Employers' Fund (UEF) for the period beginning December 1, 2020 and ending October 31, 2024. The audit was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

As prescribed by the State Government Article, Section 2-1221 of the Annotated Code of Maryland, the objectives of this audit were to examine UEF's financial transactions, records, and internal control, and to evaluate its compliance with applicable State laws, rules, and regulations.

In planning and conducting our audit, we focused on the major financial-related areas of operations based on assessments of significance and risk. The areas addressed by the audit included UEF's monitoring of the Third-Party Administrator contract deliverables (including claims processing, assessment collections and billings), accounts receivable, cash receipts, and information systems security and control. We also determined the status of the findings contained in our preceding audit report.

Our assessment of internal controls was based on agency procedures and controls in place at the time of our fieldwork. Our tests of transactions and other auditing procedures were generally focused on the transactions occurring during our audit period of December 1, 2020 to October 31, 2024, but may include transactions before or after this period as we considered necessary to achieve our audit objectives.

To accomplish our audit objectives, our audit procedures included inquiries of appropriate personnel, inspections of documents and records, tests of transactions, and to the extent practicable, observations of UEF' operations. Generally, transactions were selected for testing based on auditor judgment, which primarily considers risk, the timing or dollar amount of the transaction, or the significance of the transaction to the area of operation reviewed. As a matter of course, we do not normally use sampling in our tests, so unless otherwise specifically indicated, neither statistical nor non-statistical sampling was used to select the transactions tested. Therefore, unless sampling is specifically indicated in a finding, the results from any tests conducted or disclosed by us cannot be used to project those results to the entire population from which the test items were selected.

We also performed various data extracts of pertinent information from the State's Financial Management Information System (such as revenue and expenditure data). The extracts are performed as part of ongoing internal processes established by the Office of Legislative Audits and were subject to various tests to determine data reliability. We determined that the data extracted from this source were sufficiently reliable for the purposes the data were used during this audit.

We also extracted data from UEF's automated accounts receivable system for the purpose of testing assessment accounts receivables. We performed various tests of the relevant data and determined that the data were sufficiently reliable for the purposes the data were used during this audit. Finally, we performed other auditing procedures that we considered necessary to achieve our audit objectives. The reliability of data used in this report for background or informational purposes was not assessed.

UEF's management is responsible for establishing and maintaining effective internal control. Internal control is a process designed to provide reasonable assurance that objectives pertaining to the reliability of financial records; effectiveness and efficiency of operations, including safeguarding of assets; and compliance with applicable laws, rules, and regulations are achieved. As provided in *Government Auditing Standards*, there are five components of internal control: control environment, risk assessment, control activities, information and communication, and monitoring. Each of the five components, when significant to the audit objectives, and as applicable to UEF, were considered by us during the course of this audit.

Because of inherent limitations in internal control, errors or fraud may nevertheless occur and not be detected. Also, projections of any evaluation of internal control to future periods are subject to the risk that conditions may change or compliance with policies and procedures may deteriorate.

Our reports are designed to assist the Maryland General Assembly in exercising its legislative oversight function and to provide constructive recommendations for improving State operations. As a result, our reports generally do not address activities we reviewed that are functioning properly.

This report includes findings relating to conditions that we consider to be significant deficiencies in the design or operation of internal control that could adversely affect UEF's ability to maintain reliable financial records, operate effectively and efficiently, and/or comply with applicable laws, rules, and regulations. Our report also includes a finding regarding a significant instance of

noncompliance with applicable laws, rules, or regulations. Other less significant findings were communicated to UEF that did not warrant inclusion in this report.

State Government Article Section 2-1224(i) requires that we redact in a manner consistent with auditing best practices any cybersecurity findings before a report is made available to the public. This results in the issuance of two different versions of an audit report that contains cybersecurity findings – a redacted version for the public and an unredacted version for government officials responsible for acting on our audit recommendations.

The State Finance and Procurement Article, Section 3.5-301(b), states that cybersecurity is defined as “processes or capabilities wherein systems, communications, and information are protected and defended against damage, unauthorized use or modification, and exploitation.” Based on that definition, and in our professional judgment, we concluded that a finding in this report falls under that definition. Consequently, for the publicly available audit report all specifics as to the nature of the cybersecurity finding and required corrective actions have been redacted. We have determined that such aforementioned practices, and government auditing standards, support the redaction of this information from the public audit report. The specifics of this cybersecurity finding have been communicated to UEF and those parties responsible for acting on our recommendations in an unredacted audit report.

UEF’s response to our findings and recommendations is included as an appendix to this report. Depending on the version of the audit report, responses to any cybersecurity findings may be redacted in accordance with State law. As prescribed in the State Government Article, Section 2-1224 of the Annotated Code of Maryland, we will advise UEF regarding the results of our review of its response.

# APPENDIX

**WES MOORE**  
GOVERNOR

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June 1, 2025

Brian S. Tanen, CPA, CFE  
Legislative Auditor  
State of Maryland  
Office of Legislative Audits  
The Warehouse at Camden Yards  
351 West Camden Street; Suite 400  
Baltimore, Maryland 21201

Dear Mr. Tanen:

Enclosed please find the Agency Responses (Responses) of the Maryland Uninsured Employer's Fund (UEF) to the fiscal and technical compliance audit for the period beginning December 1, 2020 and ending October 31, 2024 as requested.

As we have acknowledged within the Responses, the UEF concurs with, and agrees to, both the audit Findings and Recommendations. The Agency is grateful for the detailed work of the Office of Legislative Audits (OLA) team which conducted the current audit and appreciates their findings and recommendations. The UEF has begun efforts to comply with the listed Findings and Recommendations will continue to work to comply as discussed and outlined in the UEF Agency Response Form (ARF) Response to the Audit.

The UEF ARF document details the UEF's specific responses to the Findings and Recommendations, and the responses also detail this agency's plans for developing and implementing procedures and programs to bring the UEF into compliance with the audit Findings and Recommendations, both Financial and Technical.

As we described in the UEF ARF, Agency staff and other relevant parties are already working to deal with, and resolve, the findings, recommendations and related issues which we have discovered at the Agency by the Audit.



Brian S. Tanen, Legislative Auditor

June 1, 2025

The UEF recognizes, and appreciates, the efforts of the Office of Legislative Audits in examining the functioning at the UEF and making recommendations for necessary improvements and we will continue to work to improve the Agency's functions. The Audit, and the meetings conducted with the auditors, are a necessary and valuable part of ensuring that all State agencies are functioning efficiently and legally.

We wish to also recognize the outstanding teams of auditors we dealt with during this audit. Both the Financial and the Technical staffs we worked with were professional, competent, reasonable and fair. We are grateful to them for their hard work and appreciate the time and effort they made working with us.

This was my fifth OLA Audit as an Agency Head and I can say it was, for many reasons, the most effective and smoothest audit I have experienced. Both teams were always accessible and made the process easier and more productive for all involved. In particular, both team leaders deserve recognition for guiding the process along in a professional and collegial manner. All involved were outstanding and were a credit to the OLA.

The UEF appreciates your efforts and appreciates the opportunities your audit provides to improve our functioning.

Thank you.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Michael W. Burns". The signature is fluid and cursive, with a long horizontal stroke at the end.

The Honorable Michael W. Burns, Esquire  
Director

Encl.

# Uninsured Employers' Fund

## Agency Response Form

### Accounts Receivable

#### **Finding 1 (Policy Issue)**

**Uninsured Employers' Fund (UEF) did not adequately monitor and pursue collection of all delinquent accounts and did not refer delinquent accounts to the State's Central Collection Unit (CCU), as required.**

**We recommend that UEF**

- a. generate dunning notices and produce accurate accounts receivable aging reports to monitor and pursue collection activities (repeat),**
- b. refer all delinquent accounts to CCU for collection in accordance with CCU regulations (repeat), and**
- c. document attempts to identify and refer delinquent employers to applicable State and local licensing authorities for license or permit suspension (repeat).**

<b>Agency Response</b>	
<b>Analysis</b>	
<b>Please provide additional comments as deemed necessary.</b>	<p><b>The Agency agrees with this finding and is working to comply with all recommendations.</b></p> <p><b>In the 2021 OLA Agency Audit, the UEF was found to have had a large number of debts, spanning several decades, that had not been referred to the CCU for collections. In response, the UEF hired a temporary employee to identify all outstanding debts and to refer them to CCU. The UEF examined each entry and was successful in greatly reducing the amount of unrefereed debts. The UEF will continue its work to do so until all outstanding debts have been reviewed and referred.</b></p> <p><b>The UEF also understands the value that its power to suspend business licenses can have on its collection efforts. In fact, this has been a focus of the agency since its prior audit.</b></p> <p><b>In 2021, in response to the Audit, the UEF installed a written license suspension revocation process, which requires an agency employee to begin the process of suspending business licenses in every case where the UEF is triggered and not reimbursed.</b></p> <p><b>By way of background, Maryland does not issue general business licenses but, instead, issues specific licenses that may be required depending on the trade of the business (e.g. Contractor license,</b></p>

# Uninsured Employers' Fund

## Agency Response Form

	<p>Liquor license, Tree Expert license, etc.). Therefore, not all businesses are required to have licenses and many more businesses we interact with operate unlawfully, without required licenses.</p> <p>Even in situations where employers do have a valid license, the UEF may not legally suspend that license unless the employer fails to pay an assessment or reimburse the UEF after a valid award. Businesses that have valid licenses are often willing to enter into payment arrangements with the UEF to prevent the UEF from suspending their licenses. For these reasons, the total number of cases leading to actual suspension requests may appear relatively low.</p> <p>The UEF emphasizes that it has been largely effective at requesting the suspension of applicable licenses in cases where:</p> <ul style="list-style-type: none"> <li>a) there is an affirmed Order to pay after a hearing;</li> <li>b) the employer has a valid license; and,</li> <li>c) the employer has not entered into a payment plan with the UEF.</li> </ul> <p>The UEF is now aware and acknowledges, thanks to the work of the auditors, that it needs to improve the process for documenting its license searches and subsequent correspondences with employers and licensing agencies to ensure that its effectiveness is record, quantified and monitored by management. The audit finding is legitimate and the agency is grateful to the auditors for their work in uncovering this issue so that the agency can rectify any shortcomings with the process and improve it.</p>		
<b>Recommendation 1a</b>	Agree	<b>Estimated Completion Date:</b>	10/31/2025
Please provide details of corrective action or explain disagreement.	<p><b>Plan/Timetable</b></p> <p><b>Dunning Notices –</b></p> <p>The UEF agrees that, in certain cases, Dunning notices were not being sent in accordance with the required timelines. The UEF management has reiterated to staff the importance of these notices being sent timely. The UEF will continue to improve the processes for debt collection and attempt to identify technology-based efficiencies in the process that will ensure that notices be sent according to the required timelines and that aging reports are accurate.</p> <p>Staff is and will continue to be reviewing dunning notices as produced to investigate and determine where issues are arising to cause production failure (process requires staff review which</p>		

# Uninsured Employers' Fund

## Agency Response Form

	<p>involves significant review of individual entries) - to be completed by 7/31/2025</p> <ul style="list-style-type: none"> <li>- based on findings of review corrective actions will be taken by 8/31/2025 to ensure proper notices are sent out</li> <li>- further review of corrected process will then be tested for accuracy to be completed by 10/31/2025</li> </ul> <p>Accurate aging reports –</p> <p>Staff review and correction are in progress. Relevant staff has been consulted and have been instructed to determine why this is occurring and to correct it.</p> <ul style="list-style-type: none"> <li>- evaluation of issues causing errors will continue and be completed by 8/15/2025</li> <li>- evaluation of systems involved and investigation into ability to adjust existing systems by staff to be concluded by 9/30/2025</li> <li>- system adjustments will be implemented by 10/31/2025</li> <li>- staff review of dunning notices to ensure improvements and accuracy have been achieved - completed by 11/30/2025</li> </ul>		
<b>Recommendation 1b</b>	Agree	<b>Estimated Completion Date:</b>	8/1/2025
Please provide details of corrective action or explain disagreement.	<p>The UEF has been provided the list of the 389 accounts identified by the OLA. Many of these debts are very old and each debt must be individually investigated and referred to CCU when appropriate. The UEF has already begun these investigations and will ensure that all appropriate old debts are referred to the CCU.</p> <p>As of October 2024, the UEF has already instituted written procedures for ensuring that all new debts will be timely referred to the CCU going forward.</p> <p><b>Plan/Timetable</b></p> <p>In progress – UEF is self-funded but has hired a temporary staff person to do this work and comply with this recommendation -current and ongoing</p>		

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	<p>A review of the 389 Accounts identified by the OLA has begun and is currently ongoing but requires individual investigation of each account – current and ongoing</p> <p>as appropriate debts are identified those debts are referred to CCU; estimated completion date 8/1/2025 for 389 Accounts to be reviewed and sent to the CCU as required</p> <p>as new debt has been and continues to be received it has been and will continue to be forwarded to the CCU - ongoing</p> <p>investigation and review older debt for appropriateness of forwarding to CCU will continue and be ongoing – ongoing</p>		
<b>Recommendation 1c</b>	Agree	<b>Estimated Completion Date:</b>	8/31/2025
Please provide details of corrective action or explain disagreement.	<p><b>Plan/Timetable</b></p> <p><b>Review and Correction in Progress –</b></p> <p>The UEF's written procedures for license suspension procedures require that all actions taken on license suspensions be documented in its internal legal software. The OLA audit revealed this was not being done regularly. The UEF has already stressed the importance to collections employees of electronically documenting such actions. Going forward a specific license suspension folder will be created on the internal software for each account in collections and all license search results and related communications will be notated in that folder. UEF management will also begin requiring monthly status reports of license suspension activities and will perform periodic checks of the internal software program to ensure proper documentation.</p> <p>The UEF has had a formal program with a written protocol in place to identify and refer applicable employers for license suspensions ongoing and continues that program regularly. This will continue.</p> <p>As a result of the OLA Audit, it has been discovered that although employers are regularly reviewed for license suspension the process of required documentation has not been occurring.</p> <p>Review and monitoring improvements are required to ensure that the actual results are being recorded properly and the UEF is currently reviewing that part of the process and identifying immediate improvements that are required and acting to correct any lapses in data entry or management on an ongoing basis.</p>		

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	<p>The UEF is currently reviewing the program to improve documentation and ensure records reflect the actual case by case actions taken in all appropriate cases and to ensure all applicable eligible employers are referred for license suspensions– expected completion date 8/31/2025</p>
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### Third-Party Administrator Payments

**Finding 2**  
 UEF did not obtain and review sufficient documentation to support the monthly fees paid to the third-party administrator (TPA) for administrative services.

We recommend that UEF ensure that invoiced amounts are supported and agree to contract approved rates and level of services prior to approving invoices for payment (repeat).

Agency Response			
<b>Analysis</b>			
<b>Please provide additional comments as deemed necessary.</b>	The Agency agrees with this Finding and will continue the process of complying with the Recommendation.		
<b>Recommendation 2</b>	Agree	<b>Estimated Completion Date:</b>	8/31/2025
<b>Please provide details of corrective action or explain disagreement.</b>	<p>The UEF understands and appreciates the importance of effectively monitoring its TPA. Although, the TPA employees work onsite and the agency is, therefore, aware if the contract’s personnel requirements are being met, the agency agrees that the TPA’s invoices did not meet the requirements of its contract. The UEF has already forwarded the TPA a copy of the “invoicing” section of the TPA contract demanding that invoices comply with the contractual terms going forward, including listing all claims personnel, their wages, and their hours worked. Moreover, UEF employees have been directed not to pay any invoices that do not meet these requirements going forward.</p> <p>Plan/Timetable</p>		

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	<p><b>The vendor has been notified of the requirements expected from it to provide documentation which satisfies this Finding.</b></p> <p><b>The UEF has also initiated and is continuing to expand and refine a program to ensure the required information relevant to this finding is obtained by the agency for review and approval</b></p> <p><b>Constant reviews of documents will occur and revisions as appropriate will also be implemented to obtain the data required by the Finding.</b></p> <p><b>Final implementation of the program is expected 8/31/2025.</b></p>
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### **Information Systems Security and Control**

The Office of Legislative Audits (OLA) has determined that the Information Systems Security and Control section, including Finding 3 related to “cybersecurity,” as defined by the State Finance and Procurement Article, Section 3.5-301(b) of the Annotated Code of Maryland, and therefore is subject to redaction from the publicly available audit report in accordance with State Government Article 2-1224(i). Although the specifics of the finding, including the analysis, related recommendations, along with UEF’s responses, have been redacted from this report copy, UEF’s responses indicated agreement with the finding and related recommendations.

**Finding 3**  
**Redacted cybersecurity-related finding.**

**Agency Response has been redacted by OLA.**

AUDIT TEAM

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