Sean Tarwater, Chairperson
Unemployment Compensation Modernization and Improvement Council
300 S.W. 10th Ave., Ste. 551
Topeka, KS 66612

Dear Mr. Tarwater:

Thank you for the opportunity to provide investigation services for the Unemployment Modernization and Improvement Council (the Council) in connection with the effects on the Kansas Department of Labor (KDOL) and the unemployment insurance system of fraudulent claims and improper payments during the period of March 15, 2020 through March 31, 2022. For our analysis, we relied upon information provided to us in the form of electronic unemployment insurance claims files, documents, as well as conversations and interviews with relevant parties. This first supplement to our report, which was dated September 1, 2022, is based on work completed to date. We anticipate issuing another supplement to our report in early 2023 which will contemplate claims from April 1, 2022 through December 31, 2022.

Our services were provided in accordance with the Statement on Standards for Forensics Services promulgated by the American Institute of Certified Public Accountants and, accordingly, do not constitute a rendering by **FORVIS, LLP** (FORVIS) or its partners or staff of any legal advice, nor do they include the compilation, review, or audit of financial statements. Because our services were limited in nature and scope, they cannot be relied upon to discover all documents and other information or provide all analyses that may be of importance in this matter. We were asked to analyze certain designated files, data, and information and, based on the scope of work, we identified matters discussed in this report, including an estimate of potential fraudulent payments based on data analytics procedures. This is a factual report of our findings, and we do not make a determination on if specific claims are fraudulent or comment on legal culpability.

This first supplement to our report, which was dated September 1, 2022, is the property of FORVIS and has been prepared solely for use by the Council and should not be used by any other party or for any other purpose, without our written permission in each specific instance.

The validity of this report is predicated on the extent to which full, honest, and complete disclosure was made by all parties. We reserve the right to supplement this report if additional information becomes available.

FORVIS, LLP

FORVIS, LLP

Robert R. Sprague

Robert R. Sprague, CPA

First Supplement to Fraud Investigation Services Report for Unemployment Compensation Modernization
** and Improvement Council on Behalf of the Kansas Legislature ("Council")**
September 1, 2022
Calculation of Total Net Estimate of Potentialy Fraudulent Claims Including LWAP, plus Improper Payments and
Clarification of Total Payments Amount

		Low		High
Initial Estimate of Potentialy Fraudulent Claimants (Excludes LWAP)	$	486,000,000	$	511,000,000
Reduction for Legitimate Claims Following Potentially Fraudulent Claims	$	(45,000,000)	$	(45,000,000)
Net Estimate of Potentialy Fraudulent Claims	**$**	**441,000,000**	**$**	**466,000,000**
PLUS: Estimate of Potentially Fraudulent LWAP Claims	$	10,000,000	$	11,000,000
PLUS: Improper Payments	$	66,000,000	$	66,000,000
LESS: Estimate of Potentially Fraudulent Claims before March 15, 2020	$	(2,000,000)	$	(2,000,000)
Total Net Estimate of Potentialy Fraudulent Claims Including LWAP, plus Improper Payments	**$**	**515,000,000**	**$**	**541,000,000**

Total Payments per the Report	$	3,554,882,327
Less: LWAP Payments	$	(130,565,088)
Total Payments Net of LWAP Payments	$	3,424,317,239
Less: Payments on or after 1/1/2020 pertaining to Claims Filed before 1/1/2020	$	(22,099,743)
Total Payments pertaining to Claims Filed on or after 1/1/2020 (Excluding LWAP Payments)	$	3,402,217,496

First Supplement to Fraud Investigation Services Report for Unemployment Compensation Modernization
and Improvement Council on Behalf of the Kansas Legislature ("Council")
September 1, 2022
Breakdown of Federal vs State Programs and Before or After MultiFactor Authentication

	Low (Excludes LWAP)	High (Excludes LWAP)	LWAP Only - Low	LWAP Only - High
Initial Estimate of Potentialy Fraudulent Claimants	$ 486,000,000	$ 511,000,000	$ 10,000,000	$ 11,000,000
Reduction for Legitimate Claims Following Potentially Fraudulent Claims	$ (45,000,000)	$ (45,000,000)	$ -	$ -
Net Estimate of Potentialy Fraudulent Claims	**$ 441,000,000**	**$ 466,000,000**	**$ 10,000,000**	**$ 11,000,000**

Federal vs State Programs

Initial Estimate	Low (Excludes LWAP)	High (Excludes LWAP)	LWAP Only - Low	LWAP Only - High
Federal Programs	$ 180,000,000	$ 201,000,000	$ 10,000,000	$ 11,000,000
State Programs	$ 306,000,000	$ 310,000,000	$ -	$ -
Initial Estimate	**$ 486,000,000**	**$ 511,000,000**	**$ 10,000,000**	**$ 11,000,000**

Reduction for Legitimate Claims Following Potentially Fraudulent Claims
  NOTE: Low and High are the same because these are all based on self-reported fraud (this analysis
  required a self-reporeted fraud date) which is included in both low and high

	Low (Excludes LWAP)	High (Excludes LWAP)	LWAP Only - Low	LWAP Only - High
Federal Programs	$ (27,000,000)	$ (27,000,000)	$ -	$ -
State Programs	$ (18,000,000)	$ (18,000,000)	$ -	$ -
Reduction for Legitimate Claims Following Potentially Fraudulent Claims	**$ (45,000,000)**	**$ (45,000,000)**	**$ -**	**$ -**

Net Estimate	Low (Excludes LWAP)	High (Excludes LWAP)	LWAP Only - Low	LWAP Only - High
Federal Programs	$ 153,000,000	$ 174,000,000	$ 10,000,000	$ 11,000,000
State Programs	$ 288,000,000	$ 292,000,000	$ -	$ -
Net Estimate	**$ 441,000,000**	**$ 466,000,000**	**$ 10,000,000**	**$ 11,000,000**

Before or After MultiFactor Authentication

Initial Estimate	Low (Excludes LWAP)	High (Excludes LWAP)	LWAP Only - Low	LWAP Only - High
Before MFA	$ 412,000,000	$ 436,000,000	$ 9,000,000	$ 10,000,000
After MFA	$ 74,000,000	$ 75,000,000	$ 1,000,000	$ 1,000,000
Initial Estimate	**$ 486,000,000**	**$ 511,000,000**	**$ 10,000,000**	**$ 11,000,000**

Reduction for Legitimate Claims Following Potentially Fraudulent Claims
  NOTE: Low and High are the same because these are all based on self-reported fraud (this analysis
  required a self-reporeted fraud date) which is included in both low and high

	Low (Excludes LWAP)	High (Excludes LWAP)	LWAP Only - Low	LWAP Only - High
Before MFA	$ (3,000,000)	$ (3,000,000)	$ -	$ -
After MFA	$ (42,000,000)	$ (42,000,000)	$ -	$ -
Reduction for Legitimate Claims Following Potentially Fraudulent Claims	**$ (45,000,000)**	**$ (45,000,000)**	**$ -**	**$ -**

Net Estimate	Low (Excludes LWAP)	High (Excludes LWAP)	LWAP Only - Low	LWAP Only - High
Before MFA	$ 409,000,000	$ 433,000,000	$ 10,000,000	$ 11,000,000
After MFA	$ 32,000,000	$ 33,000,000	$ -	$ -
Net Estimate	**$ 441,000,000**	**$ 466,000,000**	**$ 10,000,000**	**$ 11,000,000**