

CHAPTER III

STATUS DETERMINATION

COMPONENTS

INTRODUCTION

COMPUTED MEASURES

PROGRAM REVIEW

INTRODUCTION

STATUS DETERMINATION

INTRODUCTION

The Status function identifies employers liable for unemployment insurance (UI) coverage and assists them in their effort to comply with State UI Laws and written policies. This is the initial process in the tax operation. The major tasks within the function are:

Identify potential employers subject to the law

Determine Status (e.g., new, successor, non-subject)

Assign account numbers

Notify employers of their liability and initial rate

Inactivate/terminate employer accounts

Process and record all coverage information
(Account Maintenance)

Handle liability appeals as appropriate

PRIMARY OBJECTIVE

The primary objective of the Status function is to identify and register employers in a timely and accurate manner. To accomplish this, the State will need to meet several sub objectives:

1. Determine employer Status in a timely fashion (*Timeliness*)
2. Determine and record employer Status and tax rate correctly (*Accuracy*)

STATUS DETERMINATION

INTRODUCTION

Timeliness To assess the effectiveness in producing timely Status Determinations, Computed Measures will be generated based on data routinely reported. These data elements will be converted into four indicators by the TPS ADP system. These indicators will measure from the end of the quarter in which liability occurred.

Accuracy To determine whether accurate determinations are being made, a Program Review will be conducted to ascertain the existence of necessary internal controls and to determine whether or not such controls are functioning properly.

REVIEW METHODOLOGIES

Computed Measures

Computed Measures will provide indicators to measure timeliness of New and Successor Status Determinations. These measures will be generated on data elements reported by States through routine quarterly reports. There are four indicators which will be used to measure timeliness of Status Determinations.

1. Percentage of newly established accounts made within 90 days
2. Percentage of newly established accounts made within 180 days
3. Percentage of successor accounts made within 90 days
4. Percentage of successor accounts made within 180 days

REVIEW METHODOLOGIES

Program Review

The Program Review to be conducted for Status has two components: a Systems Review section and an Acceptance Sample section composed of three samples.

The Systems Review covers the following topics:

- Recorded Information and Instructions
- Training
- Recording of Transactions and Events
- Systems to Assure Execution of Events
- Review of Completed Work

The Systems Review will be used to identify the internal controls and quality assurance systems necessary for an effective Status Determination operation, and to verify that the State has such controls in place.

The Acceptance Samples examine the following:

- New Employer Determinations
- Successor Determinations
- Inactivations/Terminations

Three Acceptance Samples of completed Status Determinations will be examined to confirm that the State's system of controls is ensuring accurate Status Determinations. The Acceptance Samples will validate the effectiveness of the State's internal controls and confirm that accurate Status Determinations are being made and posted to the employer account record.

COMPUTED MEASURES

STATUS DETERMINATION

COMPUTED MEASURES

COMPUTED MEASURES

Computed Measures will provide indicators for timeliness of New and Successor Status Determinations. These measures will be generated based on data elements reported by States through routine quarterly reports. The State TPS reviewer must ensure that the State captures these data elements as defined so that the TPS ADP system can produce output reports based on these data elements.

Some States accumulate the data elements required for Status computed measures through ADP records. Other States keep manual records. Either way it is important that accurate records be kept from the beginning. Data elements needed to calculate Status timeliness indicators will be extracted from the routine Form ETA 581 reports which are transmitted from States to the National Office electronically. Appendix B explains the technical process for gathering this information.

Status Determination Indicators

The four indicators to measure timeliness of Status Determinations are described below.

1. Percentage of Status Determinations of newly established accounts made within 90 days from the last day of the quarter in which the business first became liable.
2. Percentage of Status Determinations of newly established accounts made within 180 days from the last day of the quarter in which the business first became liable.
3. Percentage of Status Determinations of successor accounts made within 90 days from last day of the quarter in which the business became a successor.
4. Percentage of Status Determinations of successor accounts made within 180 days from last day of the quarter in which the business became a successor.

STATUS DETERMINATION

COMPUTED MEASURES

COMPUTED MEASURES

Indicator 1 - Percentage of 90 day New Employer Status Determinations.

Rationale. This indicator reflects the percent of Status Determinations made during the 90 day time period from the last day of the quarter in which a new business becomes liable. The end of the quarter was set for the indicator to promote consistency in measuring time lapse (the old time lapse was from the date the employer became liable and because of differences in their laws, the States did not count from the same date).

90 days is also important because of the need to have employer wage records in the State files for benefit payment purposes. Finally, undue delay in setting up an account can result in a loss of revenue.

Formula

$$\frac{\# \text{ determinations made within 90 days (581 Item 15)}}{\text{total \# New Status Determinations (581 Item 14)}}$$

Example:

$$\frac{700 \text{ timely new determinations}}{1000 \text{ total new determinations}} = 70\%$$

Indicator 2 - Percentage of 180 day New Employer Status Determinations.

Rationale. This indicator reflects the percent of Status Determinations made during the 180 day time period from the end of quarter in which a new business becomes liable. The 180 day timeliness indicator is governed by the need for additional time and incentive to make determinations which have passed the due date for the 90 day indicator. This indicator encourages States to use all available methods to identify and register those employers whose registration could not be completed within the 90 day period.

STATUS DETERMINATION

COMPUTED MEASURES

COMPUTED MEASURES

Formula

$$\frac{\# \text{ determinations made within 180 days (581 Item 16)}}{\text{total \# New Status Determinations (581 Item 14)}}$$

Example:

$$\frac{900 \text{ timely new determinations}}{1000 \text{ total new determinations}} = 90\%$$

Indicator 3 - Percentage of 90 day Successor Status Determinations.

Rationale. This indicator reflects the percent of Status Determinations made during the 90 day time period from the last day of the quarter in which the business becomes liable as a successor. The rationale is the same as for indicator 1.

Formula

$$\frac{\# \text{ succ. determinations made within 90 days ((581 Item 18)}}{\text{total \# Successor Status Determinations (581 Item 17)}}$$

Example:

$$\frac{700 \text{ timely successor determinations}}{1000 \text{ total successor determinations}} = 70\%$$

STATUS DETERMINATION

COMPUTED MEASURES

COMPUTED MEASURES

Indicator 4 -Percentage of 180 day Successor Status Determinations.

Rationale. This indicator reflects the percent of Status Determinations made during the 180 day time period from the last day of the quarter in which the business becomes liable as a successor. The rationale is the same as for indicator 2.

Formula

$$\frac{\# \text{ succ. determinations made within 180 days (581 Item 19)}}{\text{total \# Successor Status Determinations (581 Item 17)}}$$

Example:

$$\frac{900 \text{ timely successor determinations}}{1000 \text{ total successor determinations}} = 90\%$$

Data Elements

The numbers of new and successor determinations made within 90 and 180 days of the end of quarter in which liability occurs are reported on Form ETA 581. TPS requires the number of new and successor determinations made within 90 and 180 days from the end of the quarter of liability rather than the "time lapse" formerly reported. It is important to count the exact number of days since not all quarters have exactly 90 days. The "determination date counted to" should be the date the Status information is input into the States automated system. See above examples.

STATUS DETERMINATION

COMPUTED MEASURES

COMPUTED MEASURES

Drawing Conclusions

If an analysis of the results of these measures does not show high percentages of timely determinations or an improving trend, the TPS Reviewer should examine the findings of the Systems Review to ascertain whether problems causing delays are controllable within the State or are caused by external factors.

Findings or trends from computed measures should be considered with Systems Review and Acceptance Sample findings in evaluating the effectiveness of the State's operation and be included in the Annual Report.

PROGRAM REVIEW

COMPONENTS

SYSTEMS REVIEW

ACCEPTANCE SAMPLES

SYSTEMS REVIEW

STATUS DETERMINATION

PROGRAM REVIEW

SYSTEMS REVIEW INTERVIEW SHEET

Function	Reviewer
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Persons Interviewed			Documents Reviewed	
Date	Name:	Title:	Title:	Form#:

SYSTEMS REVIEW

Recorded Information and Instructions

For Status Determination, recorded information and instructions should include requirements for unemployment insurance coverage and procedures for processing information to establish, suspend, terminate, reactivate and maintain accounts.



The reviewer should examine recorded instructions available to the staff and compare procedures to the laws and written policies of the State to determine if the recorded information and instructions are current, accurate, and complete. The reviewer should also observe the Status Determination process and talk with employees to learn whether or not the recorded instructions are available to staff.

In the narrative section following the questions, explain "Other" responses and describe "Compensating Controls". Identify the question being explained by referencing the number and section. If there are no recorded instructions, describe in the narrative how the staff becomes aware of the proper procedures to perform the tasks of the Status Determination function.

STATUS DETERMINATION

PROGRAM REVIEW

SYSTEMS REVIEW QUESTIONS

1. Does the State have recorded information and instructions to assist employees performing Status functions in each major category in accordance with State laws and written policies?

Yes No

- a. New Determinations
- b. Successor Determinations
- c. Inactivations/Terminations

2. If yes, for each major Status category, are all the recorded information and instructions:

New Succ. Inact.
Acct. essor Term.

(Indicate Yes or No for Each Category)

- a. Current?
- b. Accurate?
- c. Complete?
- d. Readily available to staff?.....

VS:(Questions 1 and 2)

STATUS DETERMINATION

PROGRAM REVIEW

SYSTEMS REVIEW QUESTIONS

3. If any of the preceding evaluative questions are answered "no", does the State have a substitute or compensating control?

Yes ___ No ___ N/A ___

If Yes, describe in the Narrative Section following these questions.

VS:(Question 3)

STATUS DETERMINATION

PROGRAM REVIEW

SYSTEMS REVIEW NARRATIVE

Question Number	Explanation of "N/A" and "Compensating Controls" (when deemed necessary)
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Question Number	Answers to "If yes, describe" and "Other":
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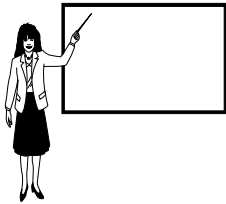
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SYSTEMS REVIEW

Training

New employees need to learn the requirements for unemployment insurance coverage and the procedures for processing Status information to establish, suspend, terminate, reactivate and maintain accounts. Experienced employees benefit from periodic refresher courses and need additional training when changes occur, and when quality defects or a significant number of errors appear in a particular area.

The reviewer should become familiar with the methods and procedures the State uses to identify and meet training needs of employees involved in determining the liability of subject employers.



In the narrative section following the questions, explain "other" responses and describe "Compensating Controls". Identify the question being explained by referencing the number and section. If there are no training programs, describe how the staff know the laws, rules, written policies and proper procedures to perform Status functions.

STATUS DETERMINATION

PROGRAM REVIEW

SYSTEMS REVIEW QUESTIONS

1. Does the State have methods or procedures to provide training for newly hired employees?

Yes ___ No ___

*If yes, identify the type of training:

Yes No

- a. *Formal Classroom Training
- b. *On the Job Training?.....
- c. *One-on-One Training?
- d. *Individual Self-guided Training?.....
- e. *Other?.....

Describe the type and frequency of training in the narrative.

2. Does the State have methods or procedures to provide refresher training for experienced employees?

Yes ___ No ___

*If yes, identify the type of training:

Yes No

- a. *Formal Classroom (e.g., refresher courses)?
- b. *On the Job Training?.....
- c. *One-on-One Training?
- d. *Individual Self-guided Training?.....
- e. *Other?.....

Describe the type and frequency of training in the narrative.

STATUS DETERMINATION

PROGRAM REVIEW

SYSTEMS REVIEW QUESTIONS

3. Does the State provide training when there are:

Yes No N/A

- a. State law changes?
- b. Policy/procedure changes?
- c. Needs identified from review of finished work
(e.g., supervision, quality assurance review?
- d. Hardware/software changes?
- e. *Other

4. Does the State have processes (e.g., back-up training or organizational flexibility) to assure that staff absences will not disrupt operations?

Yes ___ No ___

If yes, describe in the narrative.

VS:(Questions 1 - 4)

STATUS DETERMINATION

PROGRAM REVIEW

SYSTEMS REVIEW QUESTIONS

5. *In the opinion of the supervisor or manager, does the training meet the needs of the Status function? (e.g., Are sufficient resources available--training packages, facilities, staff, etc.)

Yes ___ No ___

6. If any of the preceding evaluative questions were answered "No", does the State have a substitute or compensating control?

Yes ___ No ___ N/A

If Yes, describe in the Narrative Section following these questions.

VS:(Question 6)

STATUS DETERMINATION

PROGRAM REVIEW

STATUS DETERMINATION

PROGRAM REVIEW

SYSTEMS REVIEW NARRATIVE

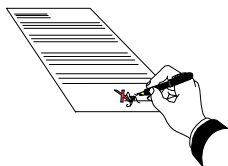
Question Number	Explanation of "N/A" and "Compensating Controls" (when deemed necessary)
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Question Number	Answers to "If yes, describe" and "Other":
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SYSTEMS REVIEW

Recording of Transactions and Events

The Status function should have procedures and controls to assure that Status Determinations are recorded and that the source information is readily available for examination. Whether the State system is manual or automated, an audit trail should lead from the data recorded in the employer account record to the Status source document upon which the determination was based.



A Status source document is the information basis from which a Status Determination is made. It can consist of a registration form, Status change form, blocked claim report, appeal finding, letter from the employer or whatever documentation the State has accepted as the information source.

The reviewer should become familiar with the various types of Status Determinations which require an audit trail leading to the supporting documentation.

In the narrative section following the questions, explain "other" responses and describe "Compensating Controls". Identify the question being explained by referencing the number and section. If the State does not maintain source documents or an audit trail, describe how it assures that correct Status Determinations have been made.

STATUS DETERMINATION

PROGRAM REVIEW

SYSTEMS REVIEW QUESTIONS

1. Does the State have procedures to assure that Status Determinations can be traced to their source (even if the source is via electronic media)?

Yes ___ No ___

2. Can the following items be identified through the audit trail for New Employer Determinations:

Yes No

- a. Employer or employer representative who notified State of liability change?
- b. State employee who recorded or authorized the determination?
- c. Type of determination (new)?.....
- d. Date of Status Determination? (either the date decision is made, mailed or put into the ADP system)
- e. The supporting documentation for the determination?

3. Can the following items be identified through the audit trail for Successor Employer Determinations:

Yes No

- a. Employer or employer representative who notified State of change?.....
- b. State employee who recorded or authorized the determination?
- c. Type of determination (successor)?.....
- d. Date of Status Determination? (either the date decision is made, mailed or put into the ADP system)
- e. The supporting documentation for the determination?

STATUS DETERMINATION

PROGRAM REVIEW

SYSTEMS REVIEW QUESTIONS

4. Can the following items be identified through the audit trail for Inactivation/Termination Determinations:

- | | <u>Yes</u> | <u>No</u> |
|--|------------|-----------|
| a. Type of determination (inactivation/termination)?..... | | |
| b. Date of Status Determination? (either the date decision is made, mailed or put into the ADP system) | | |
| c. The supporting documentation for the determination? | | |

VS:(Questions 1 - 4)

5. Is a source document required to make a Status Determination for:

- | | <u>Yes</u> | <u>No</u> |
|-------------------------------------|------------|-----------|
| a. New Determinations? | | |
| b. Successor Determinations? | | |
| c. Inactivations/Terminations?..... | | |

VS:(Question 5)

STATUS DETERMINATION

PROGRAM REVIEW

SYSTEMS REVIEW QUESTIONS

6. *Which of the following are acceptable as source documents for Status Determinations?
Enter "Y" for yes, "N" for no or "A" for not applicable.

New Succ- Inact./
Acct. essor Term.

- a. *Registration form?
- b. *Status change form?
- c. *Correspondence from employer?
- d. *Field audit report?
- e. *Contribution report, remittance?
- f. *Notes of telephone conversation?
- g. *Blocked claims report?
- h. *Appeals findings?
- i. *Electronic media?
- j. *Other?

7. Are original and amended information sources, including electronic source documentation, retained and accessible for State use for:

Yes No

- a. New Determinations?
- b. Successor Determinations?
- c. Inactivations/Terminations?

VS:(Question 7)

STATUS DETERMINATION

PROGRAM REVIEW

SYSTEMS REVIEW QUESTIONS

8. If any of the preceding evaluative questions are answered "No", does the State have a substitute or compensating control?

Yes ___ No ___ N/A ___

If Yes, describe in the Narrative Section following the questions.

VS: Question 8)

STATUS DETERMINATION

PROGRAM REVIEW

SYSTEMS REVIEW NARRATIVE

Question Number	Explanation of "N/A" and "Compensating Controls" (when deemed necessary)
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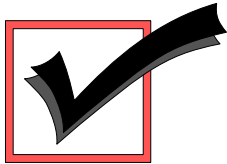
Question Number	Answers to "If yes, describe" and "Other":
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SYSTEMS REVIEW

Systems to Assure Execution of Events

For Status Determination, controls should be built in to assure that new employers are assigned correct, initial new employer rates and that successor accounts are assigned correct initial rates according to the State's successorship and transfer of experience laws and regulations. A follow-up system to maintain control of work in progress assures that all Status documents received by the State are acted upon in a timely manner.

The reviewer should become familiar with built in systems and automated or manual controls which assure accurate and timely execution of Status Determinations.



In the narrative section following the questions, explain "other" responses and describe "Compensating Controls". Identify the question being explained by referencing the number and section. If the State does not have internal controls or safeguards, describe how it assures the correctness of Status Determinations, initial rate assignments and posting of Status information.

STATUS DETERMINATION

PROGRAM REVIEW

SYSTEMS REVIEW QUESTIONS

1. Does the State have systems procedures or internal controls to minimize the possibility of setting up duplicate accounts for the same employer?

Yes ___ No ___

VS: (Question 1 _____)

2. Does the State have system procedures or internal controls to assure that all Status documents are acted upon by:

Yes No

- a. Tracking documents?
- b. Following up potentially liable determinations?
- c. *Other?

3. *Does the State have written procedures to allow Status Determinations to be made with less than complete information?

Yes ___ No ___

STATUS DETERMINATION

PROGRAM REVIEW

SYSTEMS REVIEW QUESTIONS

If yes, does the State:

- a. Have system procedures or internal controls to assure that there is a follow up on all items for which all information has not been received?

Yes ___ No ___

VS:(Question 2 and 3a. _____)

- 4. Does the State have system procedures or internal controls to assure that written Status Determinations and initial rates are issued to:

Yes No

- a. New employers?.....
- b. Successor employers?.....

VS:(Question 4 _____)

STATUS DETERMINATION

PROGRAM REVIEW

SYSTEMS REVIEW QUESTIONS

5. Is there a built-in edit or manual review to assure that the correct initial rate is assigned to new employers?

Yes ___ No ___

If yes, describe

6. Is there a built-in edit or manual review to assure that correct initial rates are assigned to successor employers according to the State law and written policy?

Yes ___ No ___

If yes, describe

VS:(Questions 5 and 6 _____)

STATUS DETERMINATION

PROGRAM REVIEW

SYSTEMS REVIEW QUESTIONS

7. Is the information from Status Determinations and other material changes to the employer records verified for accuracy (e.g., Is information on the employer record compared to source documents to assure accurate posting of Status Determinations, address changes, etc.)?

Yes ___ No ___

VS: (Question 7 _____)

8. Does the state have a quarterly procedure to inactivate employer accounts if the employers have not reported wages for eight consecutive quarters (or less than eight if state procedures require less), or have filed a “no wage” report?

Yes ___ No ___

VS: (Question 8 _____)

- *a. If yes, is the procedure automated?

Yes ___ No ___

STATUS DETERMINATION

PROGRAM REVIEW

SYSTEMS REVIEW QUESTIONS

9. If procedures are automated, is a systems check performed every time a program is changed?

Yes __ No __

10. Does the State have a system in place to detect tax rate manipulation (i.e., SUTA Dumping)?

Yes __ No __

11. If any of the preceding evaluative questions are answered "No", does the State have a substitute or compensating control?

Yes __ No __ N/A __

If yes, describe in the Narrative Section following the questions.

VS: (Questions 9 & 10 _____)

STATUS DETERMINATION

PROGRAM REVIEW

SYSTEMS REVIEW NARRATIVE

Question Number	Explanation of "N/A" and "Compensating Controls" (when deemed necessary)
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Question Number	Answers to "If yes, describe" and "Other":
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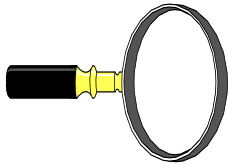
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SYSTEMS REVIEW

Review of Completed Work

For the Status function, the State should be conducting systematic reviews of Status Determinations made and initial rates assigned. The information received and the action taken should be checked against the information recorded in the employer's account.



A review of completed work should be done on a regular basis for all staff members involved in processing documents for the employer's account. This review may be done on an individual basis for each staff member, or by sampling work done throughout the entire unit. The following questions are designed to determine how these reviews are conducted.

The reviewer should become familiar with the kind of review program the State uses to assess the work performed by the Status function.

In the narrative section following the questions, explain "other" responses and describe "Compensating Controls". Identify the question being explained by referencing the number and section. If there is no review performed, describe how the State has reasonable assurance that correct decisions are being made.

For all staff members involved in processing Status documents, are the following components subject to some form of systematic review?
 For Yes **answers**, enter a "Y" in the appropriate column(s). If there are no reviews, answer "N" in column 6 which is evaluative.

Component	Type of review					
	*1 Supv	*2 Peer	*3 QR Qual.Rev	*4 Support Clerical	*5 Other	6 Review Conducted Y/N
New Determinations						
a. Accuracy of determinations						
b. Accuracy of initial rate assignment						
c. Accuracy of posting employer information						
d. Prompt completion of determinations						
Successor Determinations						
e. Accuracy of determinations						
f. Accuracy of initial successor rate assignment						
g. Accuracy of posting information						
h. Prompt completion of determinations						
Inactivation/Termination Determinations						
i. Accuracy of determinations						
j. Accuracy of posting						

STATUS DETERMINATION

PROGRAM REVIEW

SYSTEMS REVIEW QUESTIONS

7. If any of the preceding evaluative questions are answered "No", does the State have a substitute or compensating control?

Yes ___ No ___ N/A ___

If Yes, describe in the Narrative Section following these questions.

VS: (Question 7)

STATUS DETERMINATION

PROGRAM REVIEW

SYSTEMS REVIEW NARRATIVE

Question Number Explanation of "N/A" and "Compensating Controls"
(when deemed necessary)

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Question Number Answers to "If yes, describe" and "Other":

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STATUS DETERMINATION

PROGRAM REVIEW

SYSTEMS REVIEW QUESTIONS

Additional Controls

1. *Does the State have internal controls or quality assurance systems in the Status function which this review failed to identify?

Yes ___ No ___

If yes, describe below:

2. *Are there any exemplary practices for the Status function?

Yes ___ No ___

If yes, describe below:

ACCEPTANCE SAMPLES

STATUS DETERMINATION

PROGRAM REVIEW

ACCEPTANCE SAMPLE INSTRUCTIONS

NEW EMPLOYER STATUS DETERMINATIONS

Purpose/Intent

To confirm that the state's internal controls ensure accurate determinations by examining completed New Employer Status Determinations.

To determine that correct, initial rates are being assigned to new employers.

To evaluate whether the state follows its procedures to obtain any necessary additional information.

To assess the accuracy of posting Status information to the employers' account records.

Scope

The scope of the review will focus on all new and reactivated Status Determinations made during the selected calendar year. (Accounts which are reactivated only to make corrections, do not meet the definition of "reactivation" and should not be included.)

Universe

The universe to be identified for the New Employer Status Determinations Acceptance Sample will include:

1. All Status Determinations for New and Reactivated Employers, (e.g., employing units initially meeting the definition of "employer" in the state unemployment compensation law or previously terminated employing units which again meet the definition of employer) made during one complete calendar year. Exclude temporary or "pending" accounts, or accounts that have not met a liability provision of the state's law.
2. 60 cases will be selected from this universe.

ACCEPTANCE SAMPLE INSTRUCTIONS

Timing/Frequency

The sample will be selected once per calendar year.

The universe can be identified immediately following the end of the calendar year.

Sampling Procedures

The following steps must be taken to establish the universe and select the sample accounts:

1. Identify all New Employer Status Determinations (including Reactivations) made during the calendar year selected for the review.
2. Select 60 sample cases after identifying the universe.
3. If a case should not have been in the New Employer universe to begin with, follow the Case Replacement instructions in Chapter II of this Handbook. However, some accounts in the sample may later have been redetermined to be successorships, or the new account may later have been terminated, or redetermined not to be liable after all. Such cases can remain in the universe. Subject to review, however, are the decision, tax rate and posting of the new determination. Subsequent decisions such as successorship, or to terminate are not part of the review. If errors are found in the subsequent decisions, they should be noted in the Annual Report, but the case will focus on the new employer determination.

ACCEPTANCE SAMPLE INSTRUCTIONS

Sampling Procedures

If the System is automated, the Reviewer must work closely with the ADP unit to ensure a thorough understanding of what, when and how the samples should be selected.

Appendix A describes what action needs to be taken for sampling in both manual and automated systems.

Reviewing Samples

Assemble the following information for each of the New Status Determinations selected for review:

1. Status information in the employer account record.
2. The original source of information and any other documentation from the state's records. Documentation can consist of a registration form, field auditor's report notations to the file explaining the source, etc. If the employer registered electronically, or entered data directly into the state's automated system, the electronic data screen containing the original registration information entered by the employer (or employer's representative) can be used as the source document. If the original source of information is not available, the answer to question 3a. must be "no".

Compare all source documents with the information on the employer's account record, and answer the questions on the Acceptance Sample Questionnaire.

ACCEPTANCE SAMPLE INSTRUCTIONS

Reviewing Samples

1. Accuracy of Initial Liability Decision - includes questions to evaluate if a correct initial decision based on minimum information was made. (TPS refers to actual rather than temporary or "pending" accounts). Some States have procedures which allow an initial liability decision to be made based on partial information (i.e., a partially completed contribution return with no other information). These States should follow up after the initial liability decision to ensure that information to make an accurate Status Determination has been obtained. If insufficient time has lapsed for the information to have been received, the review may end with question 3. The time period needed to obtain information is as set by State procedures, but not longer than 3 months, to avoid a situation where a blocked claim could result. States which do not have such a procedure are directed to proceed to question 3.
2. Accuracy of New Employer Determination at Time of Review - includes questions to evaluate if a correct, decision, liability date and initial rate have been assigned. Initial rate means the first rate assigned to the account. I.e., if liability began five years ago, the rate assigned for the first year of liability would be the "initial rate".

STATUS DETERMINATION

PROGRAM REVIEW

ACCEPTANCE SAMPLE INSTRUCTIONS

*Reviewing Samples
Cont.*

3. Accuracy of Posting - includes questions to evaluate if the Status Determination was posted correctly in accordance with State requirements. The reviewer must use some discretion in this section to avoid penalizing a case which may contain slight typographical errors that have little or no material effect on the employer's account. Such findings should be noted in the Annual Report, but should not fail the case.

Drawing Conclusions

All questions are evaluative except 1, the first part of 2, and 4 f. correct posting of "Other" information. A "No" answer to any evaluative question means that the case is not considered acceptable.

If the completed review of 60 cases includes three or more unacceptable cases, then the reviewer must conclude that accuracy in the Status function was not confirmed.

For all unacceptable cases, the reviewer must provide an explanation on the Acceptance Sample Explanation Sheet for each unacceptable case.

Documentation

All source documentation (gathered to review samples) must be kept until the completion and Regional Office approval of the Annual Report. Either hard copy documentation or (in some highly automated systems) the ability to recreate the identical information used in the review must be maintained.

STATUS DETERMINATION

PROGRAM REVIEW

ACCEPTANCE SAMPLE QUESTIONNAIRE

Accuracy of Initial Liability Decision

1. *Do State procedures permit setting up active accounts with less than complete information?
Yes ___ No ___

If "Yes", answer question 2. If "No", go to question 3.

2. *Was the case under review set up with less than complete status information?
Yes ___ No ___

If "Yes", answer questions 2a., and 2b. If "No", go to question 3.

- a. Based upon the information available at the time the account was set up, was a correct liability decision made?
Yes ___ No ___

- b. Is there evidence that the State tried to obtain the necessary additional information?
Yes ___ No ___

STATUS DETERMINATION

PROGRAM REVIEW

ACCEPTANCE SAMPLE QUESTIONNAIRE

NOTE: If, at the time of the review, the liability decision was made with less than complete information, and there has not been sufficient time to obtain necessary additional information, answer question 3 based on the evidence available when the initial liability decision was made. If question 3a is answered "No", do not answer the rest of the Questionnaire.

Accuracy of New Employer Determination at Time of Review

3. At the time of the review:
- a. Is there sufficient documentation to support a liability decision?
Yes ___ No ___
 - b. Was the correct liability decision made?
Yes ___ No ___
 - c. Was the liability date established within the correct quarter?
Yes ___ No ___
 - d. Was the correct tax rate assigned?
Yes ___ No ___ NA ___

NOTE: Answer question 3d as "NA" if the account is a reimbursable account.

STATUS DETERMINATION

PROGRAM REVIEW

ACCEPTANCE SAMPLE QUESTIONNAIRE

4. At the time of the review, indicate whether the following account information was correctly posted.
- a. Employer name? Yes ___ No ___
 - b. Employer mailing address? Yes ___ No ___
 - c. Liability date? Yes ___ No ___
 - d. Type of organization? Yes ___ No ___ NA ___ INA ___
 - e. Initial tax rate? Yes ___ No ___
 - f. *Other _____ Yes ___ No ___ NA ___

NOTE Typographical errors such as the spelling of the employer's name should not result in a "No" answer, so long as it does not impact the proper administration of the account.

**ET HANDBOOK NO. 407
TAX PERFORMANCE SYSTEM**

CHAPTER THREE

STATUS DETERMINATION

PROGRAM REVIEW

*TAX PERFORMANCE SYSTEM
 Status Sample Coding Sheet
 New Employers Checklist*

State: _____ *Period Covered:* _____ *Date:* _____ *Reviewer:* _____
Sample Type: *Acceptance* *Expanded*

<i>Case Number</i>	<i>Employer Identification Number</i>	<i>1</i>	<i>2</i>	<i>2a</i>	<i>2b</i>	<i>3a</i>	<i>3b</i>	<i>3c</i>	<i>3d</i>	<i>4a</i>	<i>4b</i>	<i>4c</i>	<i>4d</i>	<i>4e</i>	<i>4f</i>	<i>Pass/Fail Y/N</i>

Questions 2a, 2b, 3a, 3b, 3c, 3d, 4a, 4b, 4c, 4d, and 4e are evaluative. Total Acceptable ___ of ___ Page ___ of ___

*TAX PERFORMANCE SYSTEM
 Status - Sample Explanation Sheet
 New Employers Checklist*

State: _____ *Period Covered:* _____ *Date:* _____ *Reviewer:* _____

Sample Type: *Acceptance* *Expanded*

<i>Case Number</i>	<i>Employer Identification Number</i>	<i>Explanation</i>

ACCEPTANCE SAMPLE INSTRUCTIONS

SUCCESSOR EMPLOYER STATUS DETERMINATIONS

Purpose/Intent

To confirm that the State's internal controls ensure accurate determinations by examining completed Successor Employer Status Determinations.

To determine that correct initial successor rates are being assigned to employers according to the State's successorship laws and written policies.

To evaluate whether the State follows its procedures to obtain any necessary additional information.

To assess the accuracy of posting Status information to the successor employers' account records.

Scope

The scope of the review will focus on all Successor Status Determinations made during the selected calendar year.

Universe

The universe to be identified for the Successor Employer Status Determinations Acceptance Sample will include:

ACCEPTANCE SAMPLE INSTRUCTIONS

Universe cont.

1. All accounts which during one calendar year are determined to be successors according to State laws and regulations (an employing unit which has acquired the organization, trade, or business in whole or in part, of another employer, declared subject as of the day on which it meets the requirement of the State employment compensation law for a successorship).
2. Both first time and existing employers. Some States do not require the transfer of experience to successor accounts. Such an account may be assigned a new employer rate even if it is determined to be a successor.
3. Various types of successorships permitted by State law and written policy (e.g., mandatory, optional, total or partial).
4. 60 cases will be selected from this universe.

Timing/Frequency

The sample will be selected once per calendar year.

The universe can be identified immediately following the end of the calendar year.

ACCEPTANCE SAMPLE INSTRUCTIONS

Sampling Procedures

The following steps must be taken to establish the universe and select the sample accounts:

1. Identify all Successor Status Determinations made during the calendar year selected for the review.
2. Select 60 sample cases after identifying the universe.

NOTE: Sometimes an account is selected in the successor sample which was set up based on less than complete information. If it is discovered when the State follows its investigative procedures that the account should have been a "new" employer, continue to review it with this questionnaire and consider the case acceptable.

STATUS DETERMINATION

PROGRAM REVIEW

ACCEPTANCE SAMPLE INSTRUCTIONS

*Sampling Procedures
cont.*

If the system is automated, the reviewer must work closely with the ADP unit to ensure a thorough understanding of what, when and how the samples should be selected.

Appendix A describes what action needs to be taken for sampling in both manual and automated systems.

Reviewing Samples

Assemble the following information for each of the successor Status Determinations selected for review:

1. Status information in the employer account record.
2. The original source of information and any other documentation from State's records. Documentation can consist of a registration form, successor and or predecessor application form, field auditor's report, notations to the file explaining the source, etc. If the employer reported electronically, or entered data directly into the state's automated system, the electronic data screen containing the original successorship information entered by the employer (or employer's representative) can be used as the source document. If the original source of information is not available, the answer to question 3a. must be "no".

Compare all source documents with the information on the employer's account record.

Using this information, answer the questions in the Acceptance Sample Questionnaire.

NOTE: If the account has been terminated by the time of the TPS review, the Successor Employer Status Determination, rate assignment and posting should be the basis for answering the questions.

STATUS DETERMINATION

PROGRAM REVIEW

ACCEPTANCE SAMPLE INSTRUCTIONS

*Reviewing Samples
cont.*

1. Accuracy of Initial Liability Decision – includes questions to evaluate if a correct initial decision based on minimum information was made (actual rather than temporary or pending accounts). Sometimes State procedures allow an initial liability decision to be made based on partial information (i.e., a partially completed contribution return). The State should follow up to ensure that information to make an accurate Status Determination has been obtained. If insufficient time has lapsed for the information to have been received, the review may end with question 3.
2. Accuracy of Successor Employer Determination at Time of Review - Questions evaluate if State is following its law provisions with regard to the initial rate first assigned to successors. Some States require that successors who are first time employers be assigned the predecessor's rate. In this instance it may be necessary to determine which predecessor rate was in effect at the time the successor was determined to be an employer. In States that require immediate transfer of experience and recalculation of the rate, it may be necessary to review the components of the rate calculation to ascertain that the correct initial rate was assigned.

It is the initial successor rate that should be examined, not any subsequent rates that may have been assigned. For example, if the successor has been assigned an initial rate in Year 1, and then another rate in Year 2, the reviewer should examine year 1's rate only.

STATUS DETERMINATION

PROGRAM REVIEW

ACCEPTANCE SAMPLE INSTRUCTIONS

Drawing Conclusions

For the Successor Acceptance Sample all questions are evaluative except 1, the first part of 2, and 4f. Posting of "Other" information.

A "No" answer to any evaluative question indicates that the Status Determination was not accurate or the rate was not correctly assigned. This means that the case is not considered acceptable.

If the completed review of 60 cases includes three or more unacceptable cases, then the reviewer must conclude that accuracy in this function was not confirmed.

If the completed review of 60 cases includes three or more unacceptable cases, the reviewer must conclude that accuracy in the Status Successor Account Maintenance function was not confirmed.

For all unacceptable cases, the reviewer must provide an explanation for the unacceptable case on the Acceptance Sample Explanation Sheet.

Documentation

All source documentation (gathered to review samples) must be kept until the completion and Regional Office approval of the Annual Report. Either hard copy documentation or (in some highly automated systems) the ability to recreate the identical information used must be maintained.

STATUS DETERMINATION

PROGRAM REVIEW

ACCEPTANCE SAMPLE QUESTIONNAIRE

Accuracy of Initial Successor Liability Decision

1. *Do State procedures permit setting up successor accounts with less than complete information?

Yes ___ No ___

If "Yes", answer question 2. If "No", go to question 3.

2. *Was the case under review set up with less than complete status information?

Yes ___ No ___

If "Yes", answer questions 2a., and 2b. If "No", go to question 3.

- a. Based upon the information available at the time the account was set up, was a correct successor liability decision made?

Yes ___ No ___

- b. Is there evidence that the State tried to obtain the necessary additional information?

Yes ___ No

STATUS DETERMINATION

PROGRAM REVIEW

ACCEPTANCE SAMPLE QUESTIONNAIRE

NOTE: If, at the time of the review, the successor liability decision was made with less than complete information, and there has not been sufficient time to obtain necessary additional information, answer question 3 based on the evidence available when the initial successor liability decision was made. If question 3a is answered "No", do not answer the rest of the Questionnaire.

Accuracy of Successor Determination at Time of Review

3. At the time of the review:
- a. Is there sufficient documentation to support a successor liability decision?
Yes ___ No ___
 - b. Was the correct successor liability decision made?
Yes ___ No ___
 - c. Was the successor liability date established within the correct quarter?
Yes ___ No ___
 - d. Was the correct tax rate assigned?
Yes ___ No ___ NA ___

NOTE: Answer question 3d as "NA" if the account is a reimbursable account.

STATUS DETERMINATION

PROGRAM REVIEW

ACCEPTANCE SAMPLE QUESTIONNAIRE

4. At the time of the review, indicate whether the following successor account information was correctly posted.
- a. Employer name? Yes ___ No ___
 - b. Employer mailing address? Yes ___ No ___
 - c. Liability date? Yes ___ No ___
 - d. Type of organization? Yes ___ No ___ NA ___ INA ___
 - e. Initial successor tax rate? Yes ___ No ___
 - f. *Other _____ Yes ___ No ___ NA ___

NOTE Typographical errors such as the spelling of the employer's name should not result in a "No" answer, so long as it does not impact the proper administration of the account.

*AX PERFORMANCE SYSTEM
Status Sample Coding Sheet
Successor Checklist*

State: _____ *Period Covered:* _____ *Date:* _____ *Reviewer:* _____
Sample Type: *Acceptance* *Expanded*

<i>Case Number</i>	<i>Employer Identification Number</i>	<i>1</i>	<i>2</i>	<i>2a</i>	<i>2b</i>	<i>3a</i>	<i>3b</i>	<i>3c</i>	<i>3d</i>	<i>4a</i>	<i>4b</i>	<i>4c</i>	<i>4d</i>	<i>4e</i>	<i>4f</i>	<i>Pass/Fail Y/N</i>

Questions 2a, 2b, 3a, 3b, 3c, 3d, 4a, 4b, 4c, 4d, and 4e are evaluative. Total Acceptable ___ of ___ Page ___ of ___

*TAX PERFORMANCE SYSTEM
 Status - Sample Explanation Sheet
 Successor Checklist*

State: _____ *Period Covered:* _____ *Date:* _____ *Reviewer:* _____

Sample Type: *Acceptance* *Expanded*

<i>Case Number</i>	<i>Employer Identification Number</i>	<i>Explanation</i>

ACCEPTANCE SAMPLE INSTRUCTIONS

INACTIVATED/TERMINATED STATUS DETERMINATIONS

Purpose/Intent

To confirm that the State's internal controls ensure accurate determinations by examining completed Inactivated/Terminated Status Determinations.

To evaluate whether the State follows its procedures to obtain any necessary additional information.

To assess the accuracy of posting Status information to the employers' account records.

Scope

The scope of the review will focus on all Inactivated and Terminated Status Determinations made during the selected calendar year.

Universe

The universe to be identified for the Inactivated and Terminated Employer Status Determinations Acceptance Sample will include:

1. All Status Determinations for inactivated and terminated employers. Inactivated employing units have been granted permission to suspend filing of quarterly reports, whereas terminated employing units have been granted termination of coverage by reason of not meeting the State's definition of employer. If State law permits both types of determinations, the population from which the sample is selected should include both.

ACCEPTANCE SAMPLE INSTRUCTIONS

Timing/Frequency

The sample will be selected once per calendar year.

The universe can be identified immediately following the end of the calendar year.

Sampling Procedures

The following steps must be taken to establish the universe and select the sample accounts:

1. Identify all Inactivated or Terminated Determinations made during the calendar year selected for the review.
2. Select 60 sample cases.

The review can be completed any time after the cases are selected.

If the System is automated, the Reviewer must work closely with the ADP unit to ensure a thorough understanding of what, when and how the samples should be selected.

Appendix A describes what action needs to be taken for sampling in both manual and automated systems.

STATUS DETERMINATION

PROGRAM REVIEW

ACCEPTANCE SAMPLE INSTRUCTIONS

Reviewing Samples

Assemble the following information for each of the Inactivated or Terminated Determinations selected for review:

1. Status information in the employer account record.
2. The original source of information and any other documentation from the State's records. Documentation can consist of a letter or Status change form from an employer, a list or an automated code which indicates that State law or policy permits the inactivation or termination of accounts after a certain number of quarters in which no wages were reported, etc.

If the employer provided inactivation information electronically, or entered data directly into the state's automated system, the electronic data screen containing the original inactivation information entered by the employer (or employer's representative) can be used as the source document. If the original source of information is not available, the answer to question 3a. must be "no".

Compare all source documents with the information in the employer's account record.

Using this information, answer the questions on the Acceptance Sample Questionnaire.

NOTE: If the account has been reactivated by the time of the TPS review, the Terminated Employer Status Determination, and posting should be the basis for answering the questions.

ACCEPTANCE SAMPLE INSTRUCTIONS

Drawing Conclusions

All the questions are evaluative, except 1, the first part of 2, and 4b. Posting of "Other" information.

A "No" answer to either of these questions indicates that the Status Determination was not accurate. This means that the case is not considered acceptable.

If the completed review of 60 cases includes three or more unacceptable cases, then the reviewer must conclude that accuracy in the Status Inactivated/Terminated function was not confirmed.

For all unacceptable cases, the reviewer must provide an explanation on the Acceptance Sample Explanation Sheet for each unacceptable case.

Documentation

All source documentation (gathered to review samples) must be kept until the completion and Regional Office approval of the Annual Report. Either hard copy documentation or (in some highly automated systems) the ability to recreate the identical information used in the review must be maintained.

STATUS DETERMINATION

PROGRAM REVIEW

ACCEPTANCE SAMPLE QUESTIONNAIRE

Accuracy of Inactivated/Terminated Determination

1. *Do State procedures permit inactivating accounts with less than complete information?

Yes ___ No ___

If "Yes", answer question 2. If "No", go to question 3.

2. *Was the case under review inactivated with less than complete status information?

Yes ___ No ___

If "Yes", answer questions 2a., and 2b. If "No", go to question 3.

- a. Based upon the information available at the time the account was inactivated, was a correct inactivation decision made?

Yes ___ No ___

- b. Is there evidence that the State tried to obtain the necessary additional information?

Yes ___ No

STATUS DETERMINATION

PROGRAM REVIEW

ACCEPTANCE SAMPLE QUESTIONNAIRE

NOTE: If, at the time of the review, the inactivation decision was made with less than complete information, and there has not been sufficient time to obtain necessary additional information, answer question 3 based on the evidence available when the initial inactivation decision was made. If question 3a is answered "No", do not answer the rest of the Questionnaire.

Accuracy of Inactivation Determination at Time of Review

3. At the time of the review:

a. Is there sufficient documentation to support an inactivation decision?

Yes ___ No ___

(Statutory inactivation/termination after the required number of quarters lapse with no reported wages is sufficient documentation to support a determination.)

b. Was the correct inactivation decision made?

Yes ___ No ___

4. At the time of the review, indicate whether the following account information was correctly posted.

a. Last date of liability (last point in time when employer is expected to file contribution returns)? Yes ___ No ___

b. *Other _____ Yes ___ No ___ NA ___

*TAX PERFORMANCE SYSTEM
 Status Sample Coding Sheet
 Inactivated/Terminated Checklist*

State: _____ *Period Covered:* _____ *Date:* _____ *Reviewer:* _____
Sample Type: *Acceptance* *Expanded*

<i>Case Number</i>	<i>Employer Identification Number</i>	<i>1</i>	<i>2</i>	<i>2a</i>	<i>2b</i>	<i>3a</i>	<i>3b</i>	<i>4a</i>	<i>4b</i>	<i>Pass/Fail Y/N</i>

Questions 2a, 2b, 3a, 3b, 3c, 3d, and 4a are evaluative. Total Acceptable ___ of ___ Page ___ of ___

*TAX PERFORMANCE SYSTEM
 Status - Sample Explanation Sheet
 Inactivations/Terminations Checklist*

State: _____ *Period Covered:* _____ *Date:* _____ *Reviewer:* _____

Sample Type: Acceptance Expanded

<i>Case Number</i>	<i>Employer Identification Number</i>	<i>Explanation</i>

