APPENDIX A

SAMPLING

SPECIFICATIONS

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SAMPLING SPECIFICATIONS

SAMPLE SELECTION INTRODUCTION

This appendix is intended for the SESA staff who will be responsible for developing sampling procedures. This staff may include:

- SESA TPS staff;
- SESA Data Processing staff;
- SESA operations; or
- SESA administrative staff.

It is imperative that all the SESA staff involved in the sampling process work as a team to ensure the success of the TPS program. It is the TPS Reviewer's responsibility to oversee the sampling process to ensure a proper sample and to make proper decisions on accuracy. Because different staff may be responsible for various sampling procedures, a detailed description of each type of sample is provided.

Appendix A provides a description of the particular samples required for TPS, the steps required to determine the appropriate sample size, methods to select the sample, instructions for automating the sampling process, and special issues of concern for each of the samples that will be reviewed. Instructions and review procedures for these samples appear in Chapters II through VIII of the TPS handbook which should be used in conjunction with this Appendix.

The TPS program is designed to examine the quality of State procedures for collecting and processing Unemployment Insurance (UI) taxes. It is designed to provide information about what is and is not working, as well as to collect information that managers can use to improve Revenue activities. The program uses a number of mechanisms to collect this information. Among them are reviews of program procedures, reports on UI tax activities, and analysis of *samples of the transactions which occur in the course of UI revenue processing*.

TPS may draw up to four kinds of statistical samples as part of its "Program Reviews" of Unemployment Insurance Revenue operations. The **primary** type of sampling used by TPS is **acceptance sampling.** Acceptance sampling is closely linked to the Systems Review. In the Systems Review the TPS staff review revenue procedures to determine whether they are suited to

producing accurate outputs. Acceptance samples are used both to confirm that systems *are* in place to produce accurate results, as well as to alert reviewers to potential problems not identified by the Systems Review. In the Acceptance Sample portion of the Program Review a small sample of transactions (60 cases) is drawn at random and a judgement is made as to whether each transaction was processed accurately.

It is not expected that States will be able to use their automated data processing facilities to select all TPS samples. Instructions will be provided for both manual and automated approaches to sampling. ***Though there may be differences in the type of work required, both manual and automated sample selection processes use the same principles and basic steps to select samples.***

What is Sampling?

Recognizing the wide range of staff who will be using this appendix, it may be helpful to review the general concept of sampling, before discussing the particular types of samples used in the Tax Performance System.
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Benefits of Sampling

A sample is a portion of a larger population or universe. In the case of TPS the universe is made up of all transactions of a certain type occurring during a specified time period. **The purpose of sampling is to make accurate judgements about the entire population without having to review every transaction.** Benefits of sampling include:

- Reduced Cost. If information is measured only for a fraction of the population, costs are far less than if an entire census were conducted. Results accurate enough

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SAMPLE SELECTION **INTRODUCTION**

to be useful can be obtained with samples that represent only a small portion of the population.

- Greater Speed. Data can be collected and analyzed more quickly with a sample than a complete count. TPS will examine many types of transactions. Without sampling there would not be time to examine all types of transactions with available TPS staff time.

- Greater Scope and **Greater Accuracy**. There will be only limited staff with the training and skills to accurately conduct TPS reviews. With sampling, this staff will be able to review all transactions themselves, limiting the need to turn over portions of the TPS process to less skilled staff.

Sampling provides the ability to make accurate inferences about the universe.

If a sample is selected according to standard procedures, it is possible to make reasonably accurate inferences about the entire population by examining only a small fraction of all transactions because the sample is representative of the population. Most statistical analysis assumes that a *probability sample* has been chosen. In a probability sample each potential transaction has a known (though not necessarily equal) probability of being selected. The sample is selected by a *process* through which each transaction is given its appropriate probability of selection. Generally, the process will require random selection.

Were the random selection process *not* followed the sample would not provide accurate results. For example, if reviewers were to read through lists of transactions and choose cases they felt were most likely to have errors, it would not be possible to know the probability with which the sample was chosen. The introduction of reviewers' choice in the process

makes it unlikely that the sample is representative of all transactions. However by following the prescribed procedures, TPS staff can use samples to make accurate inferences about all transactions.

The standard procedures described in this appendix are designed to allow reviewers to make *accurate* judgements about each type of transaction being reviewed.

Although a well-drawn sample gives an accurate picture of the population from which it is drawn, it can never have the accuracy of a total enumeration (a census). There will always be a certain margin of error--"sampling error"--that is attached to any estimate made from a sample. We can think of a sample estimate as a TV picture from an inadequate antenna: accurate on average but not sharp. Fortunately, sampling theory allows us to estimate the degree of "fuzziness," often by knowing simply the sample size. It also allows us to specify a range on either side of our sample estimate and know the probability--but not the certainty--that the range contains the true population value. This range is called the "confidence interval;" the more confidence we want, the larger this interval must be for any given sample size. We can control the size of this interval (the precision of the estimate) by adjusting the sample size. Drawing a larger sample is like buying a better TV antenna: you get a sharper picture but you pay for it.

The fuzziness of samples exposes TPS to two kinds of risks of error. (1) Failure to recognize a serious problem which needs to be fixed. The cost to the SESA is the cost of letting the problem persist. (2) Assuming that there is a problem needing fixing which is not there or is not as serious as sample results indicate. The costs are the embarrassment to the unit and the expense of an unwarranted "fix." The price of steering

between these two risks is a repeated acceptance sample or a much larger estimation sample.

OVERVIEW

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Types of Samples Used by TPS.

Acceptance Samples Acceptance samples are small samples which confirm the results of the Systems Reviews. Acceptance Samples do not provide an estimate of exception rates. They merely test whether exception rates are higher or lower than the acceptable level of errors.

Expanded Samples Expanded samples are designed to allow estimation of actual error rates. They contain a larger number of cases to review and are generally used when other sampling methods are inconclusive or if the results of the Acceptance Samples are disputed.

Exception Samples Exception samples are designed to allow SESAs to review a sample of tasks that are outside the normal workflow. SESAs may wish to conduct a special study based on the results of an earlier acceptance sample or examine a particular problem area or type of employer.

Estimation Samples For cashiering only, a sample used for assessing timeliness of deposit. The sample must be large enough to give desired precision and selected so as to represent both the pattern of funds received and the State's speed of deposit.

Acceptance Sampling is the major type of sampling that TPS requires. Estimation sampling must be used in the cashiering function. Other sampling methods may be used in conjunction with the TPS program but they are not required. SESA's may choose to research the exception rates or the level of errors of each tax function. It is the SESA's decision to perform other types of sampling methods. Information regarding other acceptable methods will be provided in later sections.

SAMPLING SPECIFICATIONS

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Acceptance Samples Overview

- ***Select a sample***
- ***Review transactions***
- ***Assess accuracy***

Sampling, as used in the TPS Handbook, actually refers to three separate activities:

- *selecting* a sample of transactions from the universe of all such transactions;
- *reviewing* the transactions in the sample; and
- *assessing the accuracy* of the transactions reviewed.

This appendix primarily addresses procedures for selecting the transactions which are part of **Acceptance Samples**. Acceptance samples are part of the Program Review for all tax functions. *The instructions for reviewing and evaluating the transactions after selecting the sample can be found in Chapters III through VIII.*

A first step in the TPS process is to conduct a Systems Review to ascertain that adequate quality assurance or internal control systems are in place at the SESA. These systems ensure that revenue functions produce accurate products. However, quality assurance or internal control systems, even when fully established, are not fail-proof. The systems themselves may be flawed, and the stated policies may not always be followed. Therefore, subsequent to review of these systems, TPS staff will review Acceptance Samples of the function's output and judge whether the transactions are accurate.

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Acceptance sampling is different from representative sampling seen in research studies or in programs like Unemployment Insurance Benefits Quality Control. It is more like the sampling inspections used in the manufacturing process, or the samples used as part of program audits. As in those instances, a prior review has been conducted and has resulted in an expectation that internal control or quality assurance systems are working. Acceptance sampling is a verification process, to convince the reviewer that the controls are working as they were designed. The sample is large enough to detect errors if they are slipping through the controls, but it is not large enough to estimate the underlying error rate.

The specialized steel industry often uses acceptance sampling. A small sample of finished products are taken and analyzed to insure the proper mix of alloys. In the food industry cans or bottles are randomly picked and contents are checked for the proper percentage of ingredients.

In general the "audit model" has served as the basis of the TPS sampling design. Auditors, or in this case TPS reviewers, begin with thorough review of systems and procedures to ensure that they are designed to produce tax transactions which are accurate. Given the substantial information produced by the thorough review, or audit, only a small acceptance sample is needed to confirm the findings of the Systems Review. The audit methodology was selected because it was a well-tested method for conducting reviews of internal control and quality assurance systems.

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SAMPLE SIZE OVERVIEW

Acceptance sampling is used to test whether or not the outputs of a given operation are accurate. TPS adopted the acceptance sampling approach because it requires the smallest sample sizes. It is a very economical means of indicating when a system is failing to meet a certain standard of accuracy. Its logic is this: if a process meets a given accuracy standard, sampling theory indicates the probability that samples of certain size will contain various numbers of exceptions. Once the accuracy standard and the degree of confidence in the result are specified, an acceptance sample test can be constructed.

During the Core TPS pilot, on the advice of a State expert panel, 95% accuracy was specified as reasonable for most functions (98% for two others). Further, TPS should be 90% certain of knowing when a system failed to measure up to the appropriate standard. The acceptance sample test was this: one exception or more in a sample of 46 transactions for 95% accuracy and one or more in 115 transactions for 98% accuracy is a failure. If a process is less than 95% accurate, 90% of samples of size 46 will contain at least one exception.

As a result of the pilot two changes are being made in the nature of the test. (1) The standard of accuracy for all functions is made the same, 95%. (2) The acceptance sample test is being revised to **three or more exceptions** in samples of **size 60** is a failure. This change is being made to limit the chance that an acceptably accurate system will fail the acceptance sample, and cause an unnecessary corrective action to be taken. With this new rule, 88% of processes with true accuracy rates of 98% or better (believed to be most of them) will pass. If, on the other hand, a process's accuracy rate is 91.4% or below, it should fail the acceptance sample test 90% of the time. The standard and associated acceptance sample test may be subject to changes after sufficient time and experience with the SESAs using the Program Review Design.

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The TPS sample size and number of exceptions allowed have been selected to meet three criteria. The first is to balance the risks just discussed:

- Create a balance where there is a relatively good chance that functions with exception rates well above 5% are called unacceptable, and a relatively low probability that systems with exceptions well below the 5% level are not.

- Keep the sample size small enough to maintain a manageable workload for TPS Reviewers. and

- Eliminate the possibility that one "fluke" transaction can cause a sample to fail.

SAMPLE SIZE DETERMINATION

In acceptance sampling the Reviewer needs to determine if the sample size needed for a given function or subfunction needs to be changed. In practice, when the total universe size is small, then a smaller sample may be taken, because the "finite population correction" reduces the sampling error. On the whole, the population size does not have a very large effect on sample sizes.

In most cases, the TPS Reviewer will draw an acceptance sample of 60 cases. When the universe is below 1,200 cases, a smaller sample may yield sufficient precision. When the universe is below 1,200 cases, the appropriate sample size must be adjusted. Verify the appropriate size through your Regional Office using the chart in Section III of this Appendix.

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SAMPLE SELECTION PRINCIPLES

The essential principles of sample selection are that the sample should be representative of the universe being studied, and that each element of the universe should have a known probability of selection. In general, for the TPS Program, sample selection will be conducted with a skip interval method, where each element of the universe will have an equal probability of selection.

STRATIFICATION OF RECORDS

For some functions, such as Status, records of decisions need to be separated by type and sampled independently. In collections sort by dollar amount due so that some of varying sizes can be selected. This is needed since different collection actions may be followed based on the amount of money owed to the SESA.

SAMPLE SELECTION

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SAMPLE SELECTION

This section explains in detail the procedures for selecting the samples for TPS review. Information is provided regarding the requirements of a sampling system, options available for selecting samples, and details for each function being reviewed by TPS. Flexibility of **options** has been included in the procedures explained. Each State should select the option best suited to their particular operation for each tax function. The option preferred by the N.O. will be indicated with reasons for the recommendation.

WHAT DOES SAMPLING REQUIRE?

The TPS sampling methodology for all the tax functions contains five distinct steps.

1) **Identify, find, or gather data elements for sampling Universe files;**
2) **Extract or collect data to create the Universe files;**
3) **Determine which transactions to select for the sample;**
4) **Select the cases to review;**
5) **Create output reports and files of the selected cases.**

This process is illustrated in Exhibit A - 1.

How these five steps are accomplished is the SESA's choice. The design of TPS allows considerable flexibility in the method used to select sample cases. Not all States have the same level of automation, and, even within a State, not all aspects of the tax program are computerized. Varying file structures may lend themselves to different sampling approaches.

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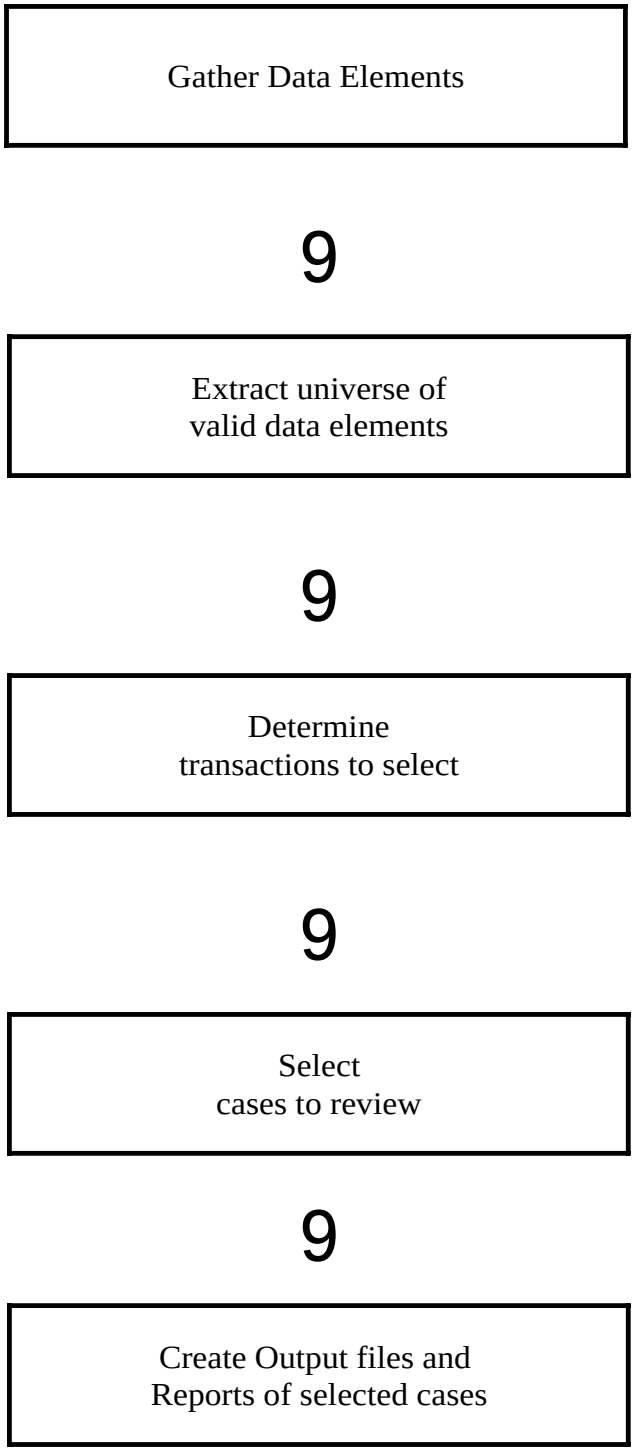
If files or sources of information are automated, **the TPS reviewer must work with the ADP staff to determine the best sample selection method for each of the fourteen samples required.** The same sampling method does not have to be used for all functions. This decision will hinge on the level of automation, or types and location of files involved.

If files are kept manually, the TPS Reviewer must research the sources of information needed to create the Universe.

The SESA may use an automated or manual method to create the universe files and select the samples. Throughout this section of the Appendix, both methods will be discussed. Various details and tips on how to decide which is the best approach for your State will be provided.

5 TPS SAMPLING STEPS



SAMPLING SPECIFICATIONS

SAMPLE SELECTION

Step 1. - Gather Data for the Sampling Universe

Collect Required Data

The first step is to gather or have access to **THE UNIVERSE (ALL)** of the particular transactions to be reviewed. Transactions can be inputs such as status determinations, outputs such as experience rate notices or a condition at a point in time such as an account with monies due. **It is essential that every transaction or item meeting the criteria be included.** This means that all possible sources or locations of the transactions must be searched. For example, information for completed field audit cases may be kept at the central office as well as in field locations.

Be sure to check that only valid transactions are included.

For instance, only Tax Rated employers are included in the universe for the Employer Experience Rating sample.

Refer to the definitions in the TPS Handbook under the "UNIVERSE" section of the Acceptance Sample Instructions for each tax function.

Depending upon the automation level of the SESA, the creation of the universe may require the extraction of data from a computer (mainframe or PC) or the keeping of a manual list or searching file drawers.

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If the automated sampling method is chosen, the SESA ADP staff is responsible for creating universe files which

contain the requested information. **The TPS Reviewer, however, must work with the SESA ADP staff to determine which of the data elements on the SESA's computer system are needed to create the employer transaction records that belong in the Universe.**

The National Office has developed specifications of the minimum data needed for each sampling universe. (Refer to the file layouts in the sampling instructions for each tax function). The TPS reviewer may request additional data elements to include in the sampling universe to facilitate the review process, perform special studies, or to use for exception samples (refer to section IV, Appendix A). The SESA ADP staff is responsible for creating the programs and/or utilities to extract or gather the requested data elements.

Use Proper Time Period

Each sample being reviewed will be selected from a universe covering a **specific time period**. For example the field audit sample is from a universe made up of all audits completed during an entire calendar year.

Other samples cover activity in a particular quarter or at a specific point in time. Read the instructions carefully for each tax function's samples to be sure the correct time period is used.

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Once the elements for the universe files have been identified, and the extraction program created, it is recommended that the TPS reviewer examine a small cross section of the records (approximately 50 -100) to verify that the data elements are correct and the proper time frames are being followed. **It is strongly recommended that the data verification of the universe files be accomplished well before the actual time period that the data is needed and the actual universe files are created.**

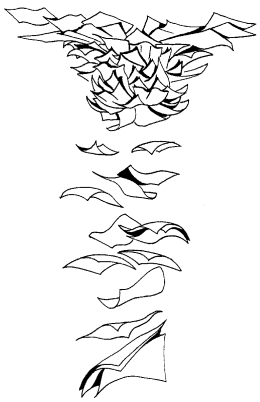
After the TPS reviewer has approved the data elements and time frame, the SESA ADP staff should establish procedures for building the universe files, selecting the sample cases and saving the universe files.

Schedule Data Capture

We strongly recommend that in building the universe files most transactions be captured as they occur.

This is important since the desired transaction may be superseded by an subsequent transaction and the desired information is no longer readily available.

Status Determinations amply illustrate this scenario. For example, an employer is determined to be a NEW employer, then it is discovered that he is in fact a SUCCESSOR employer. Before the end of the year, the employer goes out of business and is TERMINATED. All three determinations occurred in the same year and should be included in their respective universes. However, in some systems, the information for the NEW determination could be replaced by the information for the SUCCESSOR determination and then the SUCCESSOR determination is replaced by the



information for the TERMINATION determination. Any trace of the NEW and SUCCESSOR determinations, is effectively lost.

This can be especially true in highly automated States where data fields are often overlaid with the most recent information.

Some States may be able to reconstruct events by using daily transaction logs maintained in their data processing environment. For the most part it is still better to capture TPS transactions as they occur during the time period to be reviewed.

In States with manual systems, the transaction source information may be filed in a filing cabinet by employer identification number, meaning the transactions for the time period needed by TPS are mingled with those occurring at other periods of time. Some suggestions to alleviate this problem:

- apply special labels to the files;
- store files in separate file drawers;
- keep a manual list before filing; or
- maintain a separate fiche

The Universe should be isolated in some manner so that the integrity of the data will not be compromised when it is time to select the sample.

SAMPLING SPECIFICATIONS

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Step 2. - Collect Data to Create the Universe

Data Collection Automated Approach

Each SESA has the option to collect the data for the universe files any way they choose. If the particular tax function is automated, the SESA ADP staff should create a program to gather the data. This program can be written using any computer language or utility such as Easytrieve, FileAid, or SAS. The N.O. recommends that the SESA follow the N.O. file layouts provided for each tax function. The resulting transaction files can then be used as input into the N.O. Sample Determination program.

Data Collection Manual Approach

For tax functions that are not automated, the SESA must collect the information manually. This can be accomplished many ways but a simple method can be the creation of a paper list.

For example: as Field Audits are completed, each auditor will write the employer identification number and the date the audit was completed on a paper list. Throughout the year, the list is updated possibly onto numerous sheets of paper. At the end of the year, all the lists are assembled as the Universe and the number of completed audits are sequentially numbered and counted. All possible locations of the data MUST be included in the data collection process.

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Save Universe Files

It is important to save the original universe files.
States **MUST** save the universe files from which samples are selected even after providing the selected cases to the TPS reviewer. The reasons for this are:

- a second acceptance sample may be needed;
- an expanded sample may be needed;
- a particular case may have to be replaced; or
- a special study is needed.

In each instance above, the original universe file would need to be used again.

SAMPLING SPECIFICATIONS

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Step 3. - Determine Records for the Sample

Perform Calculations The third step is to determine which records to select for the sample. The formulas used to determine which records to select must be the formulas provided by the N.O. The calculations performed are designed to ensure a non-biased systematic sample. See Exhibit A - 2 for these formulas.

To perform the calculations, three numbers are needed:

- **Total Records in the Universe** - Once the universe has been created, a count of all the transactions in the universe must be performed. This count is represented by "P" in the calculations.

- **Number of Records to Sample** - The number of cases to sample is dependant upon the size of the universe. In most cases, the size of the acceptance sample is 60 cases. However, occasionally the universe is so small that a smaller sample size is used. If the universe is below 1,200 cases, a smaller sample size is necessary. See the chart on the following page to determine the sample size needed for populations below 1,200. Sample size is represented by "N" in Exhibit A - 2.

- **Random Number** - This is the third critical number necessary to perform the sample calculations. It is represented as "R" in the formulas. These numbers will be supplied by the N.O. An example is provided in Exhibit A - 3.

SAMPLING SPECIFICATIONS

SAMPLE SELECTION

When the population from which the TPS acceptance samples are selected are small, a reduced number of sample cases should be selected. The following table shows the sample sizes required for various populations in order to maintain the 90% probability that states with error rates of 8.6% or more will fail the acceptance sample procedure.

POPULATION	SAMPLE SIZE	MAX ERRORS
1,200 or more	60	2
700 - 1,199	59	2
400 - 699	58	2
200 - 399	56	2
100 - 199	48	2
88 - 99	37	1
76 - 87	36	1
64 - 75	35	1
53 - 63	33	1
41 - 52	31	1
30 - 40	28	1
11 - 29	do all	1
10 or less	do not conduct review	

For populations of 100 or more, the probability that a state with an error rate of 1.8% or less will fail the acceptance sample procedure decreases from 10% and approaches zero as the population and sample size decrease, allowing for 2 errors in the sample. For populations between 84 - 99, the probability that a state with an error rate of 1.8% or less will fail the sample is greater than 10%, allowing for 1 error in the sample; for populations less than 84, the probability of failing approaches zero.

Exhibit A - 2

FORMULAS TO IDENTIFY RECORDS FOR TPS SAMPLES

The following instructions apply to the steps needed to determine which records to select for the sample. These steps must be repeated for each TPS sample that will be selected.

Whether the SESA chooses to perform these calculations manually, develop an automated method of performing these calculations, or use the N.O. supplied software, these formulas must be followed.

- **A count of the total number of transactions in the universe must be performed**. If the universe is created manually, the TPS Reviewer must count the transactions. If the creation of the universe is automated, the SESA ADP staff can supply this number. This number is represented by "P" in the calculations.

- **Determine the number of cases to sample**. Based on the size of the universe, the TPS Reviewer must determine the number of cases to sample for each tax function. In most instances, the number of cases for an acceptance sample is 60 cases. The letter "N" represents sample size in the calculations.

- **Obtain the Random Number**. Refer to the list of random numbers that is supplied by the N.O. for TPS sampling. There are several numbers that have been supplied for each tax function and sample type. Select one that has not been used previously. In the calculations, "R" represents the random number.

After the above mentioned numbers are identified, several calculations must be performed.

SAMPLING SPECIFICATIONS

SAMPLE SELECTION **FORMULAS**

Exhibit A - 2 (continued)

FORMULAS TO IDENTIFY RECORDS FOR TPS SAMPLES

First, determine the sampling interval (K). This is accomplished by dividing the sample size into the universe size. If the result of this calculation is not a whole number, round the result to the nearest interger.

K = P/N (round to the nearest integer)

Second, determine the starting point (I) within the universe. This is accomplished by multiplying the sampling interval (k) by the random number (R) and adding .5. The result of this calculation should be truncated to the nearest interval.

I = (R*K) + .5 (truncate to the nearest integer)

Next, "N" cases must be selected. This is accomplished by selecting pairs of cases (J) until all the cases have been identified. First, the number of pairs must be determined by:

If N is even, J = 0, 1, 2, ... (1/2N - 1)
If N is odd, J = 0, 1, 2, ... 1/2(N - 1) - 1, the remaining case is calculated separately.

Once the number of pairs is determined, the cases are selected by using the following formulas:

I + JK and **(P - JK) - I + 1**

The remaining (odd) case is calculated by:

I + 1/2(N - 1)K

SAMPLING SPECIFICATIONS

SAMPLE SELECTION **FORMULAS**

Exhibit A - 2 (continued)

FORMULAS TO IDENTIFY RECORDS FOR TPS SAMPLES

For example if: P = 43, N = 5, R = .261

K = 43/5 = 8.6 = 9
I = (.261 * 9) + .5 = (2.349) + .5 = 2.849 = 2

Since N = 5,
J = 1/2(5 - 1) - 1 = 1

The following records would be selected:

	I + JK	(P - JK) - I + 1
when J = 1	2 + (1*9) = 11	(43 - 1*9) - 2 + 1 = 33
when J = 0	2 + (0*9) = 2	(43 - 0*9) - 2 + 1 = 42

the remaining case is calculated by: I + 1/2(N - 1)K

2 + 1/2(5 - 1)9 = 20

The first record selected is 11, the second is 33, the third record selected is 2, the fourth is 42, and the fifth record is 20.

If: P = 244, N = 10, R = .743

K = 244/10 = 24.4 = 24
I = (.743 * 24) + .5 = (17.832) + .5 = 18.332 = 18

The following records would be selected:

18, 227, 42, 203, 66, 179, 90, 155, 114, and 131.

SAMPLING SPECIFICATIONS

SAMPLE SELECTION **RANDOM NUMBERS**

Exhibit A - 3

TABLE OF RANDOM NUMBERS

TPS Function by Type of Sample	First Acceptance Sample	Second * Acceptance Sample	Other * Sample
Status Determination			
New	202	264	746
Successor	522	355	958
Inactive	929	636	725
Report Delinquency	645	540	129
Collections	223	668	857
Field Audit	746	308	105
Account Maintenance			
Contribution Report Processing	213	593	133
Employer Billings			
Contributory	459	105	618
Reimbursing	908	338	785
Employer Credits/Refunds	318	844	234
Employer Benefit Charging	714	057	264
Experience Rating	574	122	471

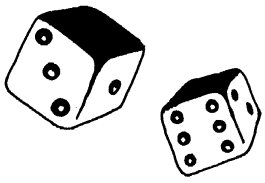
* Use these columns only when additional sampling is required. The Other column may be used for expanded or exception sampling.

Cashiering (See page A-III-c-1 -- Estimation Sampling procedures)

SAMPLING SPECIFICATIONS

SAMPLE SELECTION

National Office System to Identify the Sample



The N.O. has created software to perform this calculation step of the sampling process. If a SESA chooses to use the N.O. software (COBOL) to draw the sample, the three critical numbers mentioned above must be provided as input before using the software.

Once the software has been run, the records for sampling will be identified and the software will produce a report listing the record numbers selected and an output file containing these record numbers.

Other Automated Approach (e.g. Easytrieve)

The SESA may choose to use another automated method of identifying which records will constitute the sample. However, it is imperative that the formulas in Exhibit A - 2 be used to ensure that the sample selection is non-biased. ***If a SESA feels that there may be a better method for random sampling, they must submit the proposed approach*** *in writing to their Regional Office and receive written approval before proceeding.*

Manual Sample Identification

The SESA may choose to perform the sample identification manually. The steps to perform the identification are no different than the automated process. The formulas in Exhibit A - 2 will need to be calculated manually and the three numbers: total records in the universe (P), the number of records to sample (N), and the random number (R); will also be needed to perform these calculations.

SAMPLING SPECIFICATIONS

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Calculate the record numbers using the supplied formulas. Once the record numbers are calculated, a list of these numbers should be created. This list will be used to identify the universe records to select. The selection of these records is explained in the next section.

SAMPLING SPECIFICATIONS

SAMPLE SELECTION

Steps 4 & 5 - Select Cases and Create Output Reports

The last step of the sampling process involves the creation of output reports and files containing the selected sample cases. This step uses the universe file from step two and the calculated record numbers from step three to create the output reports. The calculated record numbers from step three identify which records from the universe file will comprise the output report.

An output report must contain at least the employer identification number, the sequential record number of the employer in the universe file, and the sample function and transaction type (i.e. Status - New). The employer identification number will be used by the TPS reviewer to gather information about the employer to begin the review process. The sequential record number is needed if a case replacement is necessary. The sample transaction type denotes the type of sample that is being selected if more than one type is required for a tax function.

It is preferred that the output report contain all of the data requested in the file layouts provided by the N.O. The TPS reviewer may also request additional data elements that are beneficial in conducting the review or for other special studies.

National Office Output Reports

The N.O. has created software to produce the output reports. This software is intended to be used in conjunction with the N.O. Sample Determination software; however, it is not mandatory that both be used.
If a SESA chooses to use this software (COBOL) to produce the output reports, three files are needed as input: The universe file of transactions (N.O. format), a file containing the list of record numbers to sample (calculated numbers), and a file which contains the SESA Id (see Control file

layout for each tax function). If a SESA chooses to use this software but not the N.O.

Sample Selection software, special attention should be given to the three files this software needs as input. Refer to the Output Report software (COBOL) for the specific file layouts for each tax function.

The N.O. would prefer that the SESAs use the software that the N.O. supplies to create the output reports and files. There are many advantages to this. They are:

- Two output reports are created for the reviewer's use. Examples of these reports will be used in training the TPS reviewers on acceptance sampling and are provided as Exhibits A - 4 and A - 5 in this TPS handbook.

- All reports for every tax function will be similar.

- The "coding sheet report" will be a duplicate of the coding sheet that is shown in the TPS Handbook for each acceptance sample. The TPS reviewers can use this form to record their findings.

- The data gathered for each sample will be recorded into the UI - microcomputer (SUN system). By using the N.O. format for the output file, data can be automatically transferred to the SUN system thereby saving data entry time.

Exhibit A - 4
PICKNMBR SAMPLE OUTPUT

Exhibit A - 4 (continued)
PICKNMBR SAMPLE OUTPUT

Exhibit A - 5
SAMPS0nn SAMPLE OUTPUT

SAMPLING SPECIFICATIONS

SAMPLE SELECTION

SESA's Output Reports

The SESA may choose to use another automated method of creating the output reports and files. However, the SESA's output reports should look similar to the reports that are created in the N.O. Sample Selection software.

One output report for the TPS reviewer MUST contain the employer identification number, that employer's sequential record number in the universe file, and the sample transaction type. The "coding sheet report" is not required as output but it is beneficial to the TPS reviewer.

If the SESA plans to use the file transfer option to the UI SUN machine, the output file must match the output file that is created by the N.O. Sample Selection software. Because the data gathered for each sample will be recorded into the UI - microcomputer (SUN system), it is imperative that the output file for each tax function contain the exact information as the N.O. file otherwise the file transfer to the SUN machine and the TPS data entry sampling software will not work properly. This file transfer will reduce the amount of data entry required of the SESA staff.

SAMPLING SPECIFICATIONS

SAMPLE SELECTION

Manual Reports

As stated earlier, **the minimum amount of information needed for the output report is the employer identification number, the sequential record number of that employer in the universe file and the sample function and transaction type.**

If a SESA used a paper list to assemble the universe, the records on the paper list would be sequentially numbered. The sample is selected by matching this sequential number to the case numbers determined in the calculations. The records that matched would be used to create a list. This list could be created by:

- highlighting the records on the original list;
- creating a separate list of just the selected records; or
- physically pulling the files from their storage area.

SAMPLING SPECIFICATIONS

SAMPLE SELECTION NATIONAL OFFICE SYSTEM

National Office Sampling System

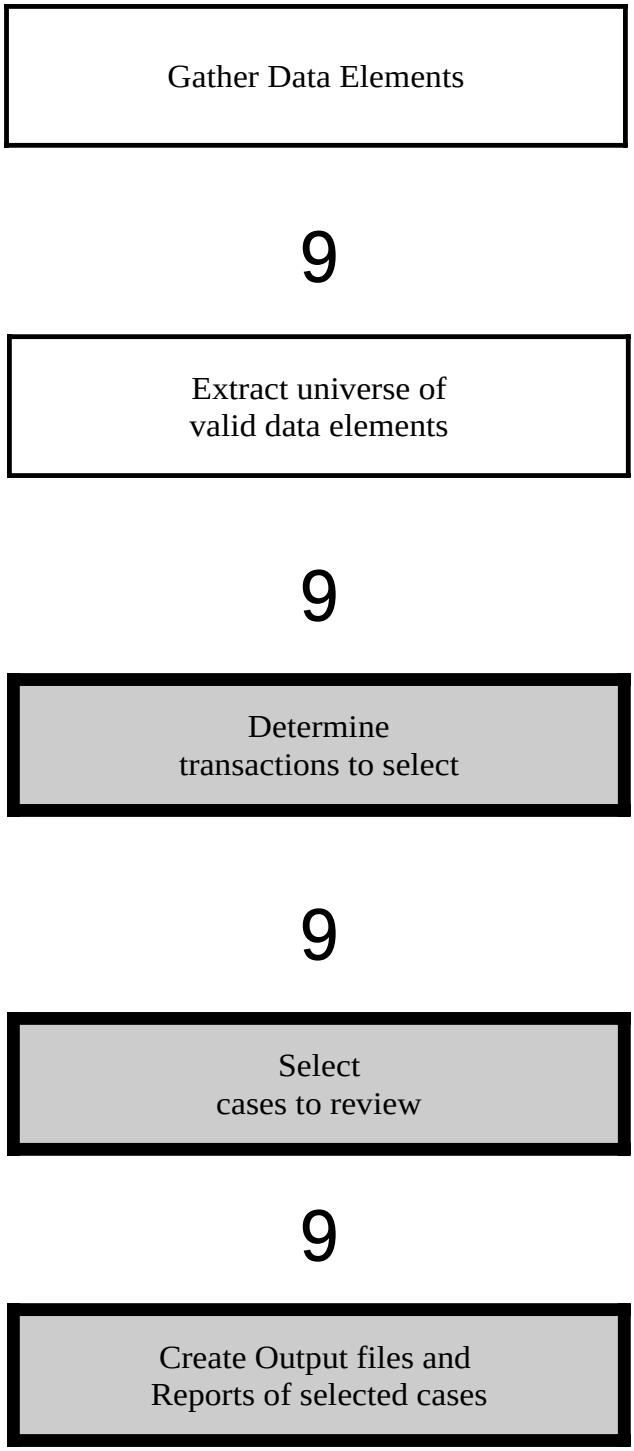
Throughout the design process, the EDP burden on State staff was considered and efforts were made to keep this burden minimal. The N.O. has created a sampling system which will identify the records for the sample and create output reports and files of the selected cases. It is strongly recommended, where possible, that the SESAs use the N.O. software to lessen the amount of its work.

Since all SESA computer systems are different, the N.O. is attempting to supply software that will meet a majority of the States needs. With this in mind, the sampling programs will be written in several versions of COBOL (ANSI, VS COBOL, and COBOL II). The Universe file structures that will be utilized during the execution of these programs is VSAM.

SESAs that would like to use the N.O. software MUST REQUEST that the N.O. provide the source code for the various programs. **The programs will be tested at the N.O. before they are released to the SESAs. Each SESA will be responsible for performing any modifications due to equipment variations or to incorporate SESA standards.**

As stated earlier, States are responsible for creating the programs/utilities necessary to extract the data elements for the universe files for each Sample. The N.O. Sampling System consists of two COBOL programs. The first program, PICKNMBR, will calculate which record numbers need to be sampled and the second program, SAMPS0nn, will perform the sampling selection process. If the Universe files are defined following the N.O. formats, SAMPS0nn will create output reports and files of the selected cases. Exhibit A - 6 illustrates the TPS sampling methodology and indicates the steps (shown in grey) that can be performed using the N.O. software.

5 TPS SAMPLING STEPS



SAMPLING SPECIFICATIONS

SAMPLE SELECTION NATIONAL OFFICE SYSTEM

How Does This Software Work?

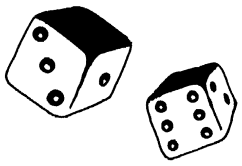
A control record must be created in order to execute the Sample Determination program, PICKNMBR. The SESA ADP staff must supply most of the data needed on this file. The N.O. program, PICKNMBR. will read this file, calculate which records to select for the acceptance sample, and write the record numbers to an output file.

If the universe file does not reside on a VSAM file it must be copied to that medium before the second N.O. program, SAMPS0nn, is executed.

SAMPS0nn will read the output file from the first (PICKNMBR) program and use each number as the key for selecting the records to be sampled from the VSAM file. Each record that is selected will have the a special field (Select Flag) changed to a "2" which indicates that the record was selected for sampling. The program will print out a listing and an output dataset of the records that were selected.

The Job Control Language (JCL) to execute these programs as one job will be provided by the N.O. when the source code of the COBOL programs is provided. **This JCL will also be tested at the N.O. before being released to the SESAs. Each SESA will be responsible for performing any modifications to the JCL to incorporate SESA standards and naming conventions.**

1st N.O. Program (PICKNMBR)



This program should be used for every sample process **(both manual and automated)**. The calculations performed by this program were designed to ensure a non-biased systematic sample. This program is designed to be used as a stand-alone program and is not dependant upon the method that will be used to select the sample cases and produce the results. See Exhibit A - 8 for a flowchart of the processing steps of this program.

SAMPLING SPECIFICATIONS

SAMPLE SELECTION NATIONAL OFFICE SYSTEM

This program can be used if the Universe is:

- not stored using the N.O. format;
- a paper list;
- kept as transactions occur; or if
- kept in a filing cabinet.

2nd N.O. Program (SAMPS0nn)

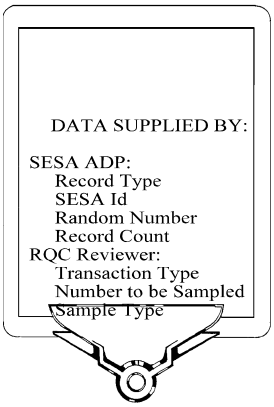
The second program was designed to perform the same sampling procedures regardless of the function that is being sampled. The program will select the records for sampling and list these records on a report.
Because of the differences in input and output for each tax function, the second program (SAMPS0nn) will be duplicated for each tax function with changes made to the file section of the COBOL program and the output reports produced by the program. These changes will be made by the N.O. ADP staff and tested before these programs are released to the SESAs. **The main processing of the programs as described below in Exhibit A - 9 will remain the same.**

Detailed descriptions of these programs are be provided later in this appendix.

SAMPLING SPECIFICATIONS

SAMPLE SELECTION NATIONAL OFFICE SYSTEM

Control Records



A majority of the information needed on this record will be supplied by the SESA ADP staff. Only one record for each sample is needed for this file. (Refer to the record layouts in the sampling instructions for each tax function). The SESA ADP staff must supply the count of the number of records on the universe file. Based on this record count the TPS reviewer must determine the number of records to sample. The TPS reviewer must also specify the sample type and the time frame of the sample. The N.O. will supply a list of random numbers to be used for the various tax functions.

This file is used as input into both N.O. programs (PICKNMBR and SAMPS0nn).

Transaction (Universe) Files

The N.O. has provided specifications for the transaction record for each tax function that will use the N.O. Sampling System. **These are the layouts for the Universe files.** Each tax function has a unique file layout that is provided in the sampling instructions for that function. However, these files are used in the same way regardless of the tax function.

The data to create these records must be extracted from the SESA's systems. This file is used as input into the SAMPS0nn program. It must be in the form of a VSAM file to execute the program. **The SESA ADP staff should work with the TPS reviewer to interpret the data elements needed for each file based on the SESA's computer system. As mentioned earlier, the TPS Reviewer should review a small cross section of these extract records before the Universe is created for the sample.**

SAMPLING SPECIFICATIONS

SAMPLE SELECTION **NATIONAL OFFICE SYSTEM**

After the SAMPS0nn program has been executed, and the list of selected cases is distributed to the TPS reviewer, **the SESA MUST save the original universe files** from which the samples were selected. The reasons for this are:

- a second acceptance sample may be needed;
- an expanded sample may be needed;
- a particular case may have to be replaced; or
- in case a special study is needed.

In each instance above, the original universe file would need to be used again. The TPS reviewer will need to specify the length of time for ADP to save these files. This is usually until the TPS Reviewer's Annual Report has been prepared and approved.

SAMPLING SPECIFICATIONS

SAMPLE SELECTION NATIONAL OFFICE SYSTEM

Sampling Anomalies

Because of the nature of three particular tax functions -- Cashiering, Benefit Charging, and Employer Tax Rates -- these samples must be selected differently.

For Benefit Charging and Employer Tax Rates, the output report of the selected cases could be an extract from the actual print file that is produced by these systems.

For example, for Employer Tax Rates, the SESA would modify the existing program that produces the tax rates and write the forms to a dataset in addition to a print file. The Job Control Language (JCL) of the jobstream would be changed to save this dataset to disk or tape. The number of forms written to this file would be determined and the PICKNMBR program would be executed to determine which forms would be sampled. The SESA would write a simple program to extract these forms and print them for the TPS Reviewer.

The same type of process can be performed for Benefit Charging.

For Cashiering,

The sampling procedure is totally manual for this tax function. See Chapter IV - **CASHIERING** for instructions on estimation sampling.

SAMPLING SPECIFICATIONS

SAMPLE SELECTION NATIONAL OFFICE SYSTEM

As shown below in Exhibit A - 7, a separate sampling program will be created for each tax function. The PICKNMBR program can be used by every tax function. The chart also identifies the Samples that will be performed during the TPS review process. Each tax function is identified by whether the N.O. Sampling System can be used, the N.O. program names that will be given to the software, and the different sample types that will be selected.

TAX FUNCTION	N.O. SAMPLING SYSTEM PROVIDED	PROGRAM NAME
Status Determination:		
New	Yes	SAMPS011
Successor	Yes	SAMPS011
Inactive	Yes	SAMPS011
Cashiering *	No	N/A
Field Audit	Yes	SAMPS031
Contribution Report Processing	Yes	SAMPS041
Employer Billings:		
Contributory	Yes	SAMPS042
Reimbursing	Yes	SAMPS042
Employer Credits/Refunds	Yes	SAMPS043
Employer Benefit Charging *	No	N/A
Experience Rating *	No	N/A
Collections	Yes	SAMPS051
Report Delinquency	Yes	SAMPS061

FUNCTION	N.O. SAMPLING SYSTEM PROVIDED	PROGRAM NAME
Sample Determination Program	Yes	PICKNMBR

Note: Regardless of the types of Samples that will be performed for each tax function, one program will be used. For example, SAMPS011 will perform sampling for all three types of Status Determination.

* Refer to the previous section about Sampling Anomalies for more information.

SAMPLING SPECIFICATIONS

SAMPLE SELECTION NATIONAL OFFICE SYSTEM

PICKNMBR Processing

The narrative below describes the processing steps that are performed in the PICKNMBR program. These processing steps are also illustrated in Exhibit A - 8.

0000-DRIVER-ROUTINE.

This section is the main routine for the program. This routine calls all of the other routines.

0010-LIST-HEADING
0020-LIST-HEADING

These sections control printing of the report page and column header information, line count, and page advancement.

0011-CS011, 0031-CS031, 0041-CS041, 0042-CS042, 0043-CS043, 0051-CS051, 0061-CS061.

These sections identify each of the tax functions and corresponding year/quarter fields for the individual tax function being processed.

0100-OPEN-ROUTINE.

This section opens the input file CNTRL-DATA, and output files SELECT-NUMBERS, PICKNUM-LIST and reads the CNTRL-DATA file.

0110-CNTL-OPTION.

This section determines which tax function is being processed.

PICKNMBR Processing continued

0120-CNTL-ERROR.

This section validates the three CNTRL-DATA file fields CNTRL-RANDOM-ALF, TRANS-REC-CNTRL-ALF, and SAMPLED-NMBR for non-numeric values. These fields must be numeric for the program to execute. To assist in the validation, a STOP-FLAG field is incremented by a certain amount. As a result, a comparison is made between the incremented STOP-FLAG and a value in the range 0 through 7. Within this range, different error messages will be displayed depending upon the error detected, then the program is terminated.

0130-FIPS-TABLE.

This section searches SESA-ID in the FIPS table to find the exact state name associated with its abbreviation.

0140-SPL-TABLE.

This section searches the SAMPLE-TYPE field of the CNTRL-DATA file for a corresponding match in the sample table (SPL-TYPE-DATA). If a match occurs, the sample type abbreviation is replaced by the exact sample type description to be utilized in the output report formats.

0200-CALC-SKIP-INTERVAL.

This section calculates the SKIP-INTERVAL (K) for universes greater than 200 utilizing the following equation K=P/N. P: the total number of records on the VSAM file, (TRANS-REC-CNTR) from the CNTRL-DATA file.
N: sample size (SAMPLED-NMBR) from the CNTRL-DATA file.

PICKNMBR Processing continued

0300-INITIAL-CASE.

This section calculates the initial sample case number (I). It is determined by truncating the result of I = R*K + 0.5. The INITIAL-CASE field (I) is defined as a 5-position numeric integer. The right side of the equation I = R*K + 0.5 yields a real number, thus allowing (I) to truncate the result of the calculation. R: CNTRL-RANDOM-ALF, and K: SKIP-INTERVAL.

0310-CHECK-ODD-EVEN.

This section determines whether the number of records (N) to be selected for the sample (SAMPLED-NMBR) is either odd or even. If (N) is odd, the 0320-ODD-RTN procedure is executed.

0320-ODD-RTN.

This routine calculates the additional number that was described in the random function formula. The equation is as follows: ONE-MORE-REC = I + 1/2(N-1) * K.

0330-CREATE-REC.

This routine writes the calculated record numbers to an output data file (SELECT-NUMBERS) and an output print file (PICKNUM-LIST). A record counter (MATCH-CNTR) is incremented by one each time a record is added to the files.

PICKNMBR Processing continued

0400-REMAINING-NUMBER.

This section performs the calculations to determine the remaining numbers for the sample. As the balanced systematic sample of the random function formula, if N is even, N/2 pairs of records are selected. If N is odd, the iteration number is as follows: 0, 1, 2, ...1/2(N-1) - 1 and 1/2(N-1) - 1 pairs of records are selected. See Exhibit A-3 for the actual formulas needed to determine the records to select.

0500-CALC-SKIPINTERVAL.

This section will calculate the SKIP-INTERVAL-B for a transaction sample size less than 200 using the equation K=P/N (K not rounded).

0600-CALC-INITIAL-CASE.

This section calculates the initial sample case number(I) for the transaction sample size less than 200. It is determined by truncating the result of I = R*K + 0.5.

0700-SELECTED-NUMBERS.

This section performs the calculations to determine the numbers to select for the sample. This procedure is based on the transaction sample size less than 200. The second record is calculated by adding the skip interval (not rounded) to the initial case (truncated) and rounding the result. The remaining numbers are calculated by adding the skip interval to the previous (not rounded) number and then rounding the result. This process is continued until all of the records have been calculated.

PICKNMBR Processing continued

0800-CHK-SPL-NBR.

This section verifies that the number of records written to the SELECT-NUMBERS files equals the number of records to be sampled (SAMPLED-NMBR) in the CNTRL-DATA file. If these fields are not equal, and error message is displayed.

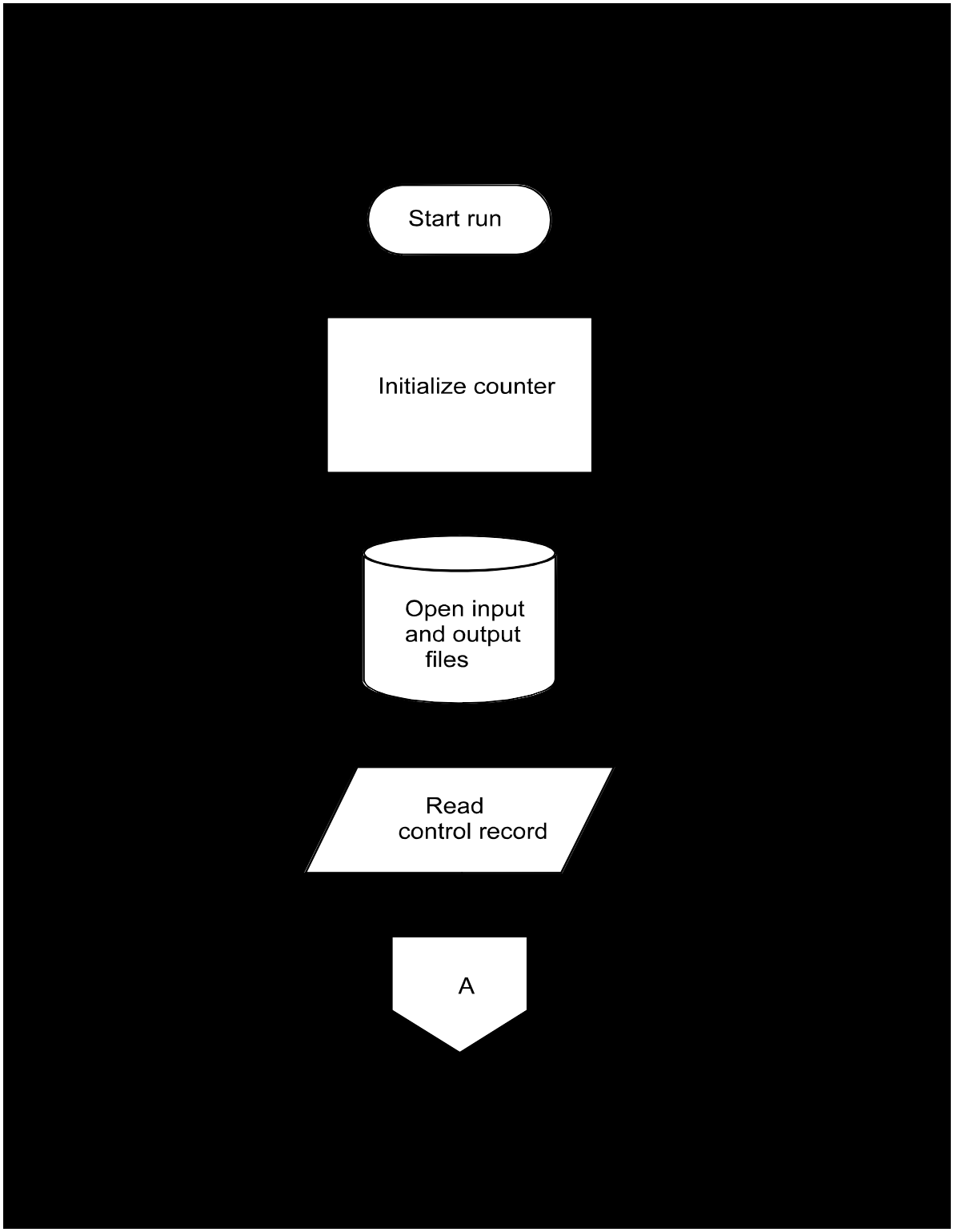
0900-TRAILER-LIST.

This section prints the information that was used to perform the calculations and select the record numbers.

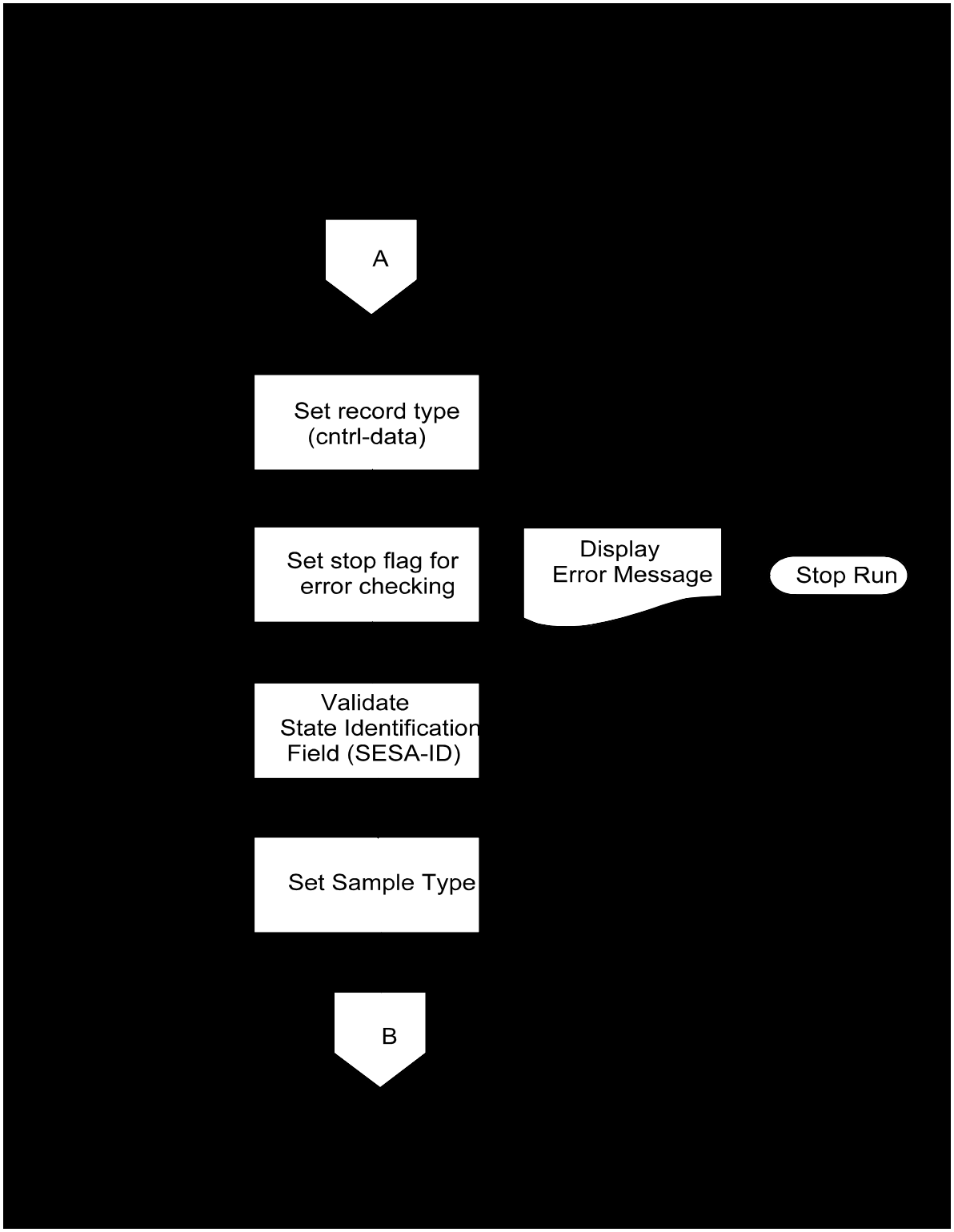
9999-CLOSE-FILE.

This section closes the files CNTRL-DATA, SELECTED-NUMBERS, and PICKNUM-LIST.

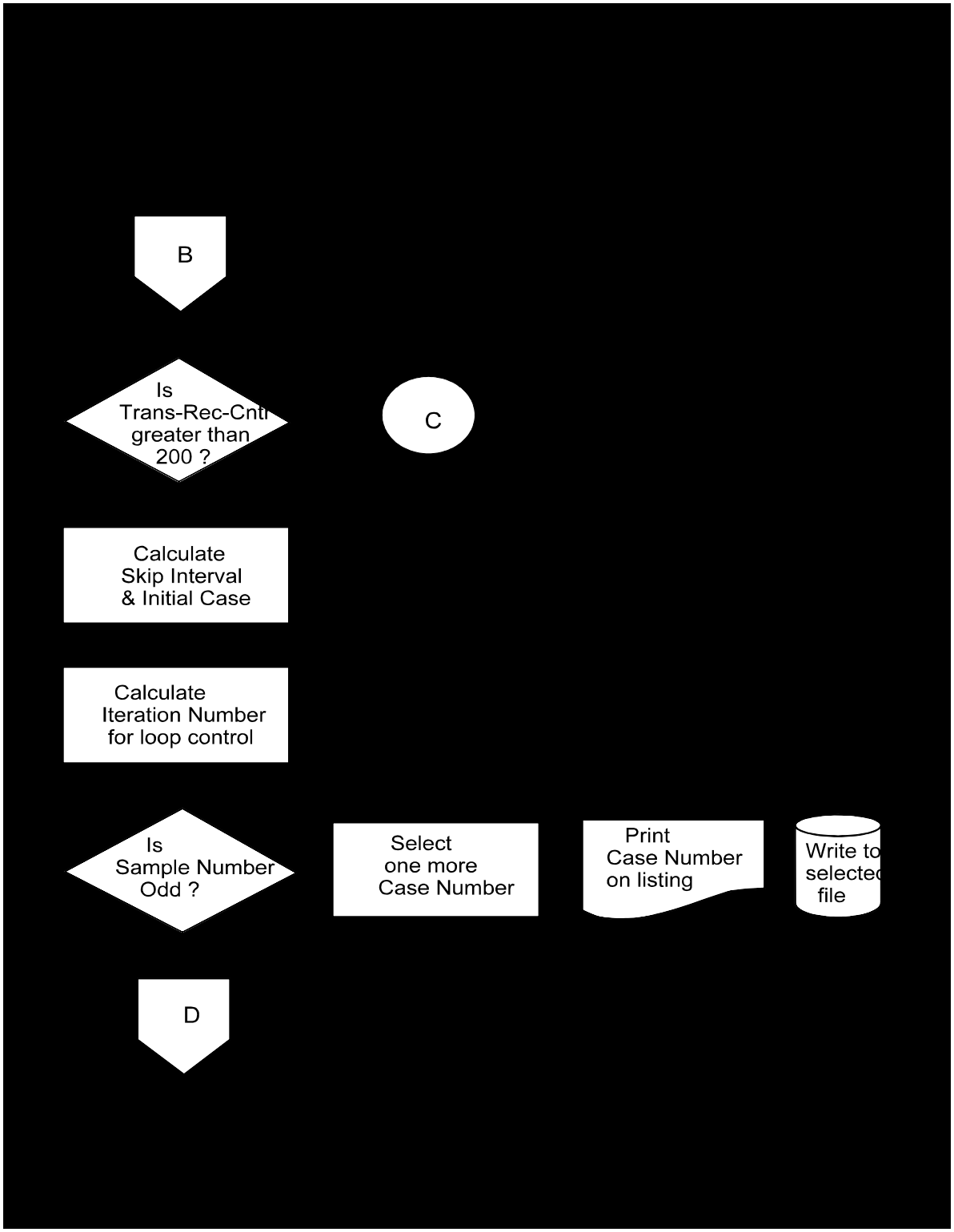
PICKNMBR


Start run
Initialize counter
Open input and output files
Read control record
A

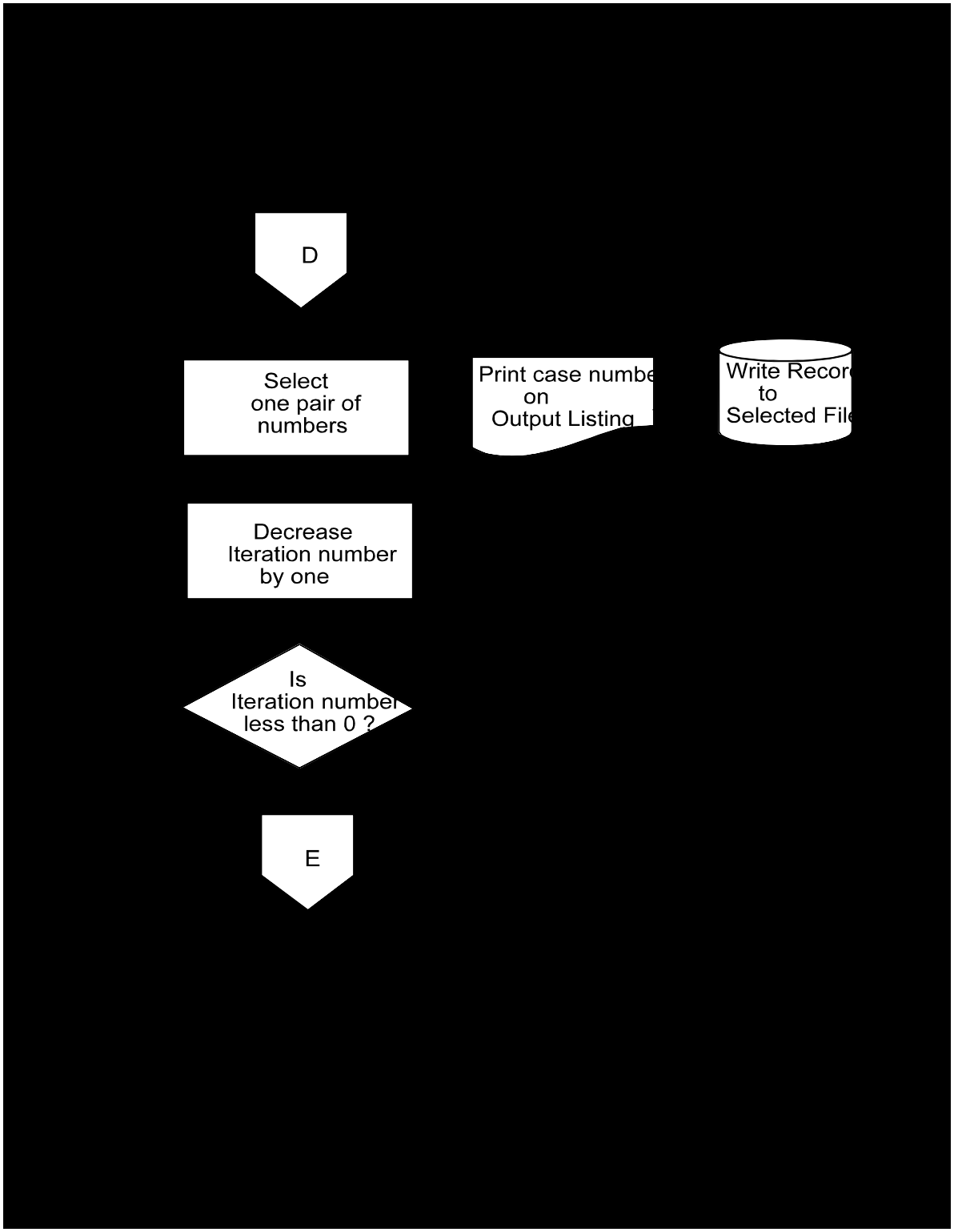
PICKNMBR


A
Set record type (cntrl-data)
Set stop flag for error checking
Display Error Message
Stop Run
Validate State Identification Field (SESA-ID)
Set Sample Type
B

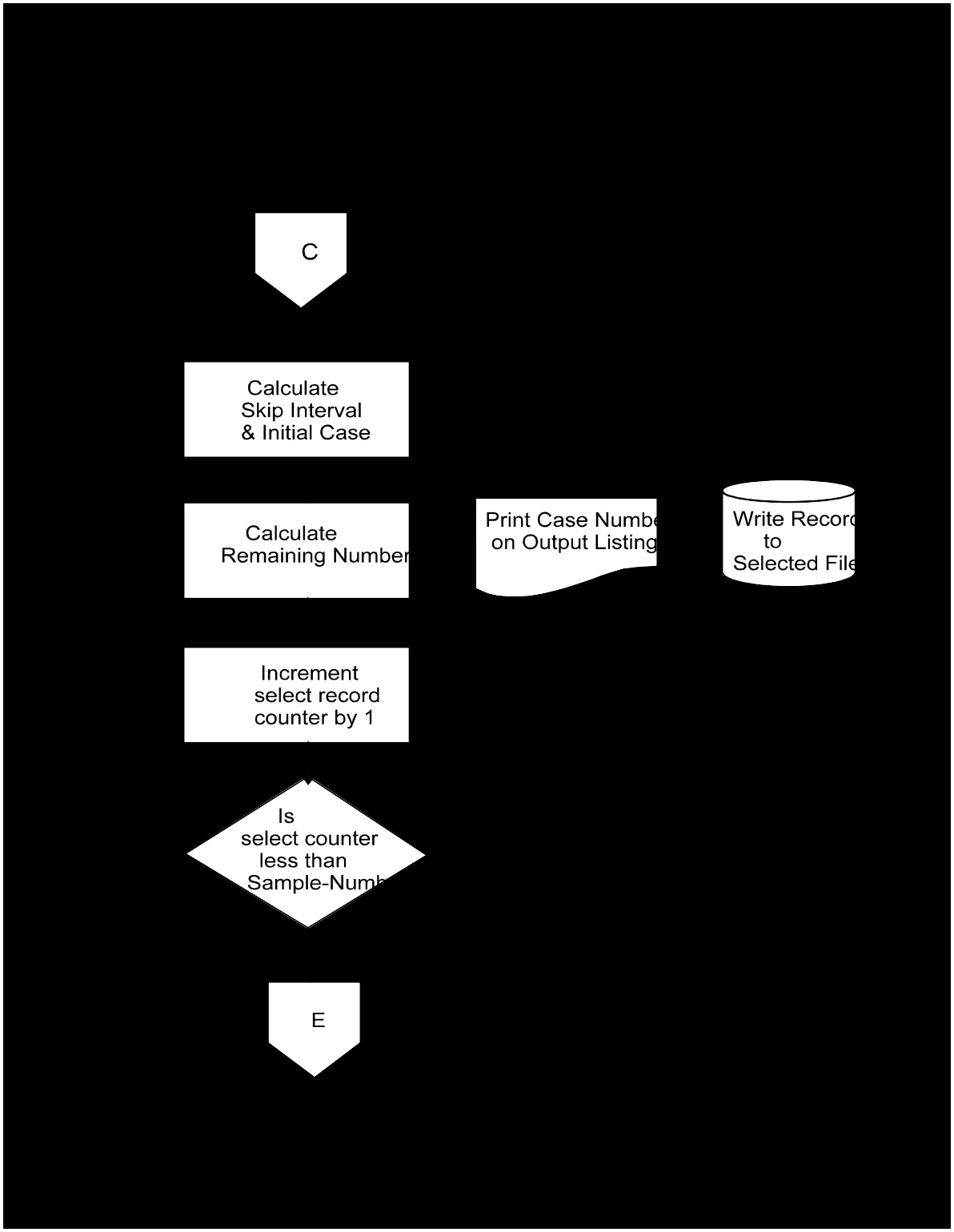
PICKNMBR


B
Is Trans-Rec-Cntr greater than 200 ?
C
Calculate Skip Interval & Initial Case
Calculate Iteration Number for loop control
Is Sample Number Odd ?
Select one more Case Number
Print Case Number on listing
Write to selected file
D

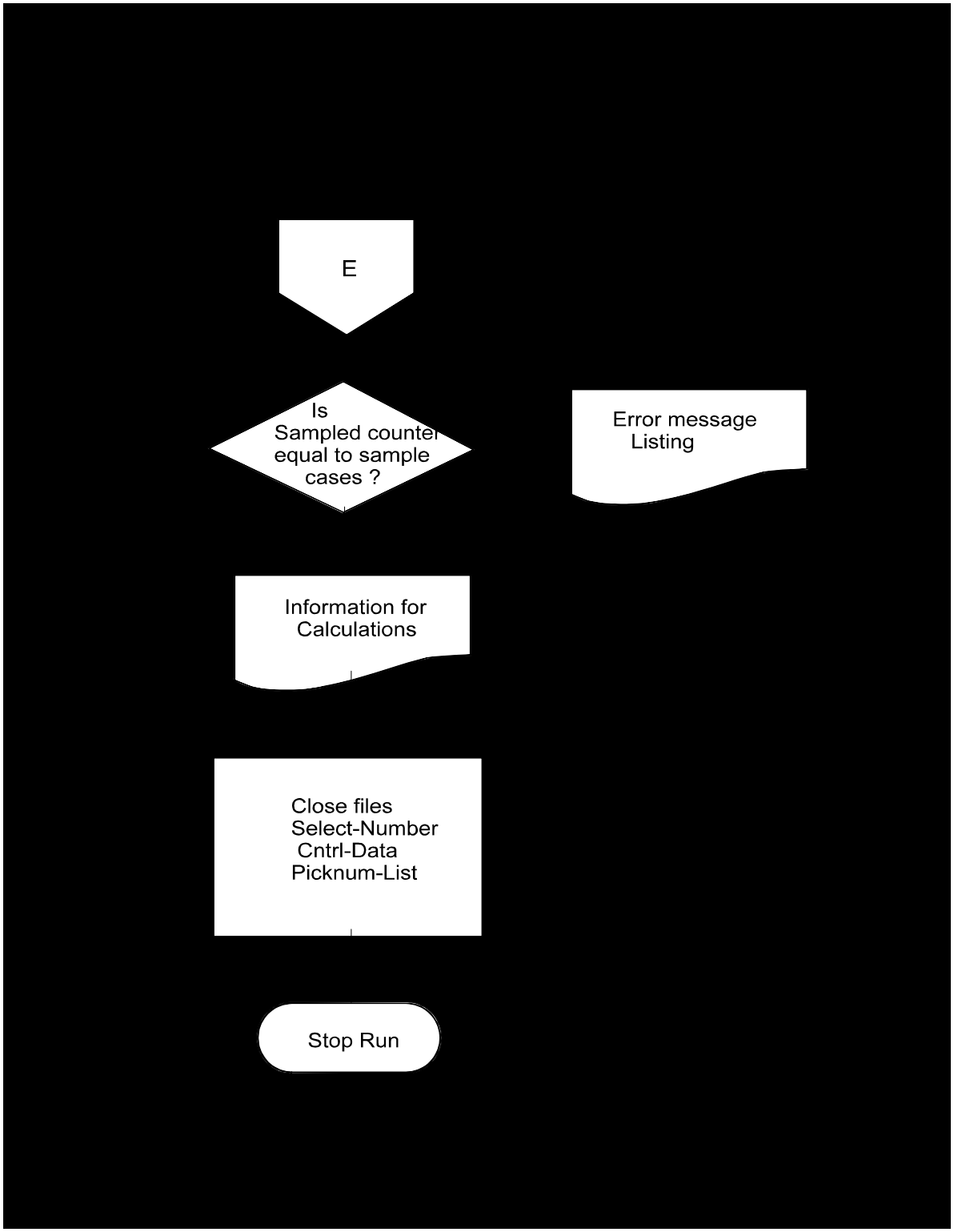
PICKNMBR


D
Select one pair of numbers
Print case numbe on Output Listing
Write Recor to Selected File
Decrease Iteration number by one
Is Iteration number less than 0 ?
E

PICKNMBR


C
Calculate
Skip Interval
& Initial Case
Calculate
Remaining Number
Print Case Numbe
on Output Listing
Write Record
to
Selected File
Increment
select record
counter by 1
Is
select counter
less than
Sample-Numb
E

PICKNMBR


E
Is Sampled counter equal to sample cases ?
Error message Listing
Information for Calculations
Close files
Select-Number
Cntrl-Data
Picknum-List
Stop Run

SAMPLING SPECIFICATIONS

SAMPLE SELECTION NATIONAL OFFICE SYSTEM

SAMPS0nn Processing

The processing steps that are performed by the SAMPS0nn programs are described below. Regardless of the tax function, these programs were designed to perform the same sampling procedures. See Exhibit A - 9 for a graphical representation of this process.

A000-EXCEPTION-HANDLING SECTION

This section will invoke the following paragraph, A100-CHECK-ERROR-ROUTINE, if any Input/Output errors occur within the VSAM file TRANS-FILE.

A100-CHECK-ERROR-ROUTINE

This section will display that an Input/Output error has occurred, display a file status error code (TRANS-FILE-ERROR-CODE), closes all Input/Output files and stops the execution of the program.

0000-DRIVER-ROUTINE

This section is the main routine for the program. This routine calls all of the other routines.

0100-OPEN-ROUTINE

This section opens the Input files CNTRL-DATA, and SELECT-FILE. The following output files are opened; HIT-FILE, HIT-LIST, CHECK-LIST, and JOB-STATUS. This section also opens the VSAM file TRANS-FILE as Input/Output, moves the current date to the output files HIT-LIST and CHECK-LIST for printing,and reads the record in the CNTRL-DATA file.

SAMPS0nn Processing continued

0200-VALIDATE-TRANSACTION-TYPE

Utilizing the CNTRL-TRANS-TYPE (Transaction Type) field from the input file CNTRL-DATA, this paragraph validates whether or not this field corresponds to the specific tax function being processed. If the CNTRL-TRANS-TYPE does not match any of the tax function transaction type designations, an error message is displayed and the program is terminated.

0300-STATE-TABLE-ROUTINE

This section searches the ST-STATE-DATA table found in the WORKING-STORAGE section for a matching condition of the SESA-ID field of the CNTRL-DATA file. If a match occurs, the state abbreviation (SESA-ID) is replaced with the state name description. If a match is not found, an error message is displayed and the program run is terminated.

0305-SAMPLE-TABLE-ROUTINE

This section searches the WS-SAMPLE-DATA table found in the WORKING-STORAGE section for a matching condition of the SAMPLE-TYPE field of the CNTRL-DATA file. If a match occurs, the SAMPLE-TYPE abbreviation is replaced with the SAMPLE-TYPE description. If a match is not found, an error message is displayed and the program run is terminated.

0400-HIT-LIST-HEADING

This section generates the page and column headers for the HIT-LIST output report.

0405-CHECKLIST-HEADER-RTN

This section creates the page, and column headers for the CHECK-LIST output report.

SAMPS0nn Processing continued

0500-SELECT-RECORDS

This section will read the SELECT-FILE which contains the selected numbers for the sample. Each selected record will also be used as the record key to read the sampling transaction (VSAM) file TRANS-FILE. The transaction file is indexed by a field (SEQ-NMBR) which is the key used during the read of the VSAM file. The value of the select record number (SL-REC-NUM) is moved to (SEQ-NMBR) and the record on the transaction file for that record number is read and processed. For the records that have been selected from the transaction file, the selected flag field (SELECTED-FLAG) is changed to a 2, and the record is written to the disk file HIT-FILE. This same record is written to a Hit file listing HIT-LIST and a coding sheet output report, CHECK-LIST. This processing is continued until each record from the SELECT-FILE has been read.

0600-PRINT-HIT-RECS

This routine moves the information required to each of the following output files; HIT-FILE, HIT-LIST, and CHECK-LIST. The routine also controls line count, and header generation for the HIT-LIST, and CHECK-LIST.

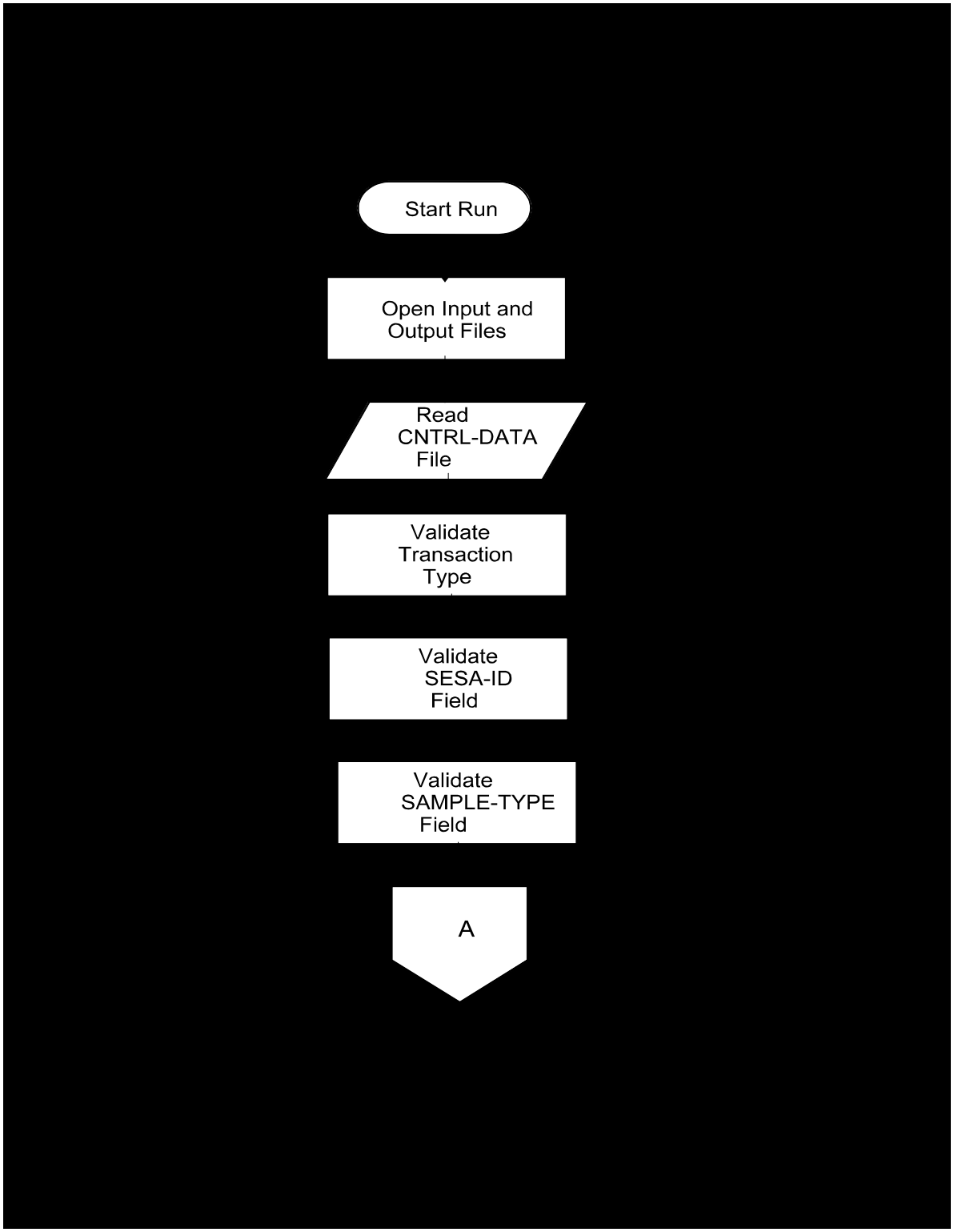
0700-CHECKLIST-ROUTINE

This section controls the processing of the CHECK-LIST report.

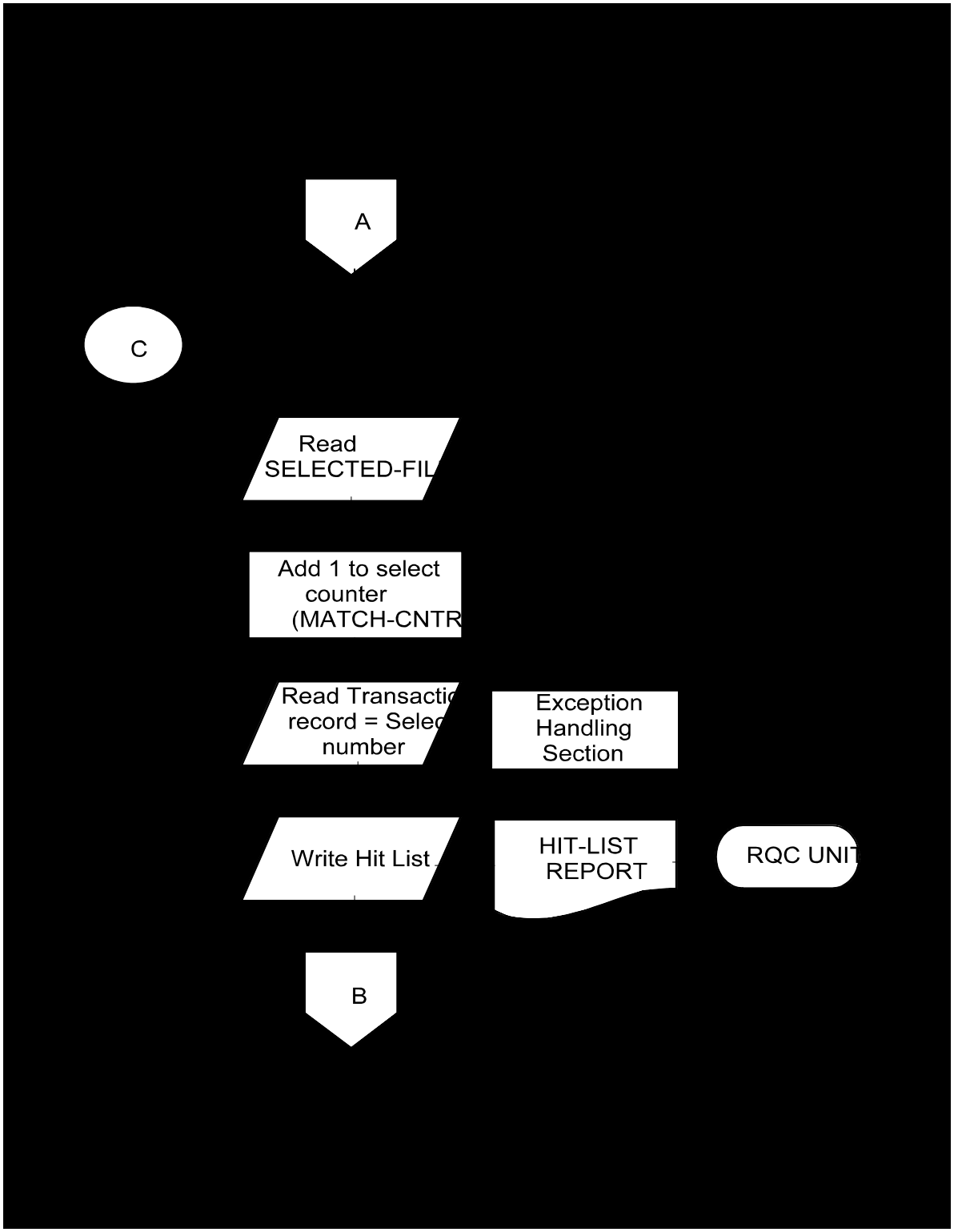
9999-CLOSE-FILES

This section closes all of the input files (SELECT-FILE, CNTRL-DATA, TRANS-FILE) and output files (HIT-FILE, HIT-LIST, CHECK-LIST and JOB-STATUS).

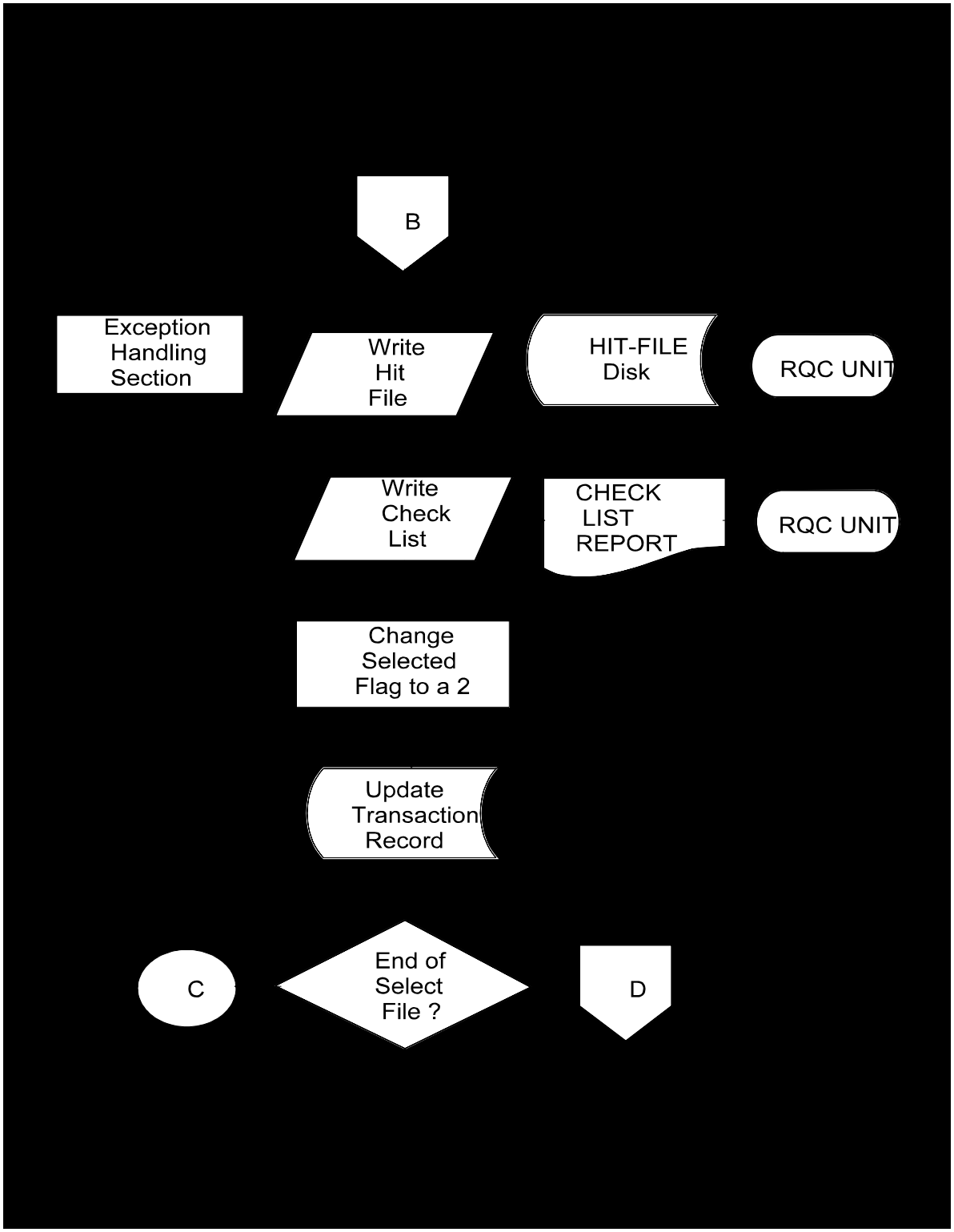
SAMPS0nn


Start Run
Open Input and Output Files
Read CNTRL-DATA File
Validate Transaction Type
Validate SESA-ID Field
Validate SAMPLE-TYPE Field
A

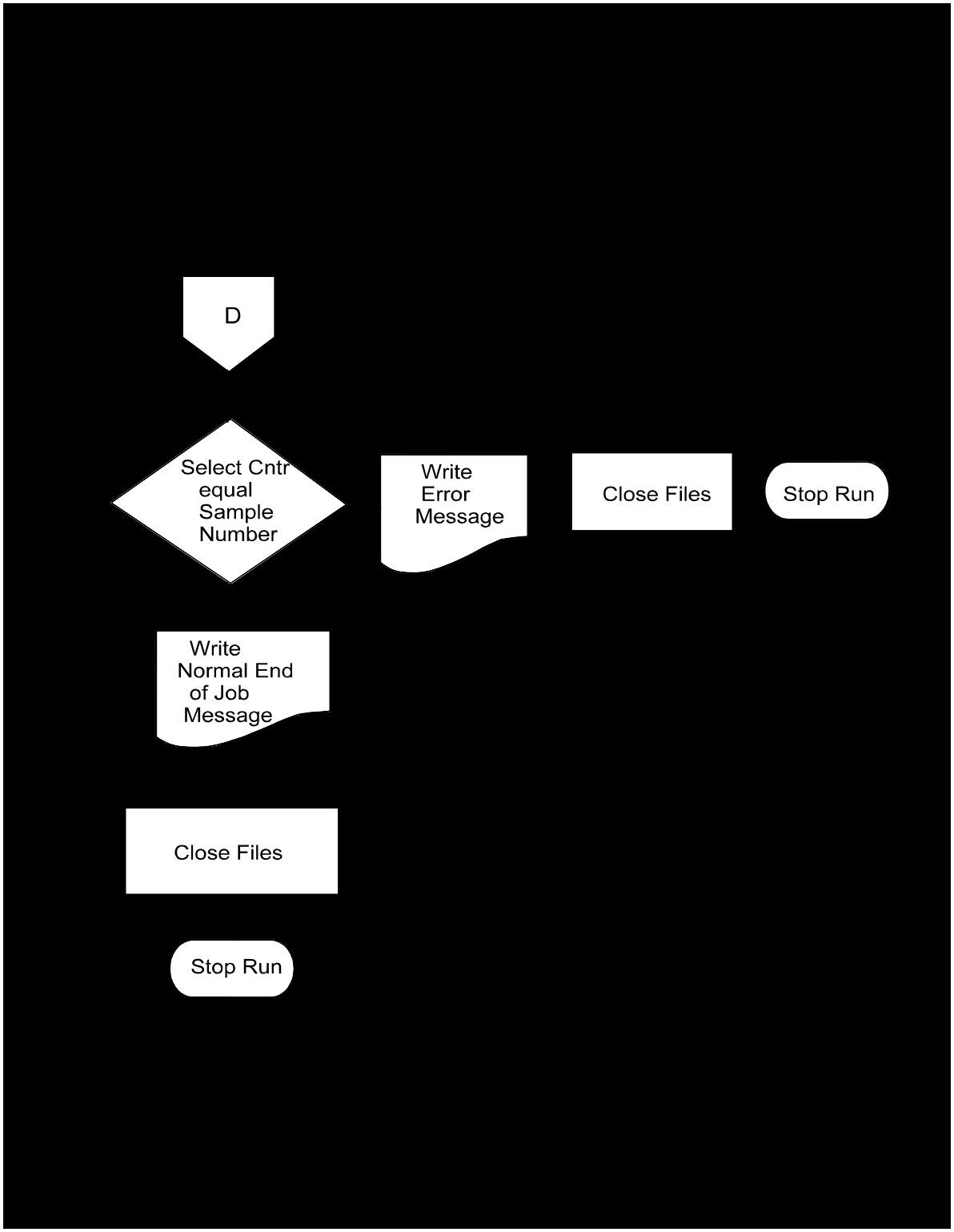
SAMPS0nn


A
C
Read
SELECTED-FIL
Add 1 to select
counter
(MATCH-CNTR
Read Transactic
record = Selec
number
Exception
Handling
Section
Write Hit List
HIT-LIST
REPORT
RQC UNIT
B

SAMPS0nn


B
Exception Handling Section
Write Hit File
HIT-FILE Disk
RQC UNIT
Write Check List
CHECK LIST REPORT
RQC UNIT
Change Selected Flag to a 2
Update Transaction Record
C
End of Select File ?
D

SAMPS0nn


D
Select Cntr equal Sample Number
Write Error Message
Close Files
Stop Run
Write Normal End of Job Message
Close Files
Stop Run

SAMPLING SPECIFICATIONS

SAMPLE SELECTION NATIONAL OFFICE SYSTEM

Beginning on the following page instructions are provided for both the SESA ADP staff and the TPS reviewer for sampling in each tax function. This information includes:

- a list of the types of samples for the individual tax function;
- directions on where to find specific sampling information such as the purpose/intent of the sample and the timing and frequency of the sample;
- the sampling options that are available for the individual tax function;
- a checklist of the tasks to perform to select the samples for each tax function;
- specifications of the MINIMUM data needed for each sampling universe; and
- the record layouts of the data required to execute the N.O. software.

● **The SESA ADP staff must work with the TPS Reviewer to determine the best sample selection method for each of the <u>fourteen</u> samples required by TPS.** ● The same sampling method does not have to be used for all samples. ● Review the following information provided, and depending on the level of automation or types and location of the files involved, choose the proper sampling method.

STATUS DETERMINATION

SAMPLING SPECIFICATIONS

SAMPLE SELECTION STATUS DETERMINATION

There are **three separate** samples in the Status function: one each for new determinations, successor determinations and inactivated/terminated determinations. Although different data are used to create the universe in each, the system to select the samples is similar. Separate transaction files are created where the only differences are in the type of determination and the date the determination was made.

Read thoroughly the pages **(Acceptance Sample Instructions, Purpose/Intent through and including Sampling Procedures)** in Chapter III of the TPS Operations Handbook for each of the three types - **Status Determination - New, Successor and, Inactivated-Terminated Employers,** .

Options

ALL SAMPLING APPROACHES of the those suggested can be used for the three sets of samples in Status Determination:

1. **National Office Sampling Programs.**

If the entry of determinations is computerized, a universe file can be created as data is entered or from daily transaction files as long as all the data needed in the transaction record defined is available. Then the two programs provided by the National Office (N.O.), Sample Determination Program (PICKNMBR) and Sample Selection Program (SAMPS011) can be used to select the samples and produce the output reports and files.

2. **State Developed System**.

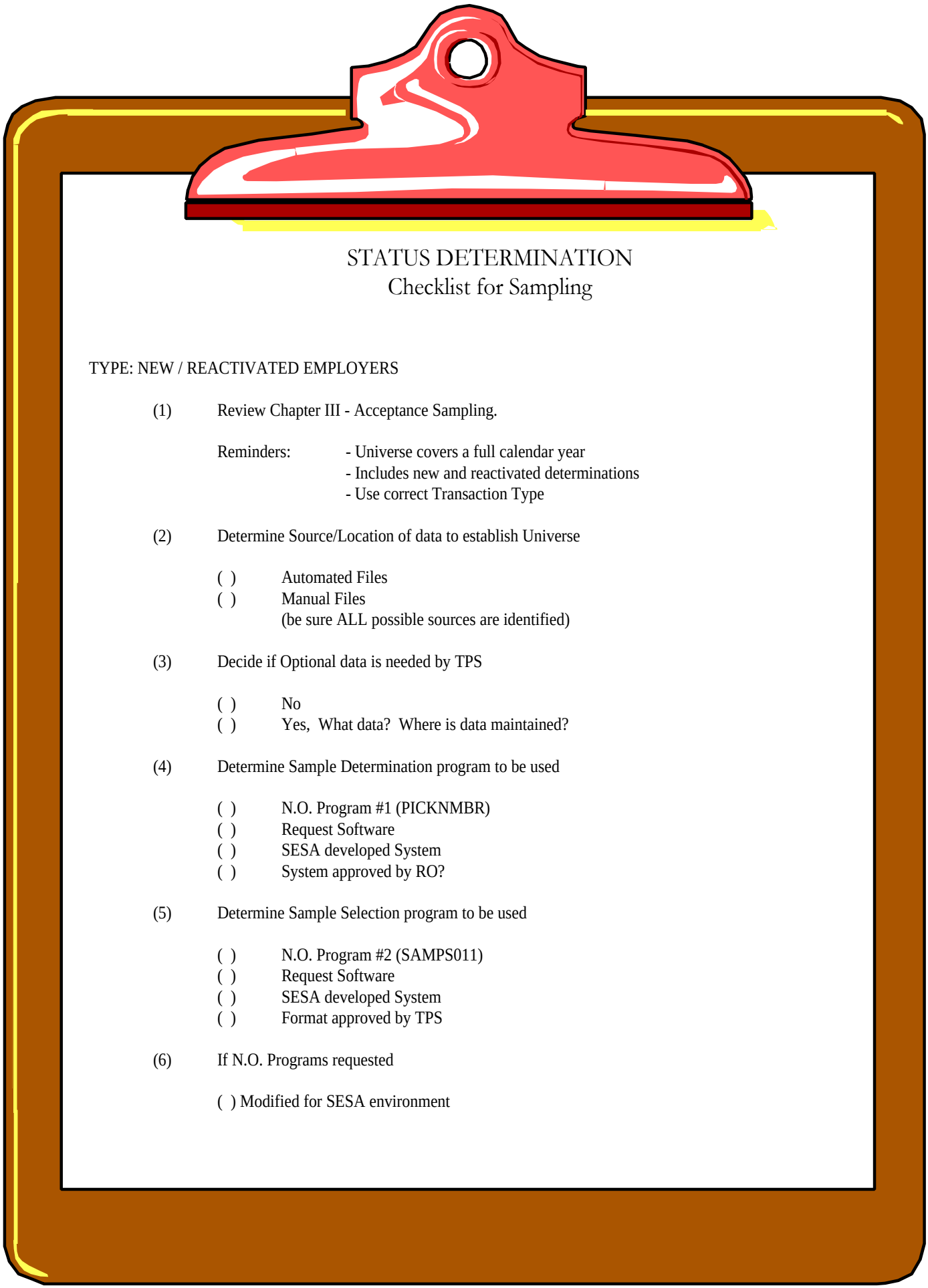
The SESA may use any other programs to select the samples and produce the reports, but **if the N.O. SAMPLE DETERMINATION PROGRAM (PICKNMBR) is not used for determining the sample selection number, the substitute program must be approved by the Regional Office.**

3. **Manually**.

Instructions provided earlier for manually creating the universe, identifying the sample cases (transactions) and producing the output report should be followed.

Checklist of Tasks

The following pages are checklists of the tasks to select Status Determination samples.



STATUS DETERMINATION
Checklist for Sampling

TYPE: NEW / REACTIVATED EMPLOYERS

(1) Review Chapter III - Acceptance Sampling.

Reminders:
- Universe covers a full calendar year
- Includes new and reactivated determinations
- Use correct Transaction Type

(2) Determine Source/Location of data to establish Universe

( ) Automated Files
( ) Manual Files
(be sure ALL possible sources are identified)

(3) Decide if Optional data is needed by TPS

( ) No
( ) Yes, What data? Where is data maintained?

(4) Determine Sample Determination program to be used

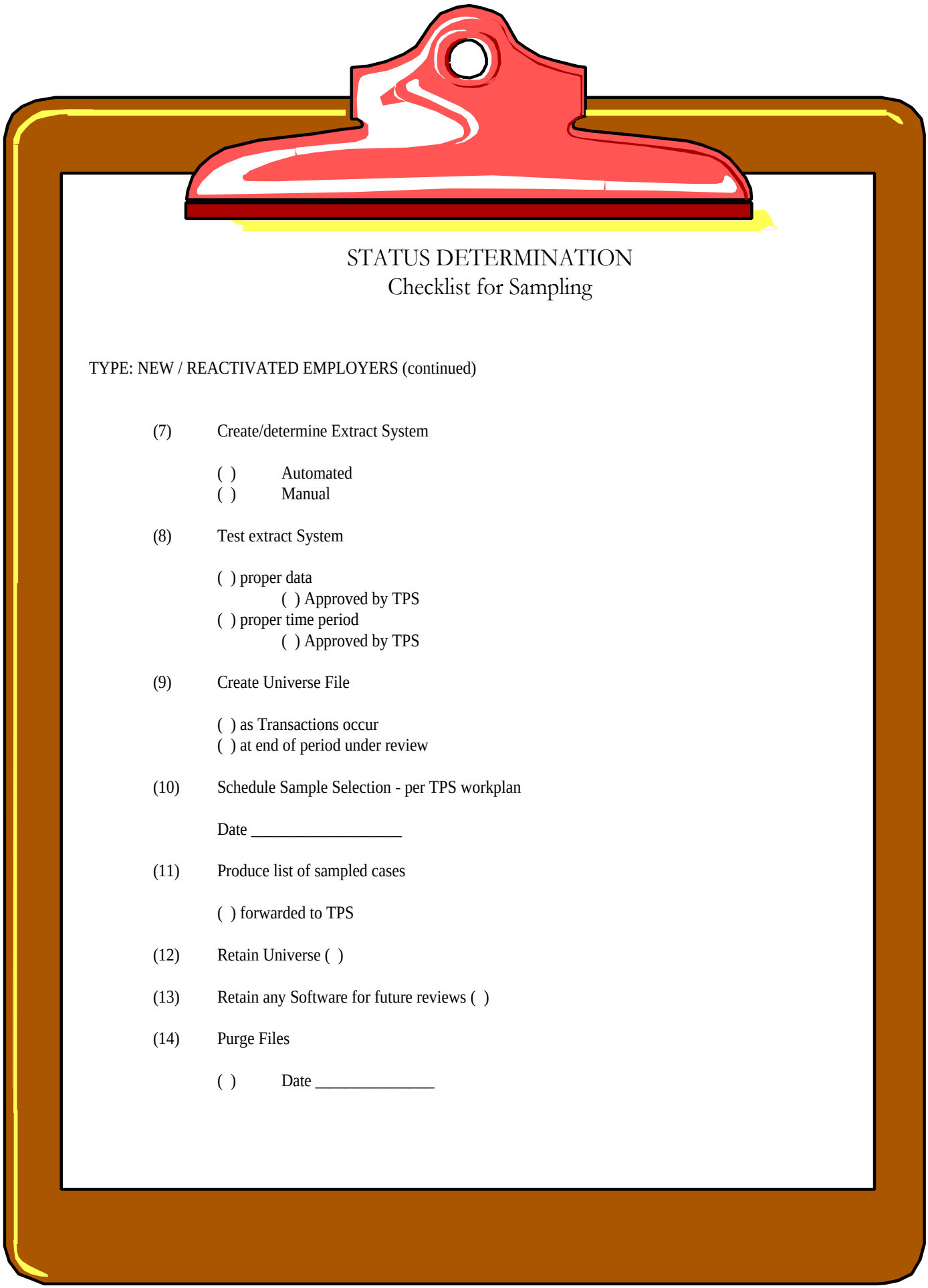
( ) N.O. Program #1 (PICKNMBR)
( ) Request Software
( ) SESA developed System
( ) System approved by RO?

(5) Determine Sample Selection program to be used

( ) N.O. Program #2 (SAMPS011)
( ) Request Software
( ) SESA developed System
( ) Format approved by TPS

(6) If N.O. Programs requested

( ) Modified for SESA environment



STATUS DETERMINATION
Checklist for Sampling

TYPE: NEW / REACTIVATED EMPLOYERS (continued)

(7) Create/determine Extract System

( ) Automated
( ) Manual

(8) Test extract System

( ) proper data
( ) Approved by TPS
( ) proper time period
( ) Approved by TPS

(9) Create Universe File

( ) as Transactions occur
( ) at end of period under review

(10) Schedule Sample Selection - per TPS workplan

Date _____

(11) Produce list of sampled cases

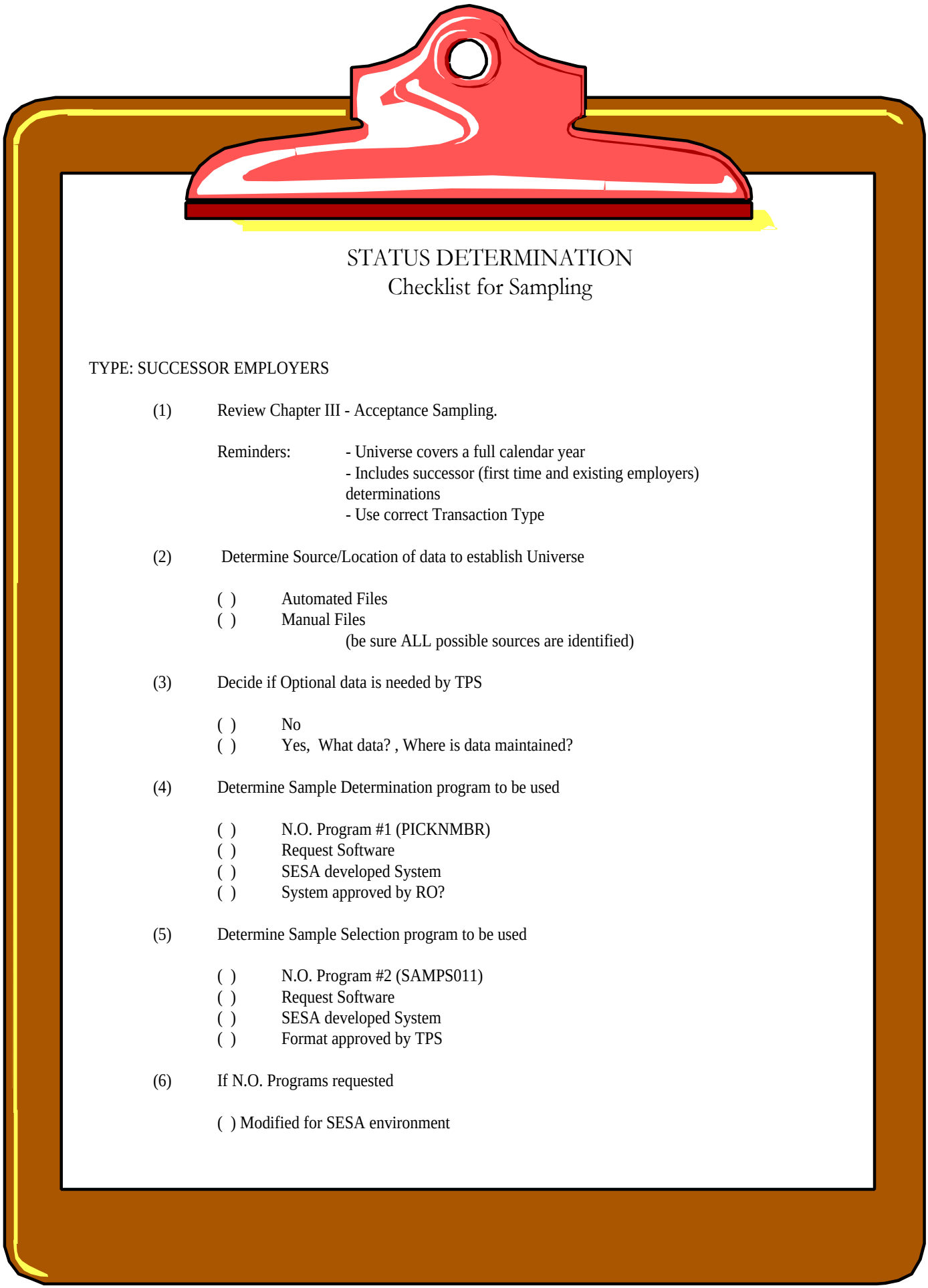
( ) forwarded to TPS

(12) Retain Universe ( )

(13) Retain any Software for future reviews ( )

(14) Purge Files

( ) Date _____



STATUS DETERMINATION
Checklist for Sampling

TYPE: SUCCESSOR EMPLOYERS

(1) Review Chapter III - Acceptance Sampling.

Reminders:
- Universe covers a full calendar year
- Includes successor (first time and existing employers) determinations
- Use correct Transaction Type

(2) Determine Source/Location of data to establish Universe

( ) Automated Files
( ) Manual Files
(be sure ALL possible sources are identified)

(3) Decide if Optional data is needed by TPS

( ) No
( ) Yes, What data? , Where is data maintained?

(4) Determine Sample Determination program to be used

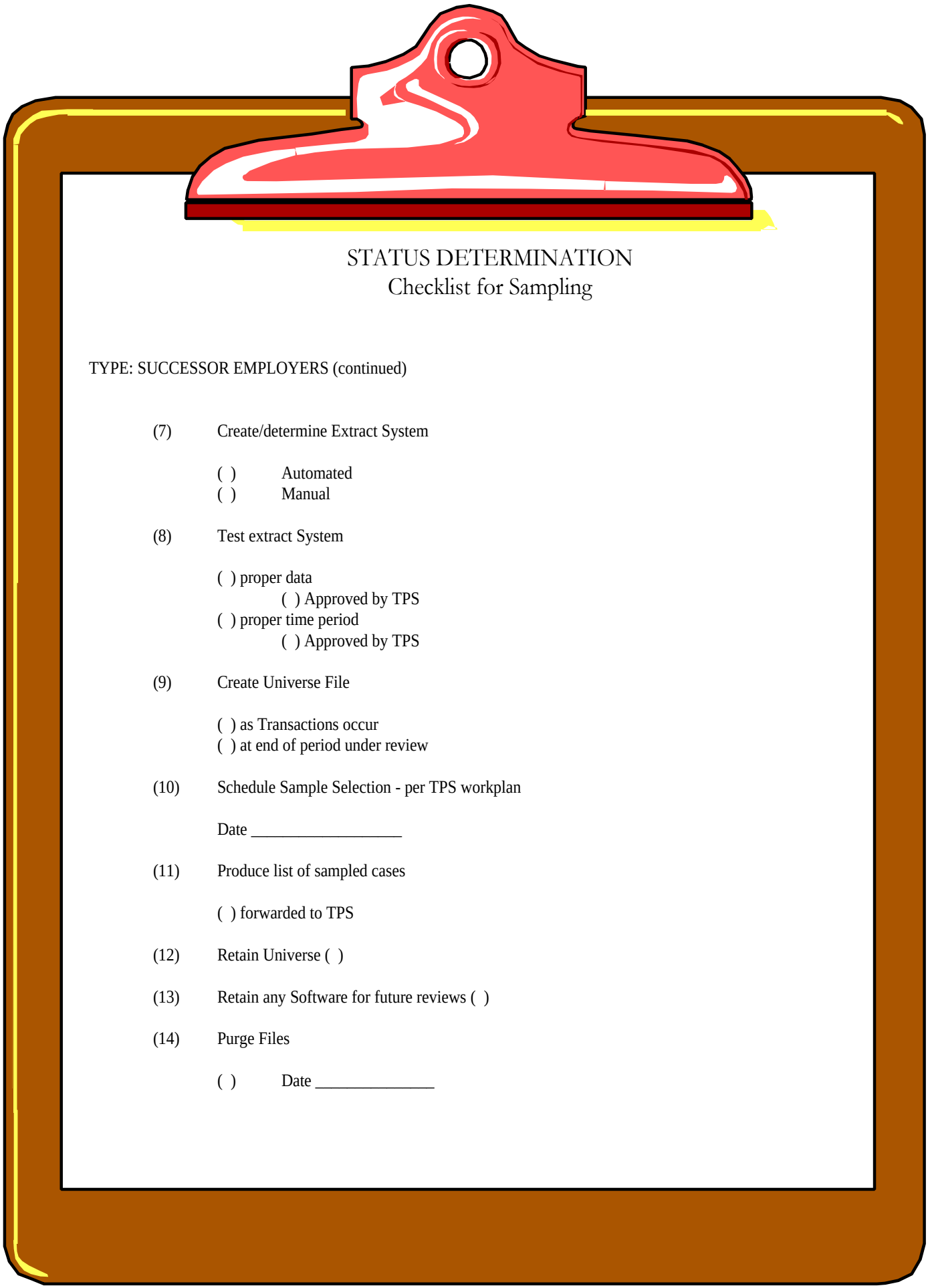
( ) N.O. Program #1 (PICKNMBR)
( ) Request Software
( ) SESA developed System
( ) System approved by RO?

(5) Determine Sample Selection program to be used

( ) N.O. Program #2 (SAMPS011)
( ) Request Software
( ) SESA developed System
( ) Format approved by TPS

(6) If N.O. Programs requested

( ) Modified for SESA environment



STATUS DETERMINATION
Checklist for Sampling

TYPE: SUCCESSOR EMPLOYERS (continued)

(7) Create/determine Extract System

( ) Automated
( ) Manual

(8) Test extract System

( ) proper data
( ) Approved by TPS
( ) proper time period
( ) Approved by TPS

(9) Create Universe File

( ) as Transactions occur
( ) at end of period under review

(10) Schedule Sample Selection - per TPS workplan

Date _____

(11) Produce list of sampled cases

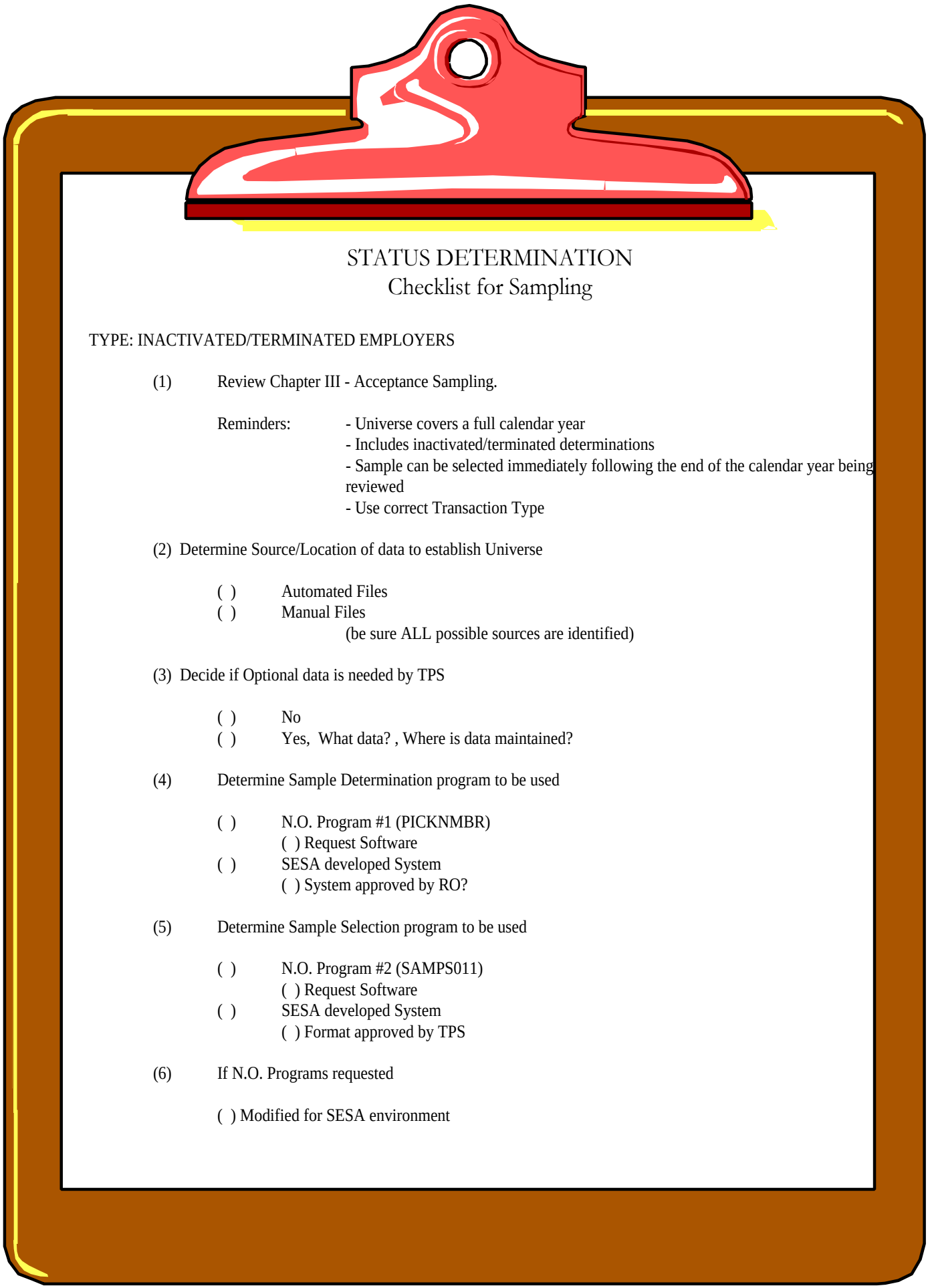
( ) forwarded to TPS

(12) Retain Universe ( )

(13) Retain any Software for future reviews ( )

(14) Purge Files

( ) Date _____



STATUS DETERMINATION
Checklist for Sampling

TYPE: INACTIVATED/TERMINATED EMPLOYERS

(1) Review Chapter III - Acceptance Sampling.

Reminders:
- Universe covers a full calendar year
- Includes inactivated/terminated determinations
- Sample can be selected immediately following the end of the calendar year being reviewed
- Use correct Transaction Type

(2) Determine Source/Location of data to establish Universe

( ) Automated Files
( ) Manual Files
(be sure ALL possible sources are identified)

(3) Decide if Optional data is needed by TPS

( ) No
( ) Yes, What data? , Where is data maintained?

(4) Determine Sample Determination program to be used

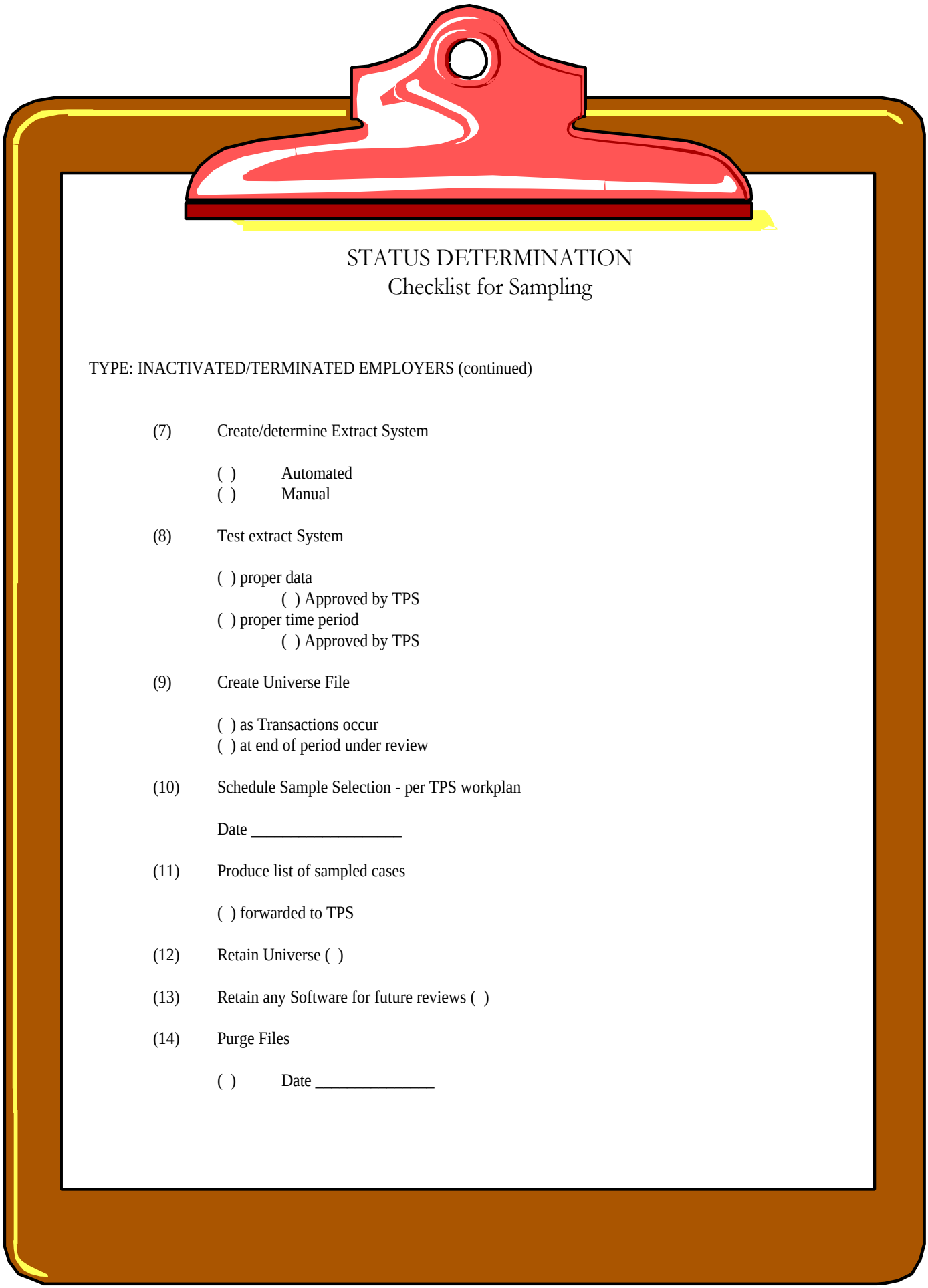
( ) N.O. Program #1 (PICKNMBR)
( ) Request Software
( ) SESA developed System
( ) System approved by RO?

(5) Determine Sample Selection program to be used

( ) N.O. Program #2 (SAMPS011)
( ) Request Software
( ) SESA developed System
( ) Format approved by TPS

(6) If N.O. Programs requested

( ) Modified for SESA environment



STATUS DETERMINATION
Checklist for Sampling

TYPE: INACTIVATED/TERMINATED EMPLOYERS (continued)

(7) Create/determine Extract System

( ) Automated
( ) Manual

(8) Test extract System

( ) proper data
( ) Approved by TPS
( ) proper time period
( ) Approved by TPS

(9) Create Universe File

( ) as Transactions occur
( ) at end of period under review

(10) Schedule Sample Selection - per TPS workplan

Date _____

(11) Produce list of sampled cases

( ) forwarded to TPS

(12) Retain Universe ( )

(13) Retain any Software for future reviews ( )

(14) Purge Files

( ) Date _____

COBOL RECORD LAYOUTS

Status Determination Control Record

FIELD NAME	FIELD DESCRIPTION	FIELD POSITIONS
Record Type	5 Characters (must be set to CS011)	1 - 5
Transaction Type	1 Digit (must equal 1 or 2 or 3)	6
SESA ID	2 Characters (must be Alpha FIPS)	7 - 8
Random Number	3 Digits	9 - 11
Number to be Sampled	4 Digits	12 - 15
Record Count	8 Digits	16 - 23
Sample Type	2 Characters (must be A1, A2, E1, O1, or O2)	24 - 25
Year Selected for Review	4 Digits (YYYY)	26 - 29
Filler	4 Digits (must be 0000)	30 - 33

COBOL RECORD LAYOUTS

Status Determination Control Record

(1) **Name: Record Type**

Definition:	This field is used by the sampling programs to identify the type of tax function record to be processed.
Field Size:	5 Characters
Position(s):	1 - 5
Edits:	Must be set to CS011 for Status Determination.

(2) **Name: Transaction Type**

Definition:	This field is used by the sampling programs to identify the type of Status Determination from which a sample will be selected.
Field Size:	1 Digit
Position(s):	6
Edits:	Must be one of: 1 - New 2 - Successor 3 - Inactive/Termination

(3) **Name: SESA ID**

Definition:	This field uses the FIPS Postal Code to identify the State Employment Security Agency.
Field Size:	2 Characters
Position(s):	7 - 8
Edits:	Must be the valid Alpha FIPS Postal Code assigned to the State.

COBOL RECORD LAYOUTS

Status Determination Control Record

(4) **Random Number**

Definition:	The number supplied by TPS-National Office for the sample selection.
Field Size:	3 Digits
Position(s):	9 - 11
Edits:	Must be a numeric greater than zero.

(5) **Number to be Sampled**

Definition:	The number of records as determined by the SESA TPS unit to be sampled from the transaction file.
Field Size:	4 Digits
Position(s):	12 - 15
Edits:	Must be a numeric greater than zero.

(6) **Record Count**

Definition:	The count of records that are contained on the transaction file (supplied by the SESA).
Field Size:	8 digits
Position(s):	16 - 23
Edits:	Must be a numeric greater than zero.

COBOL RECORD LAYOUTS

Status Determination Control Record

(7) **Sample Type**

Definition: The type of sampling to be performed as determined by the SESA TPS unit.

Field Size: 2 Characters

Position(s): 24 - 25

Edits: Must be one of:

A1 - 1st Acceptance Sample
A2 - 2nd Acceptance Sample
E1 - Expanded Sample
O1 - 1st SESA Optional Sample
O2 - 2nd SESA Optional Sample

(8) **Year Selected for Review**

Definition: The year under review.

Field Size: 4 Digits

Position(s): 26 - 29

Edits: Must be a valid year combination where:

YYYY - is between 0000 and 9999

(9) **Filler**

Definition: Additional field needed for standardized input.

Field Size: 4 Digits

Position(s): 30 - 33

Edits: This field must be 0000.

COBOL RECORD LAYOUTS

Status Determination Transaction Record

FIELD NAME	FIELD DESCRIPTION	FIELD POSITIONS
Sequence Number	8 Digits (must be greater than 0)	1 - 8
Record Type	5 Characters (must be set to CS011)	9 - 13
Transaction Type	1 Digit (must equal 1 or 2 or 3)	14
Selected Flag	1 Digit (must be set to 1)	15
Employer ID Number	12 Characters (must not be blank)	16 - 27
Date of Determination/ Termination	8 Digits (YYYYMMDD)	28 - 35
Status Effective Date	8 Digits (YYYYMMDD)	36 - 43
State Option	25 Characters	44 - 68

COBOL RECORD LAYOUTS

Status Determination Transaction Record

(1) **Name: Sequence Number**

Definition:	The sequential number assigned to this record by the SESA. This field will be used as the unique key to each record in the file.
Field Size:	8 Digits
Position(s):	1 - 8
Edits:	Must be greater than zero.

(2) **Name: Record Type**

Definition:	This field is used by the sampling programs to identify the type of tax function to be processed.
Field Size:	5 Characters
Position(s):	9 - 13
Edits:	Must be set to CS011 for Status Determination.

(3) **Name: Transaction Type**

Definition:	This field is used by the sampling programs to identify the type of Status Determination from which a sample will be selected.
Field Size:	1 Digit
Position(s):	14
Edits:	Must be one of:

1 - New
2 - Successor
3 - Inactive/Termination

COBOL RECORD LAYOUTS

Status Determination Transaction Record

(4) **Name: Selected Flag**

Definition:	This field will be changed to 2 to identify if the record has been selected as part of the sample.
Field Size:	1 Digit
Position(s):	15
Edits:	Must be set to 1.

(5) **Employer ID Number**

Definition:	The unique alphanumeric number assigned by the SESA to each employer.
Field Size:	12 Characters
Position(s):	16 - 27
Edits:	Must not be blank. Must be a valid Employer ID.

(6) **Date of Determination/Termination**

Definition:	The date on which the status determination (new, successor. or termination) of the employer's account was recorded in the SESA file.
Field Size:	8 Characters
Position(s):	28 - 35
Edits:	Must be a valid YYYYMMDD format where: YYYY - is between 0000 and 9999 MM - is between 01 and 12 DD - is between 01 and 31

COBOL RECORD LAYOUTS

Status Determination Transaction Record

(7) **Status Effective Date**

Definition:	The date on which the employing unit meets the State law definitions of employer or date liability ceased.
Field Size:	8 Digits
Position(s):	36 - 43
Edits:	Must be a valid YYYYMMDD format where: YYYY - is between 0000 and 9999 MM - is between 01 and 12 DD - is between 01 and 31

(8) **State Option**

Definition:	Optional State information field.
Field Size:	25 Characters
Position(s):	44 - 68
Edits:	This field may be filled with SESA specific information.

CASHIERING

SAMPLING SPECIFICATIONS

SAMPLE SELECTION **CASHIERING**

There is one sample in the Cashiering function.

Read thoroughly the pages **(Estimation Sample Instructions, Purpose/Intent through and including Sampling Procedures)** in Chapter IV of the TPS Operations Handbook.

ESTIMATION SAMPLING

As explained in Chapter IV, the estimation sample must be selected from the universe of contribution payments received during the period the bulk of the contribution reports are received. Reports for the second quarter are typically due on or around July 31. The instructions require a random selection of payments. Approximately 500 cases will be selected using the following procedure:

Estimate the projected number of payment items

Divide the above number by 500

The result is the **CHECK INTERVAL NUMBER**

Multiply this interval by a **RANDOM NUMBER**

The result is the **RANDOM STARTING NUMBER**

This is the number of the first item to be selected

Each successive sample item to be selected is determined by adding the Check interval number to the number of the most recently selected item.

SAMPLING SPECIFICATIONS

SAMPLE SELECTION **CASHIERING**

EXAMPLE:

A total of 50,000 payments are estimated. The random number is .400, taken from the table shown on the following page of this appendix.

Calculation:

50,000 divided by 500 equals 100 (Check interval number)

100 times .400 (Random Number) equals 40 (Random Start Number)

The 40th item is the first one selected

40 plus 100 equals 140 - the 140th item is the second one selected

140 plus 100 equals 240 - the 240th item is the third to be selected

The 4th selected equals 340 (240 +100), the fifth is 440 (340+100)

Continue selecting until there are no more to pick from the sampling time frame.

Rather than actually counting each item, the distance between the first sample item and the second sample item may be measured and all subsequent items selected based on the measurement.

SAMPLING SPECIFICATIONS

SPECIAL EXCEPTIONS - IF APPLICABLE TO YOUR STATE

In many States, reports are handled differently due to employer size: different colored envelopes or mailing addresses are used for these large remittances. These items receive special handling or are processed separately from other employers. States must insure that the overall sample is representative of the population of all payment items in terms of these large employers.

For example: if 10 percent of the payment items are from these large employers, 10 percent of the total sample must come from them as well. To handle this 10 percent, 50 items (10% of the total of 500) must be selected from the large employer group. The remaining 450 sample items will be taken from the "regular" flow of contribution items.

The selection of items follows the same steps as above with these differences:

Estimate the number of projected items **in each of the two groups**. Using the earlier example and assuming 10 percent are large employers, there would be 5,000 large employers and 45,000 "regular" employers. Fifty (10%) items should be selected from the large employer group and 450 from the remainder. Calculate the **Check Interval Number** and **Random Starting Number** using the same method. The same or a different **Random Number** can be used for the two groups.

SAMPLING SPECIFICATIONS

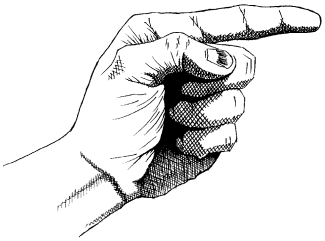
SAMPLE SELECTION **CASHIERING**

RANDOM NUMBERS

Select any number from the following table.

Random Number Table

.400	.369	.294	.851
.720	.324	.902	.303
.670	.553	.231	.189



Cashiering is a MANUAL sample therefore NO transaction file record layouts are provided.

REPORT DELINQUENCY

SAMPLING SPECIFICATIONS

SAMPLE SELECTION **REPORT DELINQUENCY**

There is one sample in the Report Delinquency function.

Read thoroughly the pages **(Acceptance Sample Instructions, Purpose/Intent through and including Sampling Procedures)**in Chapter V of the TPS Operations Handbook.

Options

ALL SAMPLING APPROACHES of the three suggested can be used for the sample in Report Delinquency:

1. National Office Selection Programs.

A Universe file can be created as soon as the delinquency cut off date has passed. A universe file can be created from the employer files as long as all the data needed in the transaction record defined is available. Then the two programs provided by the National Office (N.O.), Sample Determination Program (PICKNMBR) and Sample Selection Program (SAMPS061) can be used to select the samples and produce the output reports and files

SAMPLING SPECIFICATIONS

SAMPLE SELECTION **REPORT DELINQUENCY**

2. State Developed System.

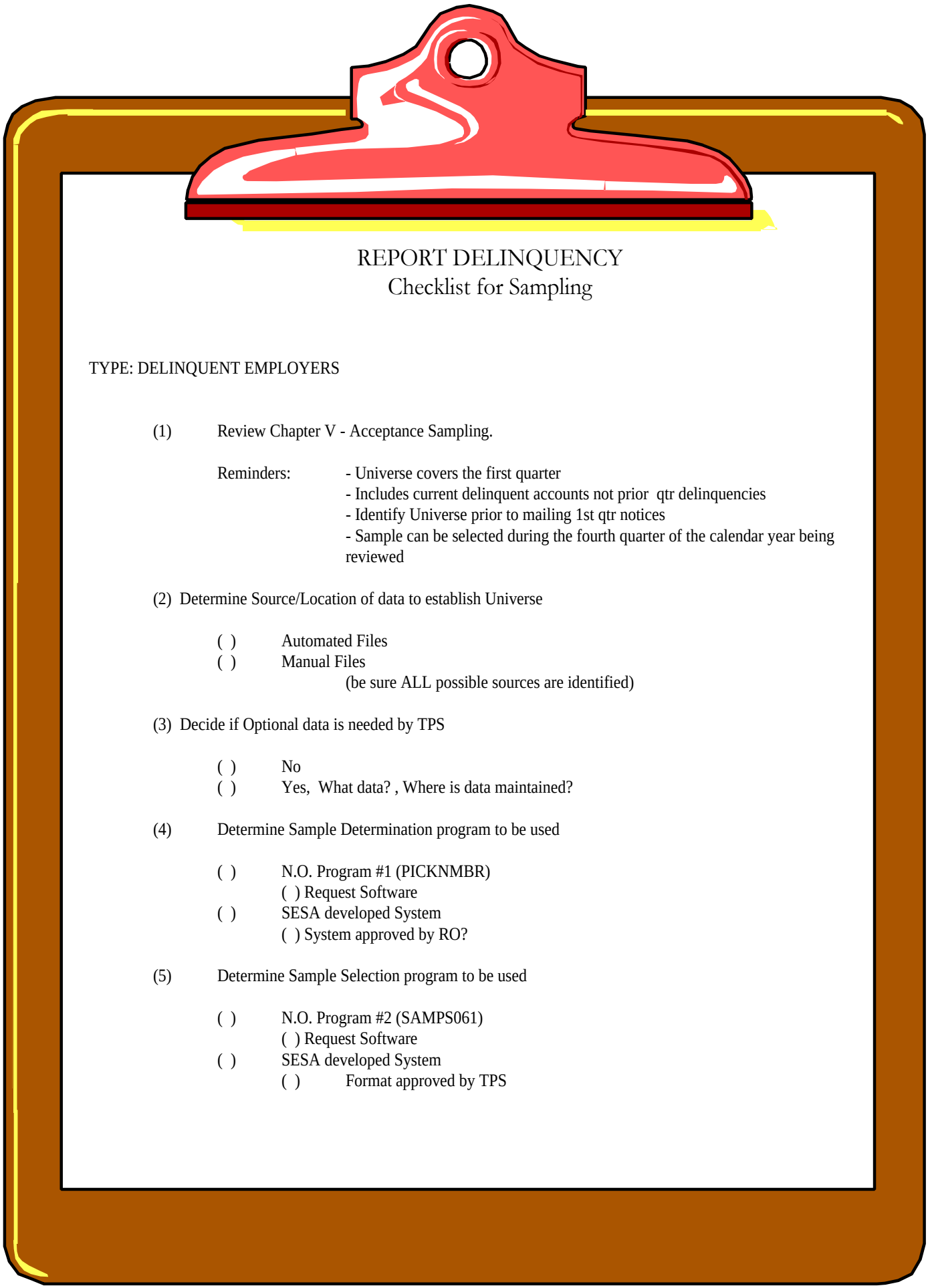
The SESA may use any other programs to select the samples and produce the reports, but **If the N.O. SAMPLE DETERMINATION PROGRAM (PICKNMBR) is not used for determining the sample selection number, the substitute program must be approved by the Regional Office.**

3. Manually.

Instructions provided for manually creating the universe, identifying the sample cases (transactions) and producing the output report should be followed.

Checklist of Tasks

The following pages are checklists of the tasks to select Report Delinquency sample.



REPORT DELINQUENCY
Checklist for Sampling

TYPE: DELINQUENT EMPLOYERS

(1) Review Chapter V - Acceptance Sampling.

Reminders:
- Universe covers the first quarter
- Includes current delinquent accounts not prior qtr delinquencies
- Identify Universe prior to mailing 1st qtr notices
- Sample can be selected during the fourth quarter of the calendar year being reviewed

(2) Determine Source/Location of data to establish Universe

( ) Automated Files
( ) Manual Files
(be sure ALL possible sources are identified)

(3) Decide if Optional data is needed by TPS

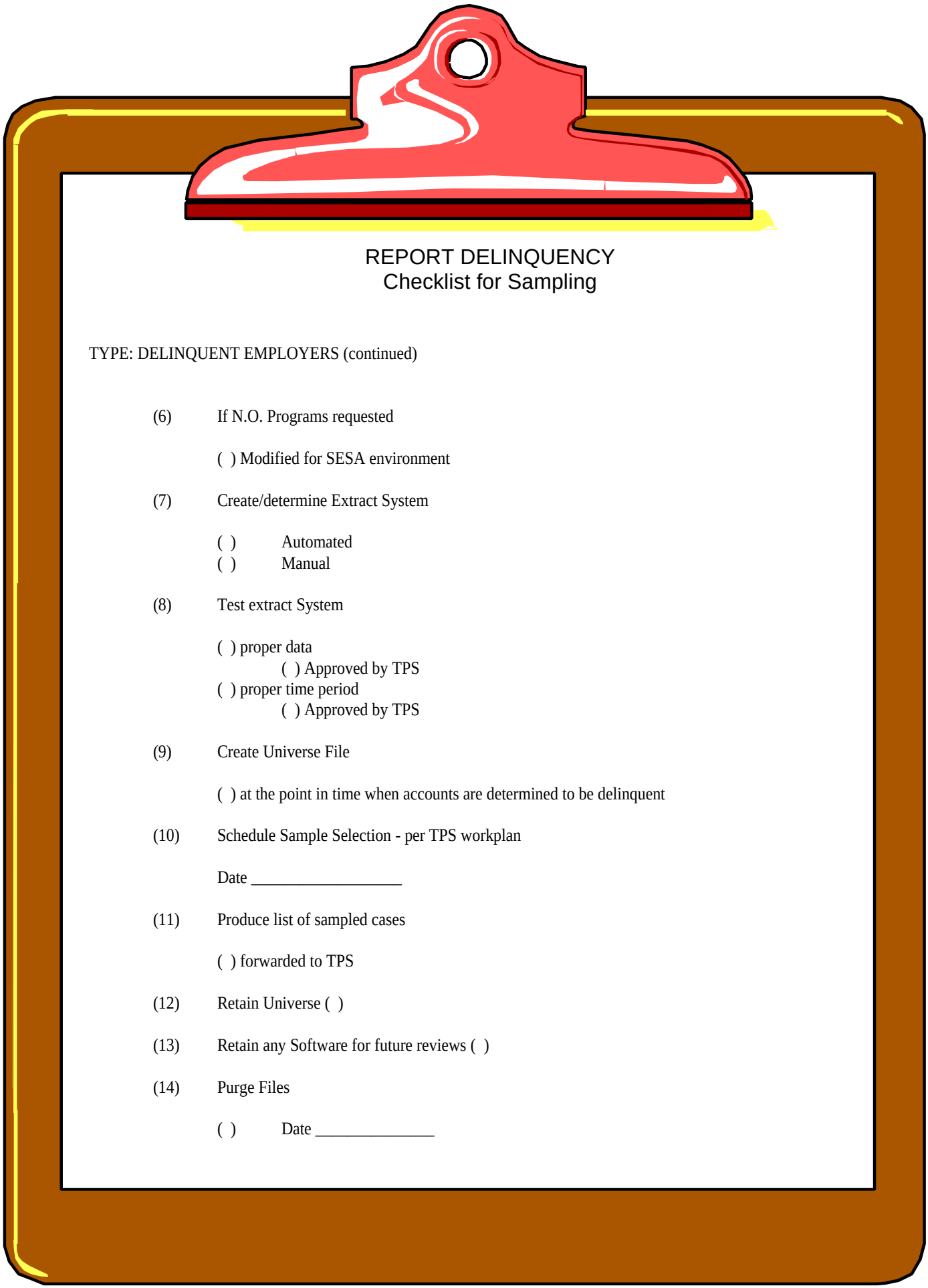
( ) No
( ) Yes, What data? , Where is data maintained?

(4) Determine Sample Determination program to be used

( ) N.O. Program #1 (PICKNMBR)
( ) Request Software
( ) SESA developed System
( ) System approved by RO?

(5) Determine Sample Selection program to be used

( ) N.O. Program #2 (SAMPS061)
( ) Request Software
( ) SESA developed System
( ) Format approved by TPS



REPORT DELINQUENCY
Checklist for Sampling

TYPE: DELINQUENT EMPLOYERS (continued)

(6) If N.O. Programs requested

( ) Modified for SESA environment

(7) Create/determine Extract System

( ) Automated
( ) Manual

(8) Test extract System

( ) proper data
( ) Approved by TPS
( ) proper time period
( ) Approved by TPS

(9) Create Universe File

( ) at the point in time when accounts are determined to be delinquent

(10) Schedule Sample Selection - per TPS workplan

Date _____

(11) Produce list of sampled cases

( ) forwarded to TPS

(12) Retain Universe ( )

(13) Retain any Software for future reviews ( )

(14) Purge Files

( ) Date _____

COBOL RECORD LAYOUTS

Report Delinquency Control Record

FIELD NAME	FIELD DESCRIPTION	FIELD POSITIONS
Record Type	5 Characters (must be set to CS061)	1 - 5
Transaction Type	1 Digit (must be 1)	6
SESA ID	2 Characters (must be Alpha FIPS)	7 - 8
Random Number	3 Digits	9 - 11
Number to be Sampled	4 Digits	12 - 15
Record Count	8 Digits	16 - 23
Sample Type	2 Characters (must be A1, A2, E1, O1, or O2)	24 - 25
Year/Quarter Selected for Review	5 Digits (YYYYQ)	26 - 30
Filler	3 Digits (must be 000)	31 - 33

COBOL RECORD LAYOUTS

Report Delinquency Control Record

(1) **Name: Record Type**

Definition:	This field is used by the sampling programs to identify the type of tax function record to be processed.
Field Size:	5 Characters
Position(s):	1 - 5
Edits:	Must be set to CS061 for Report Delinquency.

(2) **Name: Transaction Type**

Definition:	This field is used by the sampling programs to identify the type of sample selected.
Field Size:	1 digit
Position(s):	6
Edits:	This field must be 1.

(3) **Name: SESA ID**

Definition:	This field uses the FIPS Postal Code to identify the State Employment Security Agency.
Field Size:	2 Characters
Position(s):	7 - 8
Edits:	Must be the valid Alpha FIPS Postal Code assigned to the State.

COBOL RECORD LAYOUTS

Report Delinquency Control Record

(4) **Random Number**

Definition:	The number supplied by TPS-National Office for the sample selection.
Field Size:	3 Digits
Position(s):	9 - 11
Edits:	Must be a numeric greater than zero.

(5) **Number to be Sampled**

Definition:	The number of records as determined by the SESA TPS unit to be sampled from the transaction file.
Field Size:	4 Digits
Position(s):	12 - 15
Edits:	Must be a numeric greater than zero.

(6) **Record Count**

Definition:	The count of records that are contained on the transaction file (supplied by the SESA).
Field Size:	8 Digits
Position(s):	16 - 23
Edits:	Must be a numeric greater than zero.

COBOL RECORD LAYOUTS

Report Delinquency Control Record

(7) **Sample Type**

Definition: The type of sampling to be performed as determined by the SESA TPS unit.

Field Size: 2 Characters

Position(s): 24 - 25

Edits: Must be one of:

A1 - 1st Acceptance Sample
A2 - 2nd Acceptance Sample
E1 - Expanded Sample
O1 - 1st SESA Optional Sample
O2 - 2nd SESA Optional Sample

(8) **Year/Quarter Selected for Review**

Definition: The year and quarter under review.

Field Size: 5 Digits

Position(s): 26 - 30

Edits: Must be a valid year/quarter combination where:

YYYY - is between 0000 and 9999
Q - is between 1 and 4

(9) **Filler**

Definition: Additional field needed for standardized input.

Field Size: 3 Digits

Position(s): 31 - 33

Edits: This field must be 000.

COBOL RECORD LAYOUTS

Report Delinquency Transaction Record

FIELD NAME	FIELD DESCRIPTION	FIELD POSITIONS
Sequence Number	8 Digits (must be greater than 0)	1 - 8
Record Type	5 Characters (must be set to CS061)	9 - 13
Transaction Type	1 Digit (must be set to 1)	14
Selected Flag	1 Digit (must be set to 1)	15
Employer ID Number	12 Characters (must not be blank)	16 - 27
Date File Created	8 Digits (YYYYMMDD)	28 - 35
State Option	25 Characters	36 - 60

COBOL RECORD LAYOUTS

Report Delinquency Transaction Record

(1) **Name: Sequence Number**

Definition:	The sequential number assigned to this record by the SESA. This field will be used as the unique key to each record in the file.
Field Size:	8 Digits
Position(s):	1 - 8
Edits:	Must be greater than zero.

(2) **Name: Record Type**

Definition:	This field is used by the sampling programs to identify the type of tax function to be processed.
Field Size:	5 Characters
Position(s):	9 - 13
Edits:	Must be set to CS061 for Report Delinquency.

(3) **Name: Transaction Type**

Definition:	This field is used by the sampling programs to identify the type of Report Delinquency sample to be selected.
Field Size:	1 Digit
Position(s):	14
Edits:	Must be set to one.

COBOL RECORD LAYOUTS

Report Delinquency Transaction Record

(4) **Name: Selected Flag**

Definition:	This field will be changed to 2 to identify if the record has been selected as part of the sample.
Field Size:	1 Digit
Position(s):	15
Edits:	Must be set to 1.

(5) **Employer ID Number**

Definition:	The unique alphanumeric number assigned by the SESA to each employer.
Field Size:	12 Characters
Position(s):	16 - 27
Edits:	Must not be blank. Must be a valid Employer ID.

(6) **Date File Created**

Definition:	The calendar date that the transaction file was created.
Field Size:	8 Digits
Position(s):	28 - 35
Edits:	Must be a valid YYYYMMDD format where: YYYY - is between 0000 and 9999 MM - is between 01 and 12 DD - is between 01 and 31

COBOL RECORD LAYOUTS

Report Delinquency Transaction Record

(7) **State Option**

Definition:	Optional State information field
Field Size:	25 Characters
Position(s):	36 - 60
Edits:	This field may be filled with SESA specific information.

COLLECTIONS

SAMPLING SPECIFICATIONS

SAMPLE SELECTION	COLLECTIONS

There is one sample in the Collections function.

Read thoroughly the pages **(Acceptance Sample Instructions, Purpose/Intent through and including Sampling Procedures)**in Chapter VI of the TPS Operations Handbook.

Options

ALL SAMPLING APPROACHES of the three suggested can be used for the sample in Collections:

1. National Office Selection Programs.

A Universe file can be created on any date between 2/1 and 6/30, a single snapshot of that day. A universe file can be created from the employer files as long as all the data needed in the transaction record defined is available. Then the two programs provided by the National Office (N.O.), Sample Determination Program (PICKNMBR) and Sample Selection Program (SAMPS051) can be used to select the samples and produce the output reports and files

SAMPLING SPECIFICATIONS

SAMPLE SELECTION **COLLECTIONS**

2. State Developed System.

The SESA may use any other programs to select the samples and produce the reports, but **If the N.O. SAMPLE DETERMINATION PROGRAM (PICKNMBR) is not used for determining the sample selection number, the substitute program must be approved by the Regional Office.**

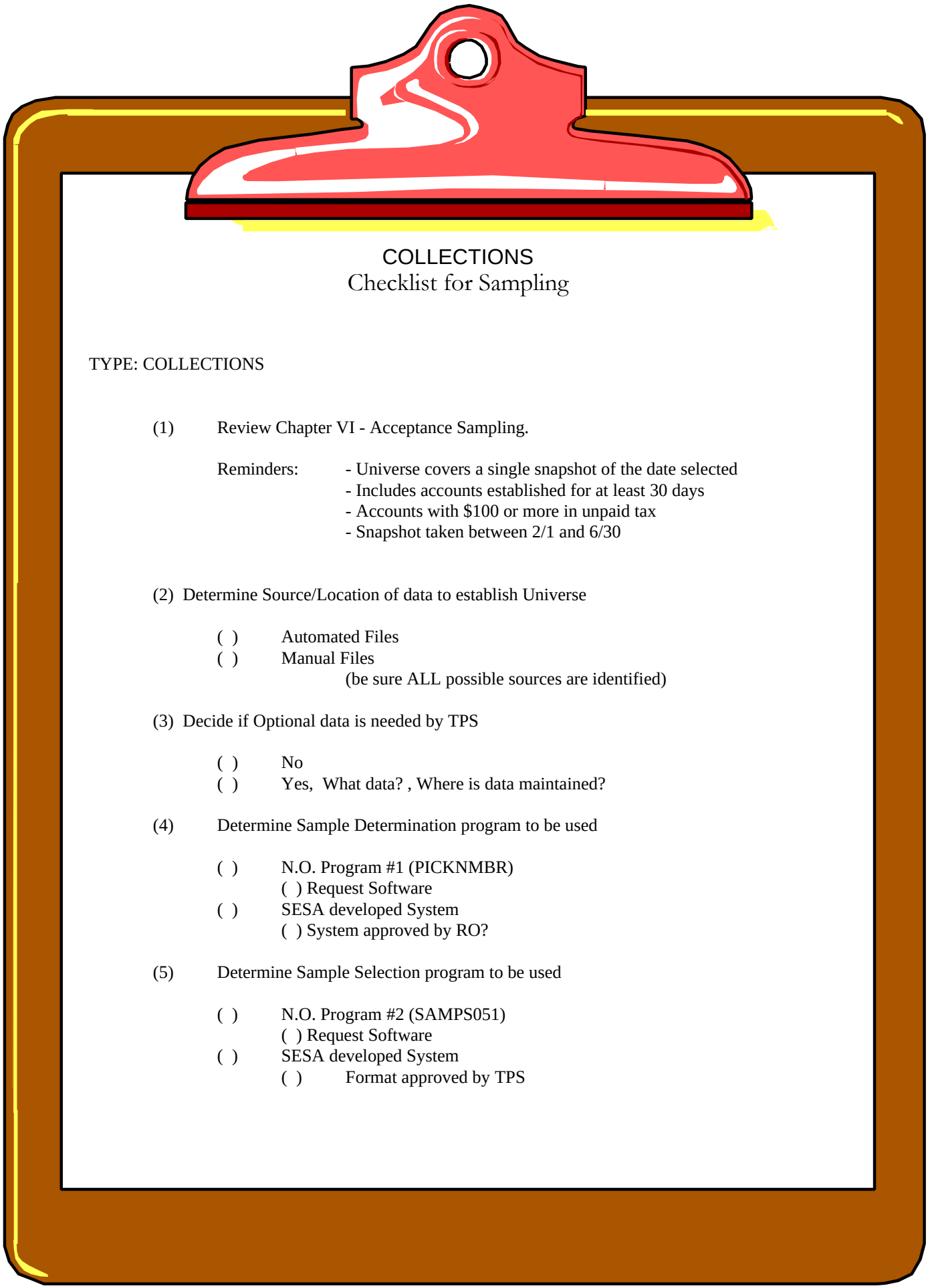
3. Manually.

Instructions provided for manually creating the universe, identifying the sample cases (transactions) and producing the output report should be followed.

Checklist of Tasks

The following pages are checklists of the tasks to select the Collections sample.

To insure a representative sample of the universe of accounts receivable, the SESA must stratify the universe by the amount of tax owed. This can be accomplished by sorting the universe file by the receivable amount owed by the employers (ascending order). Refer to the Sample Stratification explanation in the Overview section of this Appendix for more information.



COLLECTIONS
Checklist for Sampling

TYPE: COLLECTIONS

(1) Review Chapter VI - Acceptance Sampling.

Reminders:
- Universe covers a single snapshot of the date selected
- Includes accounts established for at least 30 days
- Accounts with $100 or more in unpaid tax
- Snapshot taken between 2/1 and 6/30

(2) Determine Source/Location of data to establish Universe

( ) Automated Files
( ) Manual Files
(be sure ALL possible sources are identified)

(3) Decide if Optional data is needed by TPS

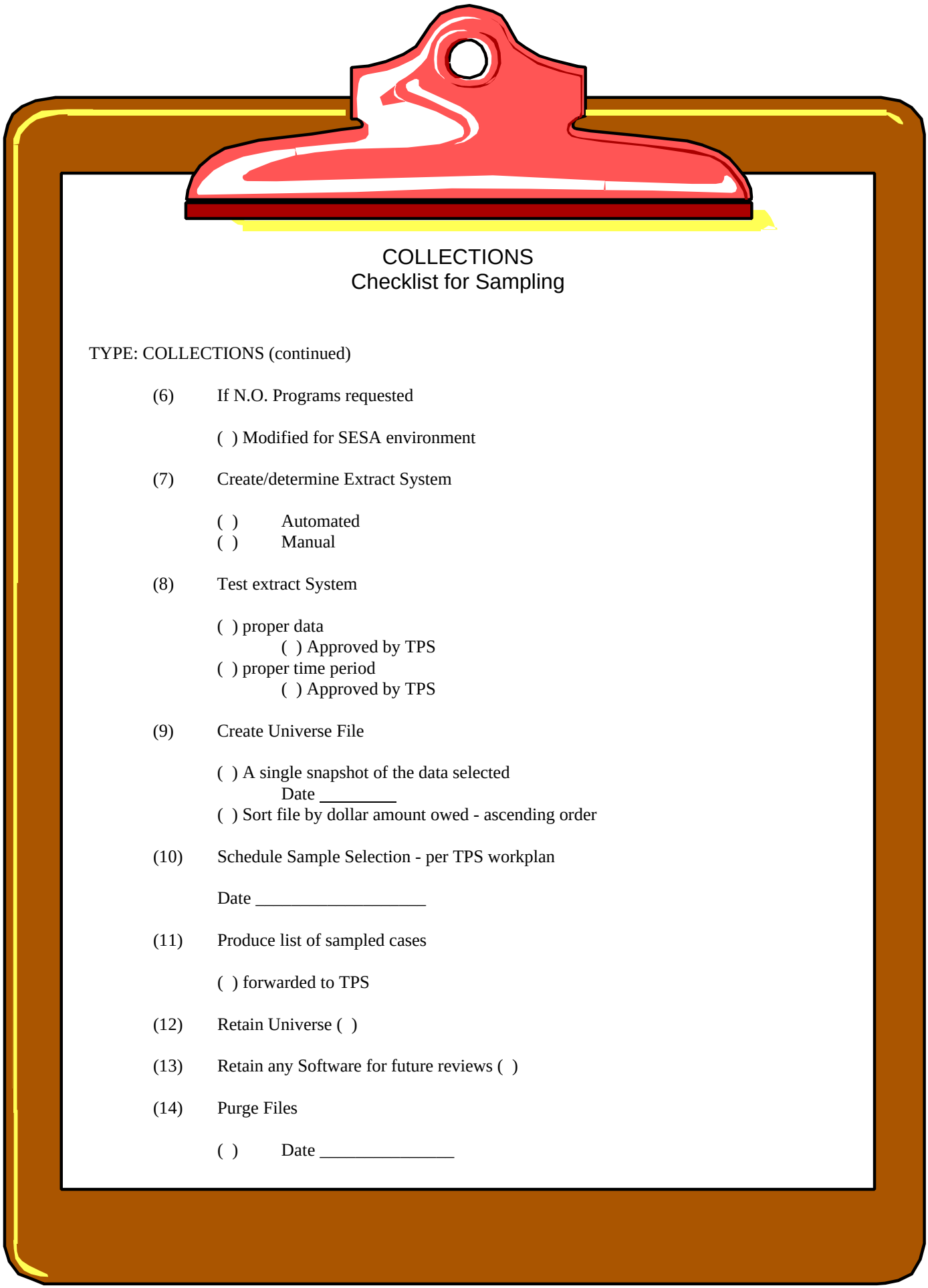
( ) No
( ) Yes, What data? , Where is data maintained?

(4) Determine Sample Determination program to be used

( ) N.O. Program #1 (PICKNMBR)
( ) Request Software
( ) SESA developed System
( ) System approved by RO?

(5) Determine Sample Selection program to be used

( ) N.O. Program #2 (SAMPS051)
( ) Request Software
( ) SESA developed System
( ) Format approved by TPS



COLLECTIONS
Checklist for Sampling

TYPE: COLLECTIONS (continued)

(6) If N.O. Programs requested

( ) Modified for SESA environment

(7) Create/determine Extract System

( ) Automated
( ) Manual

(8) Test extract System

( ) proper data
( ) Approved by TPS
( ) proper time period
( ) Approved by TPS

(9) Create Universe File

( ) A single snapshot of the data selected
Date _____
( ) Sort file by dollar amount owed - ascending order

(10) Schedule Sample Selection - per TPS workplan

Date _____

(11) Produce list of sampled cases

( ) forwarded to TPS

(12) Retain Universe ( )

(13) Retain any Software for future reviews ( )

(14) Purge Files

( ) Date _____

COBOL RECORD LAYOUTS

Collections Control Record

FIELD NAME	FIELD DESCRIPTION	FIELD POSITIONS
Record Type	5 Characters (must be set to CS051)	1 - 5
Transaction Type	1 Digit (must be 1)	6
SESA ID	2 Characters (must be Alpha FIPS)	7 - 8
Random Number	3 Digits	9 - 11
Number to be Sampled	4 Digits	12 - 15
Record Count	8 Digits	16 - 23
Sample Type	2 Characters (must be A1, A2, E1, O1, or O2)	24 - 25
Date Selected for Review	8 Digits (YYYYMMDD)	26 - 33

COBOL RECORD LAYOUTS

Collections Control Record

(1) **Name: Record Type**

Definition:	This field is used by the sampling programs to identify the type of tax function record to be processed.
Field Size:	5 Characters
Position(s):	1 - 5
Edits:	Must be set to CS051 for Collections.

(2) **Name: Transaction Type**

Definition:	This field is used by the sampling programs to identify the type of sample selected.
Field Size:	1 digit
Position(s):	6
Edits:	This field must be 1.

(3) **Name: SESA ID**

Definition:	This field uses the FIPS Postal Code to identify the State Employment Security Agency.
Field Size:	2 Characters
Position(s):	7 - 8
Edits:	Must be the valid Alpha FIPS Postal Code assigned to the State.

COBOL RECORD LAYOUTS

Collections Control Record

(4) **Random Number**

Definition:	The number supplied by TPS-National Office for the sample selection.
Field Size:	3 Digits
Position(s):	9 - 11
Edits:	Must be a numeric greater than zero.

(5) **Number to be Sampled**

Definition:	The number of records as determined by the SESA TPS unit to be sampled from the transaction file.
Field Size:	4 Digits
Position(s):	12 - 15
Edits:	Must be a numeric greater than zero.

(6) **Record Count**

Definition:	The count of records that are contained on the transaction file (supplied by the SESA).
Field Size:	8 Digits
Position(s):	16 - 23
Edits:	Must be a numeric greater than zero.

COBOL RECORD LAYOUTS

Collections Control Record

(7) **Sample Type:**

Definition: The type of sampling to be performed as determined by the SESA TPS unit.

Field Size: 2 Characters

Position(s): 24 - 25

Edits: Must be one of:

A1 - 1st Acceptance Sample
A2 - 2nd Acceptance Sample
E1 - Expanded Sample
O1 - 1st SESA Optional Sample
O2 - 2nd SESA Optional Sample

(8) **Date Selected for Review**

Definition: The calendar date that the transaction file was created by the SESA.

Field Size: 8 Digits

Position(s): 26 - 33

Edits: Must be a valid YYYYMMDD date combination where:

YYYY - is between 0000 and 9999
MM - is between 01 and 12
DD - is between 01 and 31

COBOL RECORD LAYOUTS

Collections Transaction Record

FIELD NAME	FIELD DESCRIPTION	FIELD POSITIONS
Sequence Number	8 Digits (must be greater than 0)	1 - 8
Record Type	5 Characters (must be set to CS051)	9 - 13
Transaction Type	1 Digit (must be set to 1)	14
Selected Flag	1 Digit (must be set to 1)	15
Employer ID Number	12 Characters (must not be blank)	16 - 27
Dollar Amount Due	11 Digits	28 - 38
Date File Created	8 Digits (YYYYMMDD)	39 - 46
State Option	25 Characters	47 - 71

COBOL RECORD LAYOUTS

Collections
Transaction Record

(1) **Name: Sequence Number**

Definition:	The sequential number assigned to this record by the SESA. This field will be used as the unique key to each record in the file.
Field Size:	8 Digits
Position(s):	1 - 8
Edits:	Must be greater than zero.

(2) **Name: Record Type**

Definition:	This field is used by the sampling programs to identify the type of tax function to be processed.
Field Size:	5 Characters
Position(s):	9 - 13
Edits:	Must be set to CS051 for Collections.

(3) **Name: Transaction Type**

Definition:	This field is used by the sampling programs to identify the type of Collections sample to be selected.
Field Size:	1 Digit
Position(s):	14
Edits:	Must be set to 1.

COBOL RECORD LAYOUTS

Collections Transaction Record

(4) **Name: Selected Flag**

Definition:	This field will be changed to 2 to identify if the record has been selected as part of the sample.
Field Size:	1 Digit
Position(s):	15
Edits:	Must be set to 1.

(5) **Employer ID Number**

Definition:	The unique alphanumeric number assigned by the SESA to each employer.
Field Size:	12 Characters
Position(s):	16 - 27
Edits:	Must not be blank. Must be a valid Employer ID.

(6) **Dollar Amount Due**

Definition:	The amount of money owed by the employer.
Field Size:	11 Digits
Position(s):	28 - 38
Edits:	Whole Dollars. Must be greater than $99.

COBOL RECORD LAYOUTS

Collections
Transaction Record

(7) **Date File Created**

Definition:	The calendar date that the transaction file was created by the SESA.
Field Size:	8 Digits
Position(s):	39 - 46
Code Scheme:	YYYYMMDD
Edits:	Must be a valid YYYYMMDD format where: YYYY - is between 0000 and 9999 MM - is between 01 and 12 DD - is between 01 and 31

(8) **State Option**

Definition:	Optional State information field.
Field Size:	25 Characters
Position(s):	47 - 71
Edits:	This field may be filled with SESA specific information.

FIELD AUDIT

SAMPLING SPECIFICATIONS

SAMPLE SELECTION **FIELD AUDIT**

There is one sample in the Field Audit function.

Read thoroughly the pages **(Acceptance Sample Instructions, Purpose/Intent through and including Sampling Procedures)** in Chapter VII of the TPS Operations Handbook**.**

Options

ALL THREE SAMPLING APPROACHES of the those suggested can be used for the sample in Field Audit:

1. **National Office Sampling Programs.**

If the entry of completed audits is computerized, a universe file can be created as data is entered or from daily transaction files as long as all the data needed in the transaction record defined is available. Then the two programs provided by the National Office (N.O.), Sample Determination Program (PICKNMBR) and Sample Selection Program (SAMPS031) can be used to select the sample and produce the output reports and files.

2. **State Developed System**.

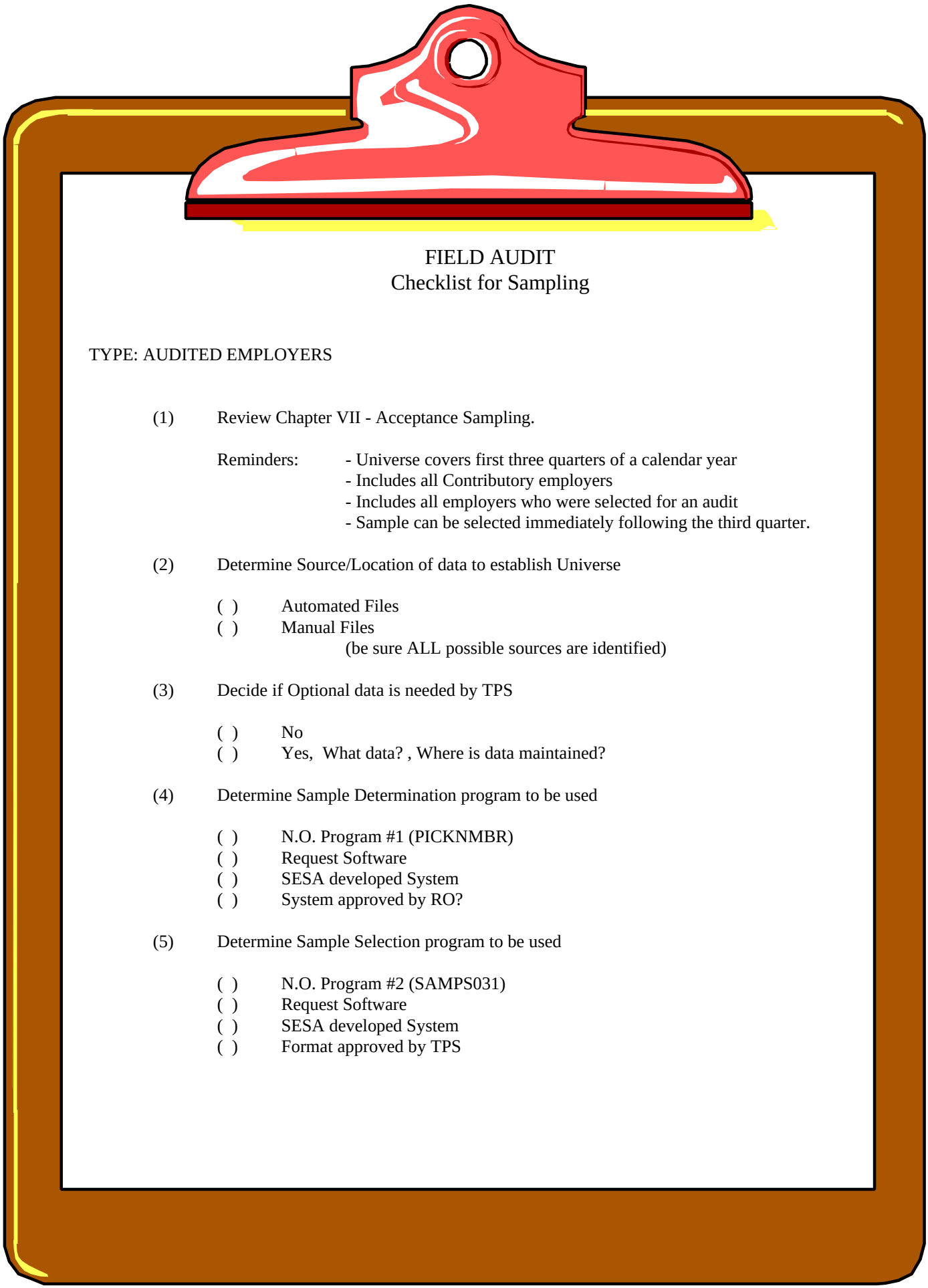
The SESA may use any other programs to select the samples and produce the reports, but **if the N.O. SAMPLE DETERMINATION PROGRAM (PICKNMBR) is not used for determining the sample selection number, the substitute program must be approved by the Regional Office.**

3. **Manually**.

Instructions provided for manually creating the universe, identifying the sample cases (transactions) and producing the output report should be followed.

Checklist of Tasks

The following pages are checklists of the tasks to select Field Audit sample.



FIELD AUDIT
Checklist for Sampling

TYPE: AUDITED EMPLOYERS

(1) Review Chapter VII - Acceptance Sampling.

Reminders:
- Universe covers first three quarters of a calendar year
- Includes all Contributory employers
- Includes all employers who were selected for an audit
- Sample can be selected immediately following the third quarter.

(2) Determine Source/Location of data to establish Universe

( ) Automated Files
( ) Manual Files
(be sure ALL possible sources are identified)

(3) Decide if Optional data is needed by TPS

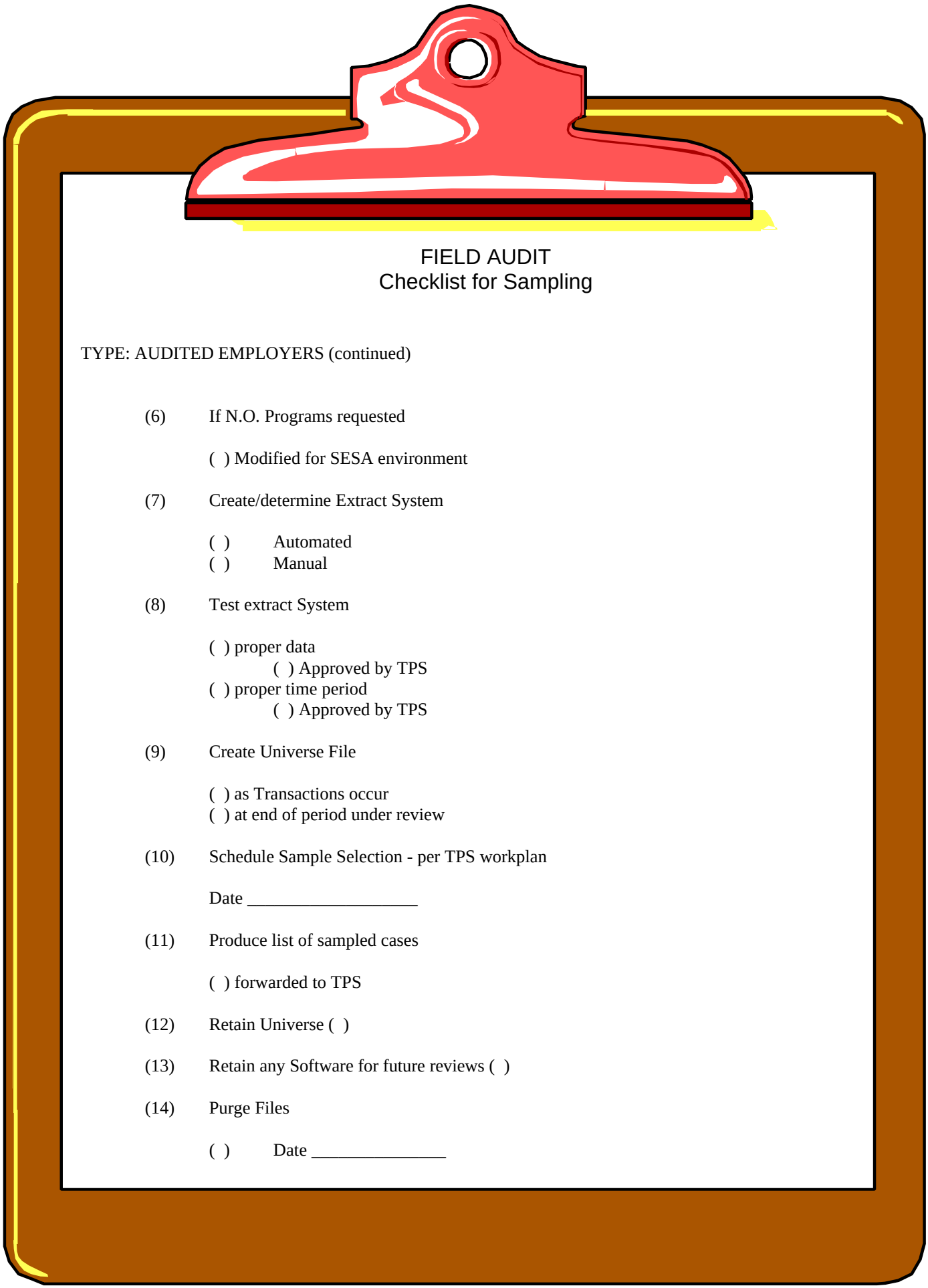
( ) No
( ) Yes, What data? , Where is data maintained?

(4) Determine Sample Determination program to be used

( ) N.O. Program #1 (PICKNMBR)
( ) Request Software
( ) SESA developed System
( ) System approved by RO?

(5) Determine Sample Selection program to be used

( ) N.O. Program #2 (SAMPS031)
( ) Request Software
( ) SESA developed System
( ) Format approved by TPS



FIELD AUDIT
Checklist for Sampling

TYPE: AUDITED EMPLOYERS (continued)

(6) If N.O. Programs requested

( ) Modified for SESA environment

(7) Create/determine Extract System

( ) Automated
( ) Manual

(8) Test extract System

( ) proper data
( ) Approved by TPS
( ) proper time period
( ) Approved by TPS

(9) Create Universe File

( ) as Transactions occur
( ) at end of period under review

(10) Schedule Sample Selection - per TPS workplan

Date _____

(11) Produce list of sampled cases

( ) forwarded to TPS

(12) Retain Universe ( )

(13) Retain any Software for future reviews ( )

(14) Purge Files

( ) Date _____

COBOL RECORD LAYOUTS

Field Audit Control Record

FIELD NAME	FIELD DESCRIPTION	FIELD POSITIONS
Record Type	5 Characters (must be set to CS031)	1 - 5
Transaction Type	1 Digit (must equal 1)	6
SESA ID	2 Characters (must be Alpha FIPS)	7 - 8
Random Number	3 Digits	9 - 11
Number to be Sampled	4 Digits	12 - 15
Record Count	8 Digits	16 - 23
Sample Type	2 Characters (must be A1, A2, E1, O1, or O2)	24 - 25
Year Selected for Review	4 Digits (YYYY)	26 - 29
Filler	4 Digits (must be 0000)	30 - 33

COBOL RECORD LAYOUTS

Field Audit Control Record

(1) **Name: Record Type**

Definition:	This field is used by the sampling programs to identify the type of tax function record to be processed.
Field Size:	5 Characters
Position(s):	1 - 5
Edits:	Must be set to CS031 for Field Audit.

(2) **Name: Transaction Type**

Definition:	This field is used by the sampling programs to identify the type of sample selected.
Field Size:	1 Digit
Position(s):	6
Edits:	This field must be 1

(3) **Name: SESA ID**

Definition:	This field uses the FIPS Postal Code to identify the State Employment Security Agency.
Field Size:	2 Characters
Position(s):	7 - 8
Edits:	Must be the valid Alpha FIPS Postal Code assigned to the State.

COBOL RECORD LAYOUTS

Field Audit Control Record

(4) **Random Number**

Definition:	The number supplied by TPS-National Office for the sample selection.
Field Size:	3 Digits
Position(s):	9 - 11
Edits:	Must be a numeric greater than zero.

(5) **Number to be Sampled**

Definition:	The number of records as determined by the SESA TPS unit to be sampled from the transaction file.
Field Size:	4 Digits
Position(s):	12 - 15
Edits:	Must be a numeric greater than zero.

(6) **Record Count**

Definition:	The count of records that are contained on the transaction file (supplied by the SESA).
Field Size:	8 Digits
Position(s):	16 - 23
Edits:	Must be a numeric greater than zero.

COBOL RECORD LAYOUTS

Field Audit Control Record

(7) **Sample Type**

Definition: The type of sampling to be performed as determined by the SESA TPS unit.

Field Size: 2 Characters

Position(s): 24 - 25

Edits: Must be one of:

A1 - 1st Acceptance Sample
A2 - 2nd Acceptance Sample
E1 - Expanded Sample
O1 - 1st SESA Optional Sample
O2 - 2nd SESA Optional Sample

(8) **Year Selected for Review**

Definition: The year under review.

Field Size: 4 Digits

Position(s): 26 - 29

Edits: Must be a valid year combination where:

YYYY - is between 0000 and 9999

(9) **Filler**

Definition: Additional field needed for standardized input.

Field Size: 4 Digits

Position(s): 30 - 33

Edits: This field must be 0000.

COBOL RECORD LAYOUTS

Field Audit Transaction Record

FIELD NAME	FIELD DESCRIPTION	FIELD POSITIONS
Sequence Number	8 Digits (must be greater than 0)	1 - 8
Record Type	5 Characters (must be set to CS031)	9 - 13
Transaction Type	1 Digit (must equal 1)	14
Selected Flag	1 Digit (must be set to 1)	15
Employer ID Number	12 Characters (must not be blank)	16 - 27
Date Completed	8 Digits (YYYYMMDD)	28 - 35
State Option	25 Characters	36 - 60

COBOL RECORD LAYOUTS

Field Audit Transaction Record

(1) **Name: Sequence Number**

Definition:	The sequential number assigned to this record by the SESA. This field will be used as the unique key to each record in the file.
Field Size:	8 Digits
Position(s):	1 - 8
Edits:	Must be greater than zero.

(2) **Name: Record Type**

Definition:	This field is used by the sampling programs to identify the type of tax function to be processed.
Field Size:	5 Characters
Position(s):	9 - 13
Edits:	Must be set to CS031 for Field Audit.

(3) **Name: Transaction Type**

Definition:	This field is used by the sampling programs to identify the type sample selected.
Field Size:	1 Digit
Position(s):	14
Edits:	Must be set to 1

COBOL RECORD LAYOUTS

Field Audit Transaction Record

(4) **Name: Selected Flag**

Definition:	This field will be changed to 2 to identify if the record has been selected as part of the sample.
Field Size:	1 Digit
Position(s):	15
Edits:	Must be set to 1.

(5) **Employer ID Number**

Definition:	The unique alphanumeric number assigned by the SESA to each employer.
Field Size:	12 Characters
Position(s):	16 - 27
Edits:	Must not be blank. Must be a valid Employer ID.

(6) **Date Completed**

Definition:	Date on which the audit was completed.
Field Size:	8 Digits
Position(s):	28 - 35
Edits:	Must be a valid YYYYMMDD format where: YYYY - is between 00 and 99 MM - is between 01 and 12 DD - is between 01 and 31

COBOL RECORD LAYOUTS

Field Audit Transaction Record

(7) **State Option**

Definition:	Optional State information field.
Field Size:	25 Characters
Position(s):	36 - 60
Edits:	This field may be filled with SESA specific information.

CONTRIBUTION REPORT PROCESSING

SAMPLING SPECIFICATIONS

SAMPLE SELECTION **CONTRIBUTION REPORT PROCESSING**

There is one sample in the Contribution Report Processing Component of the Account Maintenance function.

Read thoroughly the pages **(Contribution Report Processing, Acceptance Sample Instructions, Purpose/Intent through and including Sampling Procedures)** in Chapter VIII of the TPS Operations Handbook.

Options

ALL SAMPLING APPROACHES of the three suggested can be used for the sample in Contribution Report Processing:

1. National Office Selection Programs.

A Universe file can be created on any date between 1/31 and 3/31, a single snapshot of the day selected. A universe file can be created from the employer files as long as all the data needed in the transaction record defined is available. Then the two programs provided by the National Office (N.O.), Sample Determination Program (PICKNMBR) and Sample Selection Program (SAMPS041) can be used to select the samples and produce the output reports and files

SAMPLING SPECIFICATIONS

SAMPLE SELECTION	CONTRIBUTION REPORT PROCESSING

2. State Developed System.

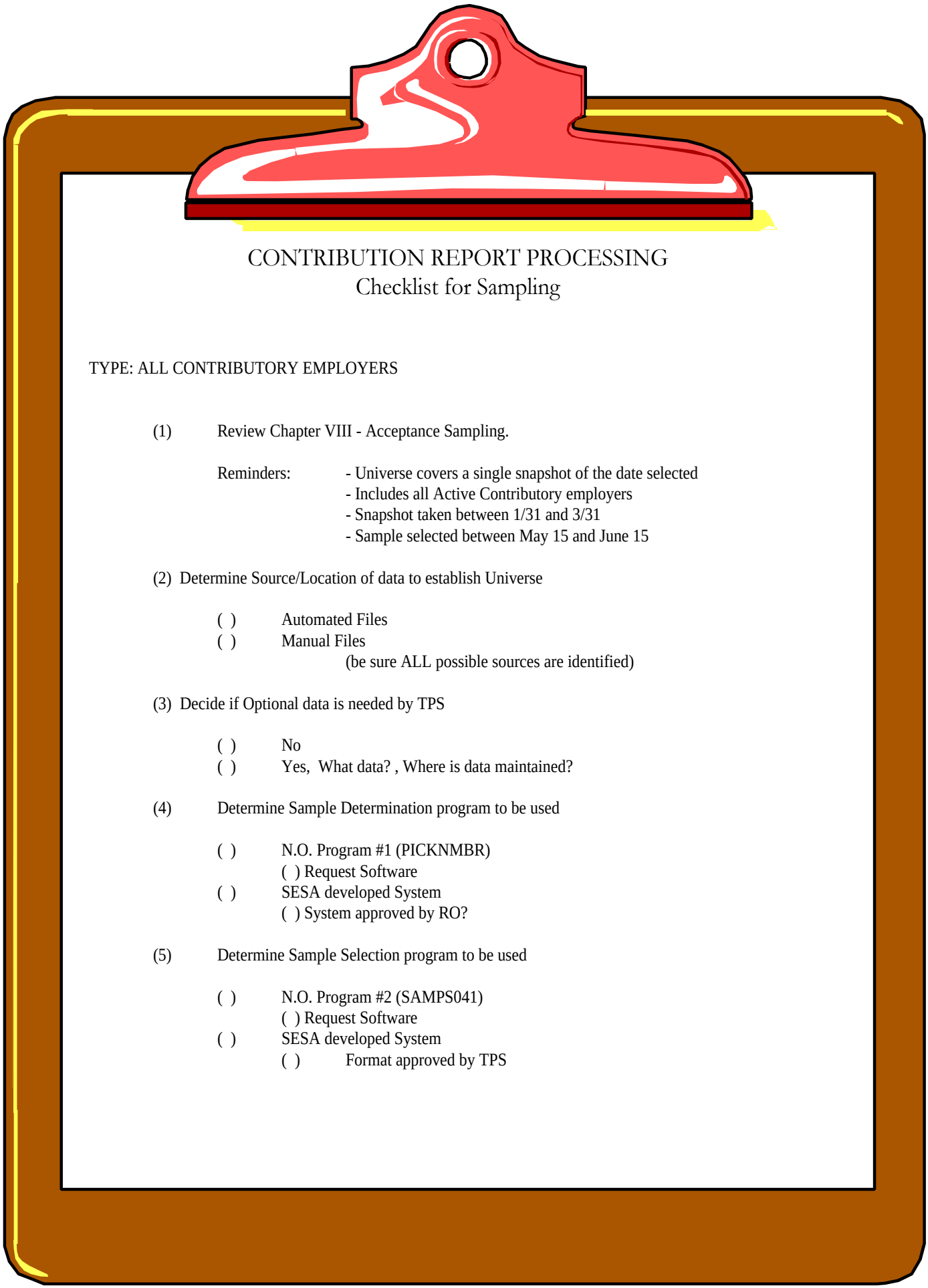
The SESA may use any other programs to select the samples and produce the reports, but **If the N.O. SAMPLE DETERMINATION PROGRAM (PICKNMBR) is not used for determining the sample selection number, the substitute program must be approved by the Regional Office.**

3. Manually.

Instructions provided for manually creating the universe, identifying the sample cases (transactions) and producing the output report should be followed.

Checklist of Tasks

The following pages are checklists of the tasks to select the Contribution Reports Processing sample.



CONTRIBUTION REPORT PROCESSING
Checklist for Sampling

TYPE: ALL CONTRIBUTORY EMPLOYERS

(1) Review Chapter VIII - Acceptance Sampling.

Reminders:
- Universe covers a single snapshot of the date selected
- Includes all Active Contributory employers
- Snapshot taken between 1/31 and 3/31
- Sample selected between May 15 and June 15

(2) Determine Source/Location of data to establish Universe

( ) Automated Files
( ) Manual Files
(be sure ALL possible sources are identified)

(3) Decide if Optional data is needed by TPS

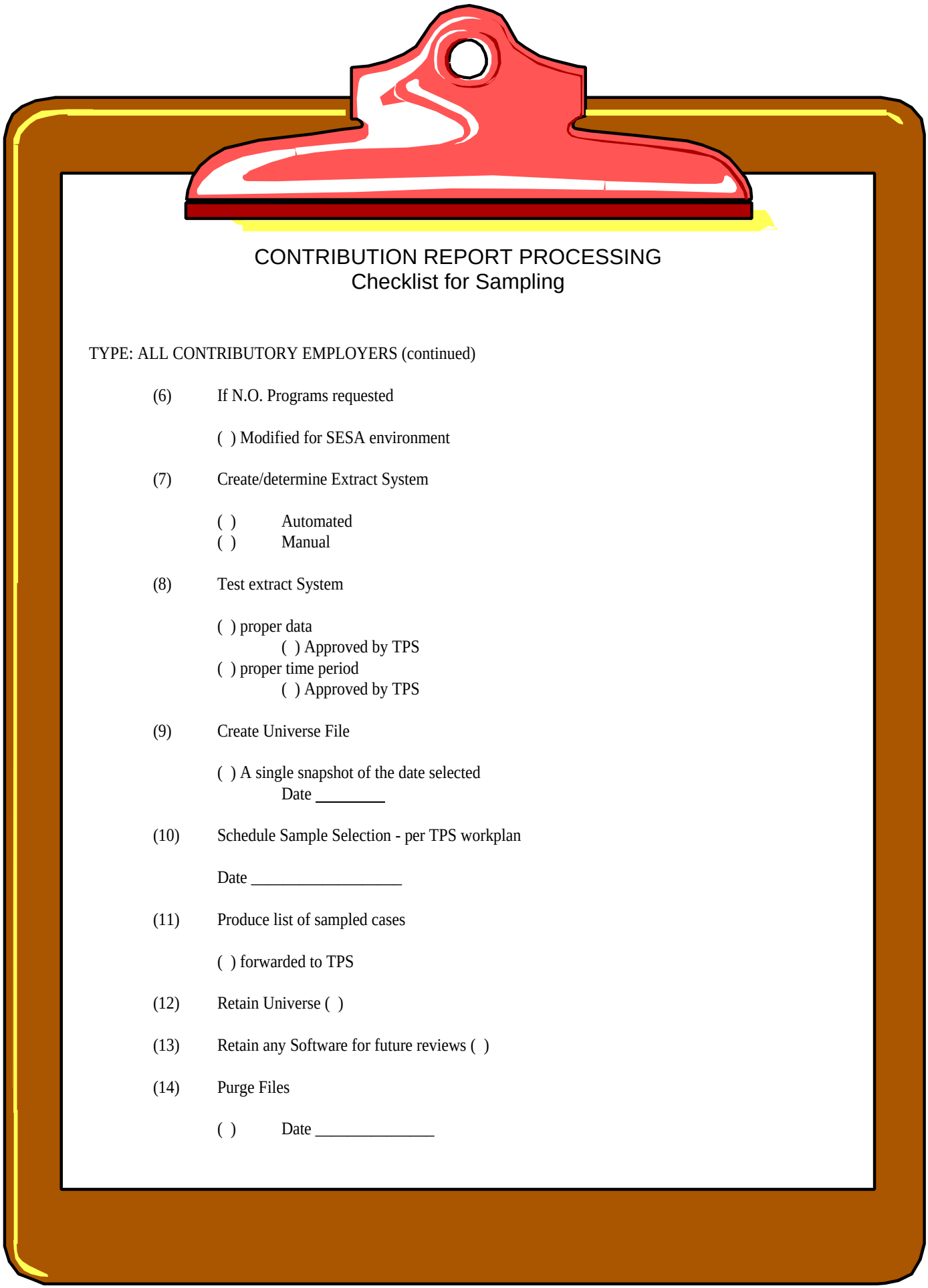
( ) No
( ) Yes, What data? , Where is data maintained?

(4) Determine Sample Determination program to be used

( ) N.O. Program #1 (PICKNMBR)
( ) Request Software
( ) SESA developed System
( ) System approved by RO?

(5) Determine Sample Selection program to be used

( ) N.O. Program #2 (SAMPS041)
( ) Request Software
( ) SESA developed System
( ) Format approved by TPS



CONTRIBUTION REPORT PROCESSING
Checklist for Sampling

TYPE: ALL CONTRIBUTORY EMPLOYERS (continued)

(6) If N.O. Programs requested

( ) Modified for SESA environment

(7) Create/determine Extract System

( ) Automated
( ) Manual

(8) Test extract System

( ) proper data
( ) Approved by TPS
( ) proper time period
( ) Approved by TPS

(9) Create Universe File

( ) A single snapshot of the date selected
Date _____

(10) Schedule Sample Selection - per TPS workplan

Date _____

(11) Produce list of sampled cases

( ) forwarded to TPS

(12) Retain Universe ( )

(13) Retain any Software for future reviews ( )

(14) Purge Files

( ) Date _____

COBOL RECORD LAYOUTS

Contribution Report Control Record

FIELD NAME	FIELD DESCRIPTION	FIELD POSITIONS
Record Type	5 Characters (must be set to CS041)	1 - 5
Transaction Type	1 Digit (must be 1)	6
SESA ID	2 Characters (must be Alpha FIPS)	7 - 8
Random Number	3 Digits	9 - 11
Number to be Sampled	4 Digits	12 - 15
Record Count	8 Digits	16 - 23
Sample Type	2 Characters (must be A1, A2, E1, O1, or O2)	24 - 25
Year/Quarter Selected for Review	5 Digits (YYYYQ)	26 - 30
Filler	3 Digits (must be 000)	31 - 33

COBOL RECORD LAYOUTS

Contribution Report Control Record

(1) **Name: Record Type**

Definition:	This field is used by the sampling programs to identify the type of tax function record to be processed.
Field Size:	5 Characters
Position(s):	1 - 5
Edits:	Must be set to CS041 for Contribution Report.

(2) **Name: Transaction Type**

Definition:	This field is used by the sampling programs to identify the type of sample selected.
Field Size:	1 digit
Position(s):	6
Edits:	Must be 1.

(3) **Name: SESA ID**

Definition:	This field uses the FIPS Postal Code to identify the State Employment Security Agency.
Field Size:	2 Characters
Position(s):	7 - 8
Edits:	Must be the valid Alpha FIPS Postal Code assigned to the State.

COBOL RECORD LAYOUTS

Contribution Report Control Record

(4) **Random Number**

Definition:	The number supplied by TPS-National Office for the sample selection.
Field Size:	3 Digits
Position(s):	9 - 11
Edits:	Must be a numeric greater than zero.

(5) **Number to be Sampled**

Definition:	The number of records as determined by the SESA TPS unit to be sampled from the transaction file.
Field Size:	4 Digits
Position(s):	12 - 15
Edits:	Must be a numeric greater than zero.

(6) **Record Count**

Definition:	The count of records that are contained on the transaction file (supplied by the SESA).
Field Size:	8 Digits
Position(s):	16 - 23
Edits:	Must be a numeric greater than zero.

COBOL RECORD LAYOUTS

Contribution Report Control Record

(7) **Sample Type**

Definition: The type of sampling to be performed as determined by the SESA TPS unit.

Field Size: 2 Characters

Position(s): 24 - 25

Edits: Must be one of:

A1 - 1st Acceptance Sample
A2 - 2nd Acceptance Sample
E1 - Expanded Sample
O1 - 1st SESA Optional Sample
O2 - 2nd SESA Optional Sample

(8) **Year/Quarter Selected for Review**

Definition: The year and quarter under review.

Field Size: 5 Digits

Position(s): 26 - 30

Edits: Must be a valid year/quarter combination where:

YYYY - is between 0000 and 9999
Q - is between 1 and 4

COBOL RECORD LAYOUTS

Contribution Report Control Record

(9) **Filler**

Definition:	Additional field needed for standardized input.
Field Size:	3 Digits
Position(s):	31 - 33
Edits:	This field must be 000.

COBOL RECORD LAYOUTS

Contribution Report Transaction Record

FIELD NAME	FIELD DESCRIPTION	FIELD POSITIONS
Sequence Number	8 Digits (must be greater than 0)	1 - 8
Record Type	5 Characters (must be set to CS041)	9 - 13
Transaction Type	1 Digit (must be set to 1)	15
Selected Flag	1 Digit (must be set to 1)	16
Employer ID Number	12 Characters (must not be blank)	17 - 27
Date File Created	8 Digits (YYYYMMDD)	28 - 35
State Option	25 Characters	36 - 60

COBOL RECORD LAYOUTS

Contribution Report Transaction Record

(1) **Name: Sequence Number**

Definition:	The sequential number assigned to this record by the SESA. This field will be used as the unique key to each record in the file.
Field Size:	8 Digits
Position(s):	1 - 8
Edits:	Must be greater than zero.

(2) **Name: Record Type**

Definition:	This field is used by the sampling programs to identify the type of tax function to be processed.
Field Size:	5 Characters
Position(s):	9 - 13
Edits:	Must be set to CS041 for Contribution Report Processing.

(3) **Name: Transaction Type**

Definition:	This field is used by the sampling programs to identify the type of Contribution Report sample to be selected.
Field Size:	1 Digit
Position(s):	14
Edits:	Must be set to 1.

COBOL RECORD LAYOUTS

Contribution Report Transaction Record

(4) **Name: Selected Flag**

Definition:	This field will be changed to 2 to identify if the record has been selected as part of the sample.
Field Size:	1 Digit
Position(s):	15
Edits:	Must be set to 1.

(5) **Employer ID Number** The unique alphanumeric number assigned by the SESA to each employer. (For this file only: include only active employers at the time the file was created.)

Field Size:	12 Characters
Position(s):	16 - 27
Edits:	Must not be blank. Must be a valid Employer ID.

(6) **Date File Created**

Definition:	The calendar date that the transaction file was created by the SESA.
Field Size:	8 Digits
Position(s):	28 - 35
Edits:	Must be a valid YYYYMMDD format where: YYYY - is between 00 and 99 MM - is between 01 and 12 DD - is between 01 and 31

COBOL RECORD LAYOUTS

Contribution Report Transaction Record

(7) **State Option**

Definition:	Optional State information field.
Field Size:	25 Characters
Position(s):	36 - 60
Edits:	This field may be filled with SESA specific information.

DEBITS/BILLINGS

SAMPLING SPECIFICATIONS

SAMPLE SELECTION **DEBITS/BILLINGS**

There are two separate samples in the Debits/Billings Component of the Account Maintenance function: one each for contributory employers and reimbursing employers.

Read thoroughly the pages **(Employer Debits/Billings, Acceptance Sample Instructions, Purpose/Intent through and including Sampling Procedures)** in Chapter VIII of the TPS Operations Handbook.

Options

ALL SAMPLING APPROACHES of the three suggested can be used for the samples in Debits/Billings:

1. National Office Selection Programs.

Universe files can be created after the processing period for the quarter under review. Universe files can be created from the employer files as long as all the data needed in the transaction record defined is available. Then the two programs provided by the National Office (N.O.), Sample Determination Program (PICKNMBR) and Sample Selection Program (SAMPS042) can be used to select the samples and produce the output reports and files

2. State Developed System.

The SESA may use any other programs to select the samples and produce the reports, but **If the N.O. SAMPLE DETERMINATION PROGRAM (PICKNMBR) is not used for determining the sample selection number, the substitute program must be approved by the R.O.**

SAMPLING SPECIFICATIONS

SAMPLE SELECTION **DEBITS/BILLINGS**

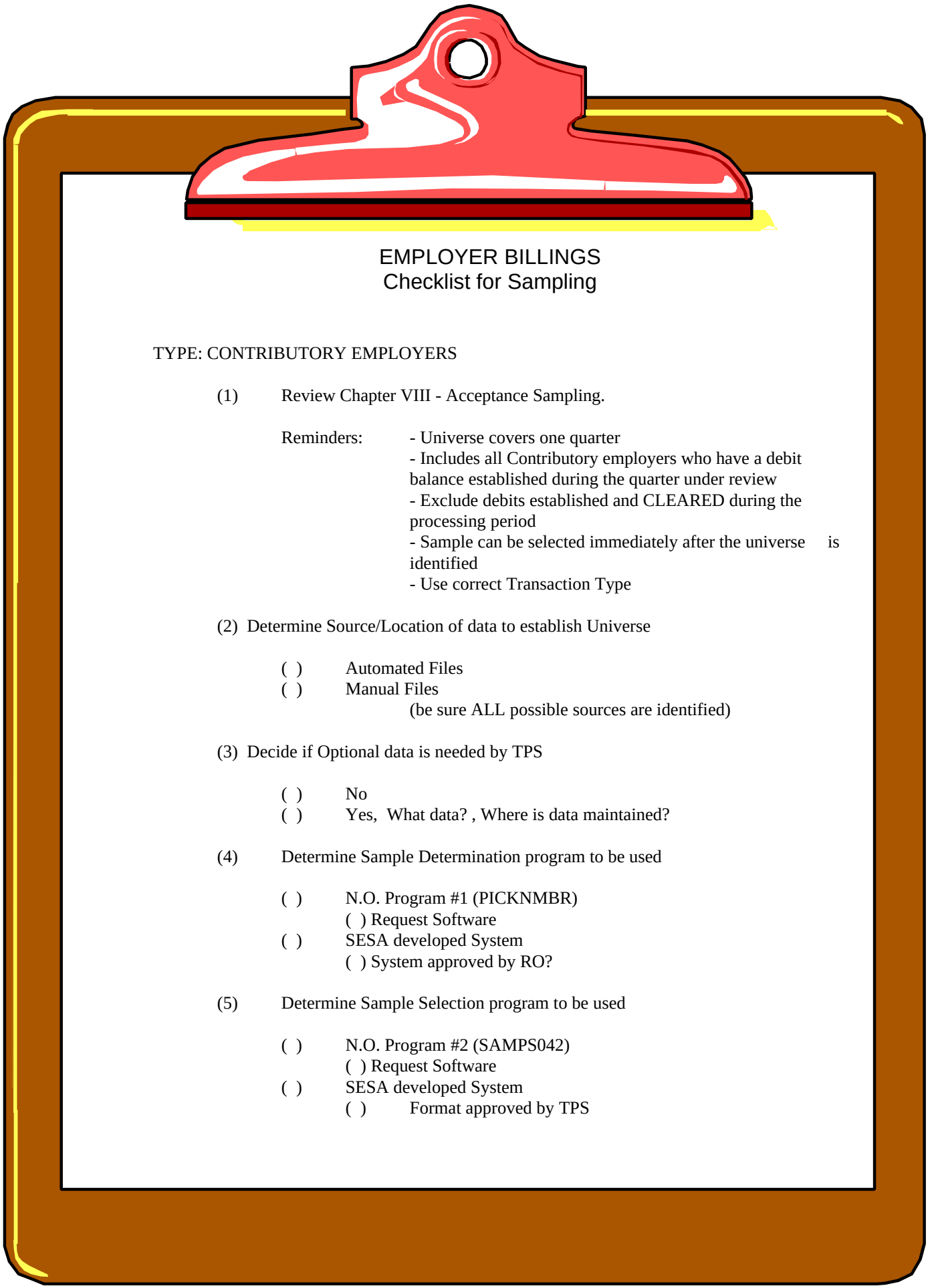
3. Manually.

Instructions provided for manually creating the universes, identifying the samples cases (transactions) and producing the output report should be followed.

Checklist of Tasks

The following pages are checklists of the tasks to select the Debits/Billings Reports Processing sample.

To create the universe of transactions for Debit/Billings, it might be easier for the SESA to collect every employer account that has a non-zero balance that was established during the particular processing period under review. After these accounts have been collected, the SESA can split the accounts into the Universe for debit accounts and the Universe for credit accounts, thereby eliminating the need to collect the same type of data twice.



EMPLOYER BILLINGS
Checklist for Sampling

TYPE: CONTRIBUTORY EMPLOYERS

(1) Review Chapter VIII - Acceptance Sampling.

Reminders:
- Universe covers one quarter
- Includes all Contributory employers who have a debit balance established during the quarter under review
- Exclude debits established and CLEARED during the processing period
- Sample can be selected immediately after the universe is identified
- Use correct Transaction Type

(2) Determine Source/Location of data to establish Universe

( ) Automated Files
( ) Manual Files
(be sure ALL possible sources are identified)

(3) Decide if Optional data is needed by TPS

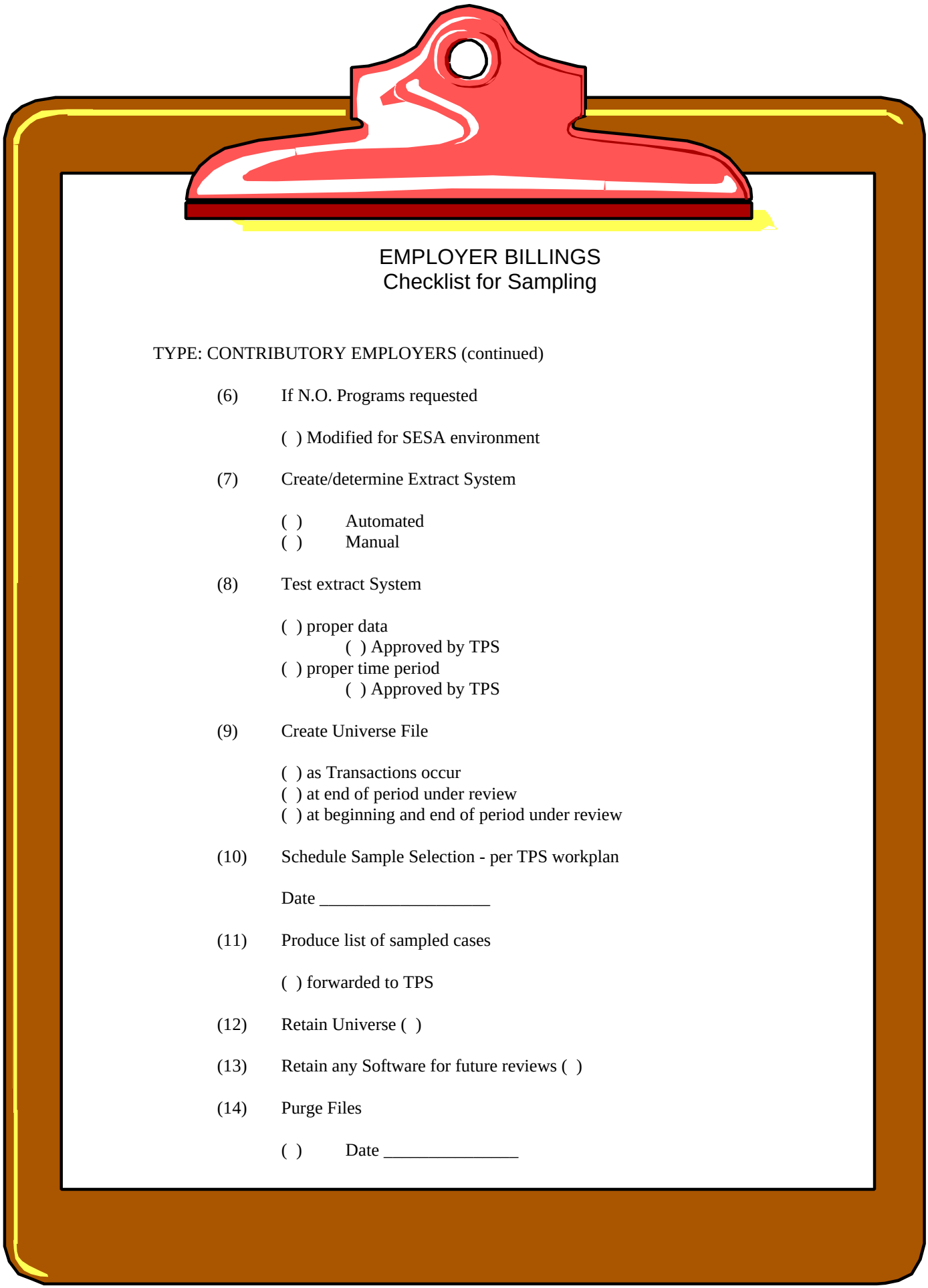
( ) No
( ) Yes, What data? , Where is data maintained?

(4) Determine Sample Determination program to be used

( ) N.O. Program #1 (PICKNMBR)
( ) Request Software
( ) SESA developed System
( ) System approved by RO?

(5) Determine Sample Selection program to be used

( ) N.O. Program #2 (SAMPS042)
( ) Request Software
( ) SESA developed System
( ) Format approved by TPS



EMPLOYER BILLINGS
Checklist for Sampling

TYPE: CONTRIBUTORY EMPLOYERS (continued)

(6) If N.O. Programs requested

( ) Modified for SESA environment

(7) Create/determine Extract System

( ) Automated
( ) Manual

(8) Test extract System

( ) proper data
( ) Approved by TPS
( ) proper time period
( ) Approved by TPS

(9) Create Universe File

( ) as Transactions occur
( ) at end of period under review
( ) at beginning and end of period under review

(10) Schedule Sample Selection - per TPS workplan

Date _____

(11) Produce list of sampled cases

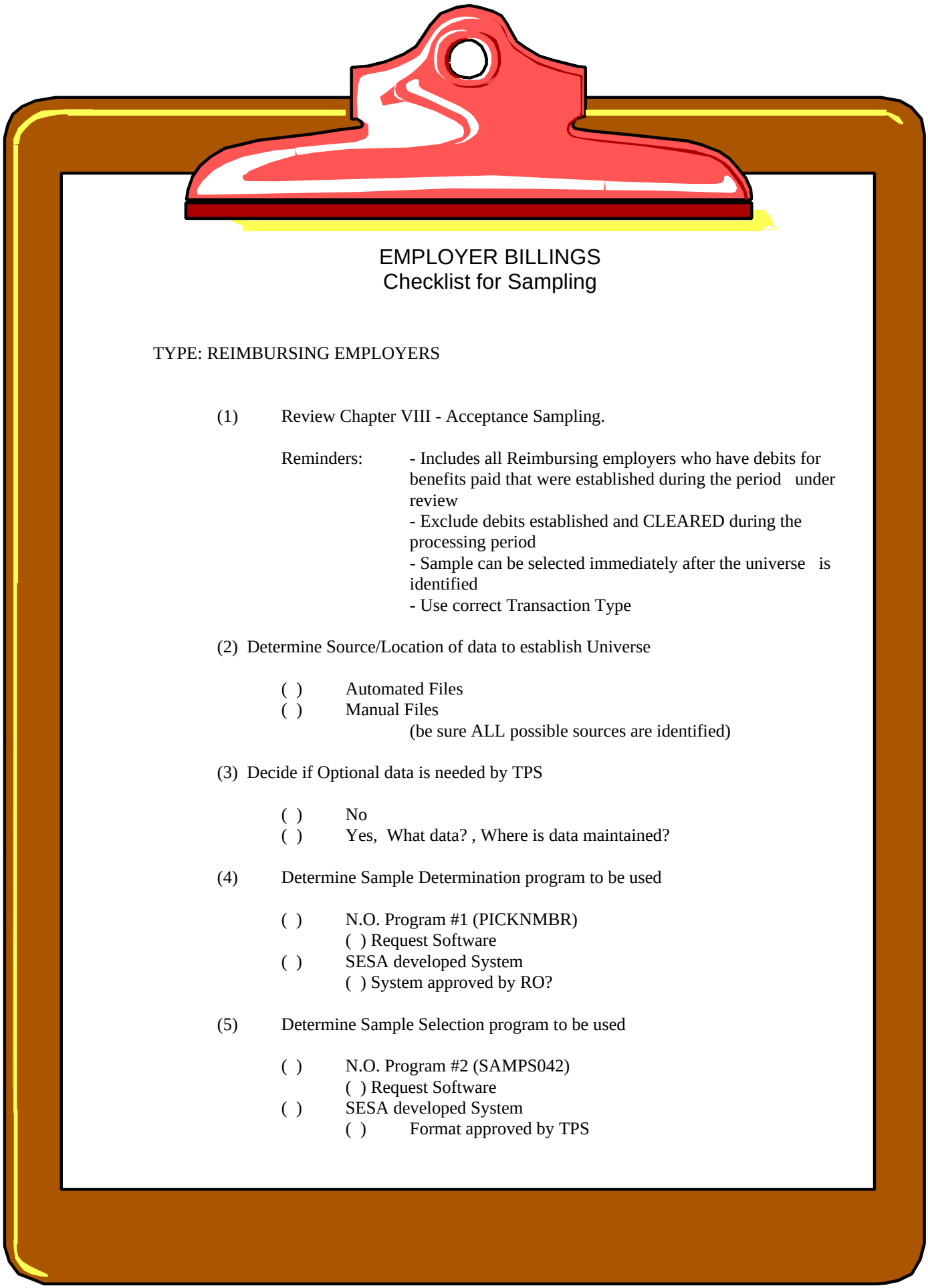
( ) forwarded to TPS

(12) Retain Universe ( )

(13) Retain any Software for future reviews ( )

(14) Purge Files

( ) Date _____



EMPLOYER BILLINGS
Checklist for Sampling

TYPE: REIMBURSING EMPLOYERS

(1) Review Chapter VIII - Acceptance Sampling.

Reminders:
- Includes all Reimbursing employers who have debits for benefits paid that were established during the period under review
- Exclude debits established and CLEARED during the processing period
- Sample can be selected immediately after the universe is identified
- Use correct Transaction Type

(2) Determine Source/Location of data to establish Universe

( ) Automated Files
( ) Manual Files
(be sure ALL possible sources are identified)

(3) Decide if Optional data is needed by TPS

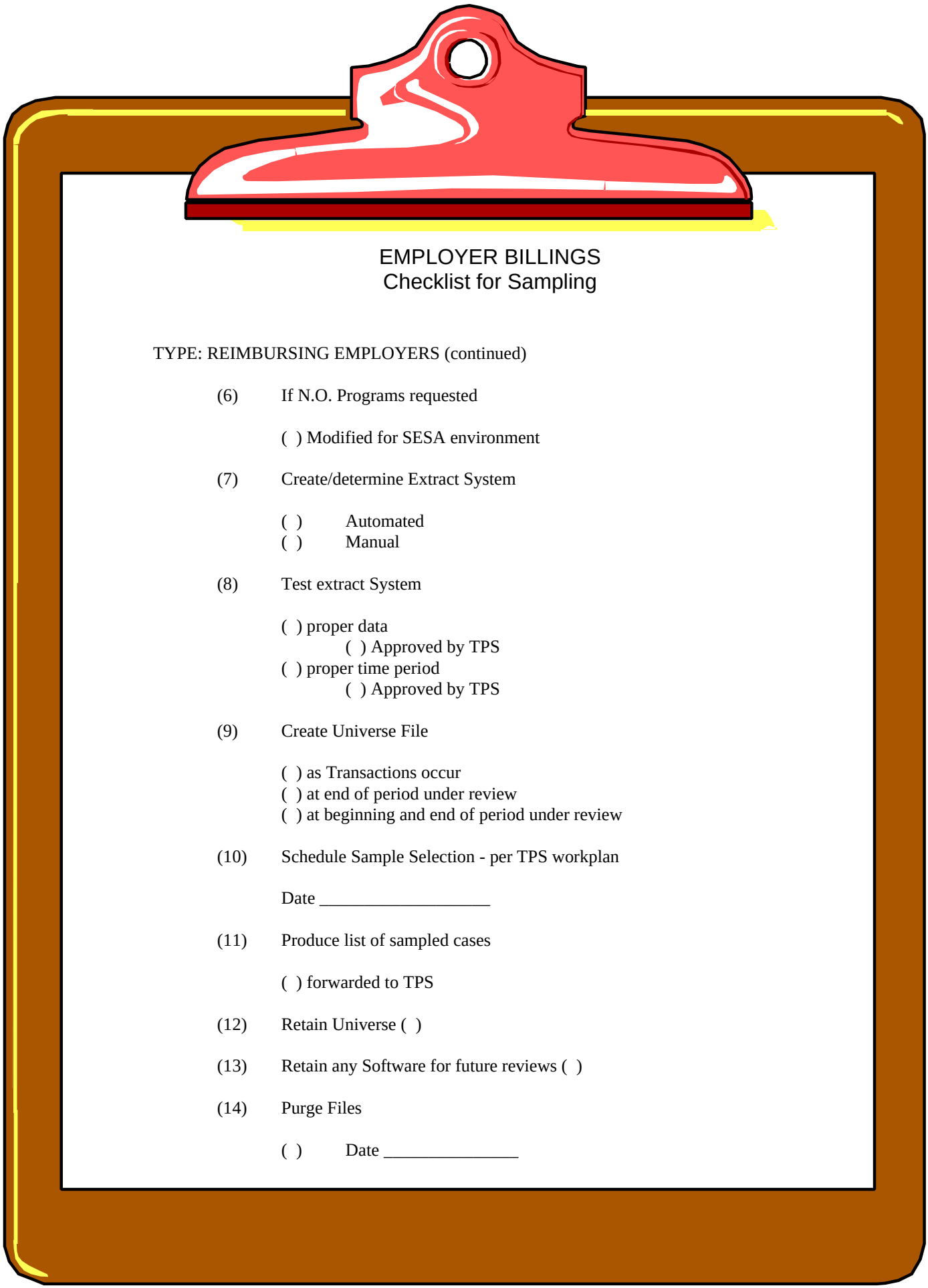
( ) No
( ) Yes, What data? , Where is data maintained?

(4) Determine Sample Determination program to be used

( ) N.O. Program #1 (PICKNMBR)
( ) Request Software
( ) SESA developed System
( ) System approved by RO?

(5) Determine Sample Selection program to be used

( ) N.O. Program #2 (SAMPS042)
( ) Request Software
( ) SESA developed System
( ) Format approved by TPS



EMPLOYER BILLINGS
Checklist for Sampling

TYPE: REIMBURSING EMPLOYERS (continued)

(6) If N.O. Programs requested

( ) Modified for SESA environment

(7) Create/determine Extract System

( ) Automated
( ) Manual

(8) Test extract System

( ) proper data
( ) Approved by TPS
( ) proper time period
( ) Approved by TPS

(9) Create Universe File

( ) as Transactions occur
( ) at end of period under review
( ) at beginning and end of period under review

(10) Schedule Sample Selection - per TPS workplan

Date _____

(11) Produce list of sampled cases

( ) forwarded to TPS

(12) Retain Universe ( )

(13) Retain any Software for future reviews ( )

(14) Purge Files

( ) Date _____

COBOL RECORD LAYOUTS

Debits/Bills Control Record

FIELD NAME	FIELD DESCRIPTION	FIELD POSITIONS
Record Type	5 Characters (must be set to CS042)	1 - 5
Transaction Type	1 Digit (must equal 1 or 2)	6
SESA ID	2 Characters (must be Alpha FIPS)	7 - 8
Random Number	3 Digits	9 - 11
Number to be Sampled	4 Digits	12 - 15
Record Count	8 Digits	16 - 23
Sample Type	2 Characters (must be A1, A2, E1, O1, or O2)	24 - 25
Year/Quarter Selected for Review	5 Digits (YYYYQ)	26 - 30
Filler	3 Digits (must be 000)	31 - 33

COBOL RECORD LAYOUTS

Debits/Bills Control Record

(1) **Name: Record Type**

Definition:	This field is used by the sampling programs to identify the type of tax function record to be processed.
Field Size:	5 Characters
Position(s):	1 - 5
Edits:	Must be set to CS042 for Debits/Bills.

(2) **Name: Transaction Type**

Definition:	This field is used by the sampling programs to identify the type of employers from which a sample will be selected.
Field Size:	1 Digit
Position(s):	6
Code Scheme	1 - 2
Edits:	Must be one of: 1 - Contributory 2 - Reimbursing

(3) **Name: SESA ID**

Definition:	This field uses the FIPS Postal Code to identify the State Employment Security Agency.
Field Size:	2 Characters
Position(s):	7 - 8
Edits:	Must be the valid Alpha FIPS Postal Code assigned to the State.

COBOL RECORD LAYOUTS

Debits/Bills Control Record

(4) **Random Number**

Definition:	The number supplied by TPS-National Office for the sample selection.
Field Size:	3 Digits
Position(s):	9 - 11
Edits:	Must be a numeric greater than zero.

(5) **Number to be Sampled**

Definition:	The number of records as determined by the SESA TPS unit to be sampled from the transaction file.
Field Size:	4 Digits
Position(s):	12 - 15
Edits:	Must be a numeric greater than zero.

(6) **Record Count**

Definition:	The count of records that are contained on the transaction file (supplied by the SESA).
Field Size:	8 Digits
Position(s):	16 - 23
Edits:	Must be a numeric greater than zero.

COBOL RECORD LAYOUTS

Debits/Bills Control Record

(7) **Sample Type**

Definition:	The type of sampling to be performed as determined by the SESA TPS unit.
Field Size:	2 Characters
Position(s):	24 - 25
Edits:	Must be one of: A1 - 1st Acceptance Sample A2 - 2nd Acceptance Sample E1 - Expanded Sample 01 - 1st SESA Optional Sample 02 - 2nd SESA Optional Sample

(8) **Year/Quarter Selected for Review**

Definition:	The year and quarter under review.
Field Size:	5 Digits
Position(s):	26 - 30
Edits:	Must be a valid year/quarter combination where: YYYY - is between 0000 and 9999 Q - is between 1 and 4

(9) **Filler**

Definition:	Additional field needed for standardized input.
Field Size:	3 Digits
Position(s):	31 - 33
Edits:	This field must be 000.

COBOL RECORD LAYOUTS

Debits/Bills Transaction Record

FIELD NAME	FIELD DESCRIPTION	FIELD POSITIONS
Sequence Number	8 Digits (must be greater than 0)	1 - 8
Record Type	5 Characters (must be set to CS042)	9 - 13
Transaction Type	1 Digit (must equal 1 or 2)	14
Selected Flag	1 Digit (must be set to 1)	15
Employer ID Number	12 Characters (must not be blank)	16 - 27
Date File Created	8 Digits (YYYYMMDD)	28 - 35
Tax Due	11 Digits	36 - 46
Tax Paid	11 Digits	47 - 57
State Option	25 Characters	58 - 82

COBOL RECORD LAYOUTS

Debits/Bills Transaction Record

(1) **Name: Sequence Number**

Definition:	The sequential number assigned to this record by the SESA. This field will be used as the unique key to each record in the file.
Field Size:	8 Digits
Position(s):	1 - 8
Edits:	Must be greater than zero.

(2) **Name: Record Type**

Definition:	This field is used by the sampling programs to identify the type of tax function to be processed.
Field Size:	5 Characters
Position(s):	9 - 13
Edits:	Must be set to CS042 for Debits/Bills

(3) **Name: Transaction Type**

Definition:	This field is used by the sampling programs to identify the type of employer from which a sample will be selected.
Field Size:	1 Digit
Position(s):	14
Code Scheme	1 - 2
Edits:	Must be one of: 1 - Contributory 2 - Reimbursing

COBOL RECORD LAYOUTS

Debits/Bills Transaction Record

(4) **Name: Selected Flag**

Definition:	This field will be changed to 2 to identify if the record has been selected as part of the sample.
Field Size:	1 Digit
Position(s):	15
Edits:	Must be set to 1.

(5) **Employer ID Number**

Definition:	The unique alphanumeric number assigned by the SESA to each employer.
Field Size:	12 Characters
Position(s):	16 - 27
Edits:	Must not be blank Must be a valid Employer ID.

(6) **Date File Created**

Definition:	The calendar date that the transaction file was created by the SESA.
Field Size:	8 Digits
Position(s):	28 - 35
Edits:	Must be a valid YYYYMMDD format where: YYYY - is between 00 and 99 MM - is between 01 and 12 DD - is between 01 and 31

COBOL RECORD LAYOUTS

Debits/Bills Transaction Record

(7) **Tax Due**

Definition:	The total amount of the taxes originally owed to the SESA by the employer (not remaining balance due).
Field Size:	11 Digits
Position(s):	36 - 46
Edits:	Whole dollar amount

(8) **Tax Paid**

Definition:	The dollar amount of the taxes paid to the SESA by the employer.
Field Size:	11 Digits
Position(s):	47 - 57
Edits:	Whole dollar amount

(9) **State Option**

Definition:	Optional State Information field.
Field Size:	25 Characters
Position(s):	58 - 82
Edits:	This field may be filled with SESA specific information.

CREDITS/REFUNDS

SAMPLING SPECIFICATIONS

SAMPLE SELECTION **CREDITS/REFUNDS**

There is one sample in the Credits/Refunds Component of the Account Maintenance function.

Read thoroughly the pages **(Employer Credits/Refunds, Acceptance Sample Instructions, Purpose/Intent through and including Sampling Procedures)** in Chapter VIII of the TPS Operations Handbook.

Options

ALL SAMPLING APPROACHES of the three suggested can be used for the samples in Credits/Refunds:

1. National Office Selection Programs.

Universe files can be created after the processing period for the quarter under review. Universe files can be created from the employer files as long as all the data needed in the transaction record defined is available. Then the two programs provided by the National Office (N.O.), Sample Determination Program (PICKNMBR) and Sample Selection Program (SAMPS043) can be used to select the samples and produce the output reports and files

2. State Developed System.

The SESA may use any other programs to select the samples and produce the reports, but **If the N.O. SAMPLE DETERMINATION PROGRAM (PICKNMBR) is not used for determining the sample selection number, the substitute program must be approved by the R.O.**

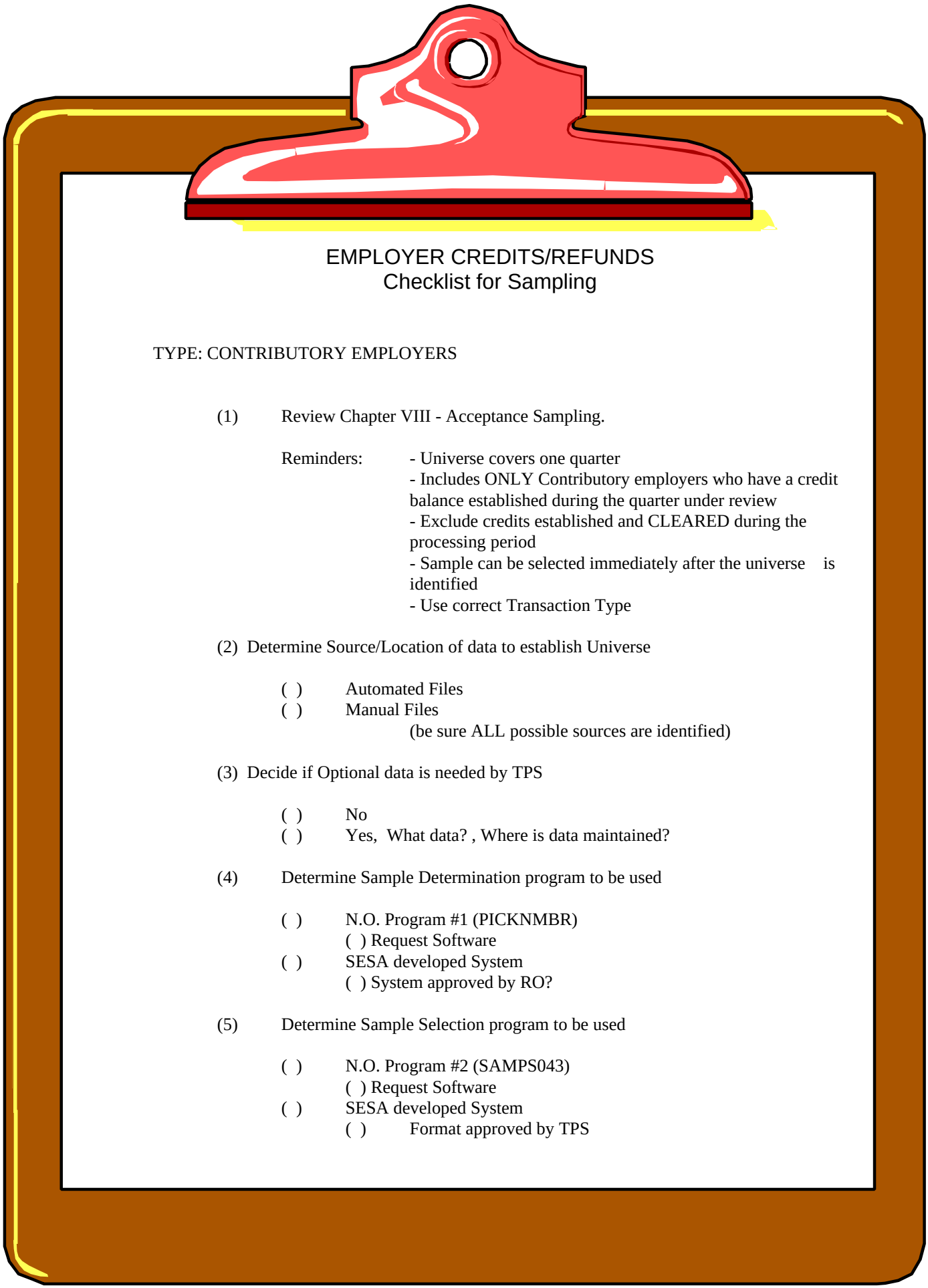
3. Manually.

Instructions provided for manually creating the universes, identifying the samples cases (transactions) and producing the output report should be followed.

Checklist of Tasks

The following pages are checklists of the tasks to select the Credits/Refunds Reports Processing sample.

To create the universe of transactions for Credits/Refunds, it might be easier for the SESA to collect every employer account that has a non-zero balance that was established during the particular processing period under review. After these accounts have been collected, the SESA can split the accounts into the Universe for debit accounts and the Universe for credit accounts, thereby eliminating the need to collect the same type of data twice.



EMPLOYER CREDITS/REFUNDS
Checklist for Sampling

TYPE: CONTRIBUTORY EMPLOYERS

(1) Review Chapter VIII - Acceptance Sampling.

Reminders:
- Universe covers one quarter
- Includes ONLY Contributory employers who have a credit balance established during the quarter under review
- Exclude credits established and CLEARED during the processing period
- Sample can be selected immediately after the universe is identified
- Use correct Transaction Type

(2) Determine Source/Location of data to establish Universe

( ) Automated Files
( ) Manual Files
(be sure ALL possible sources are identified)

(3) Decide if Optional data is needed by TPS

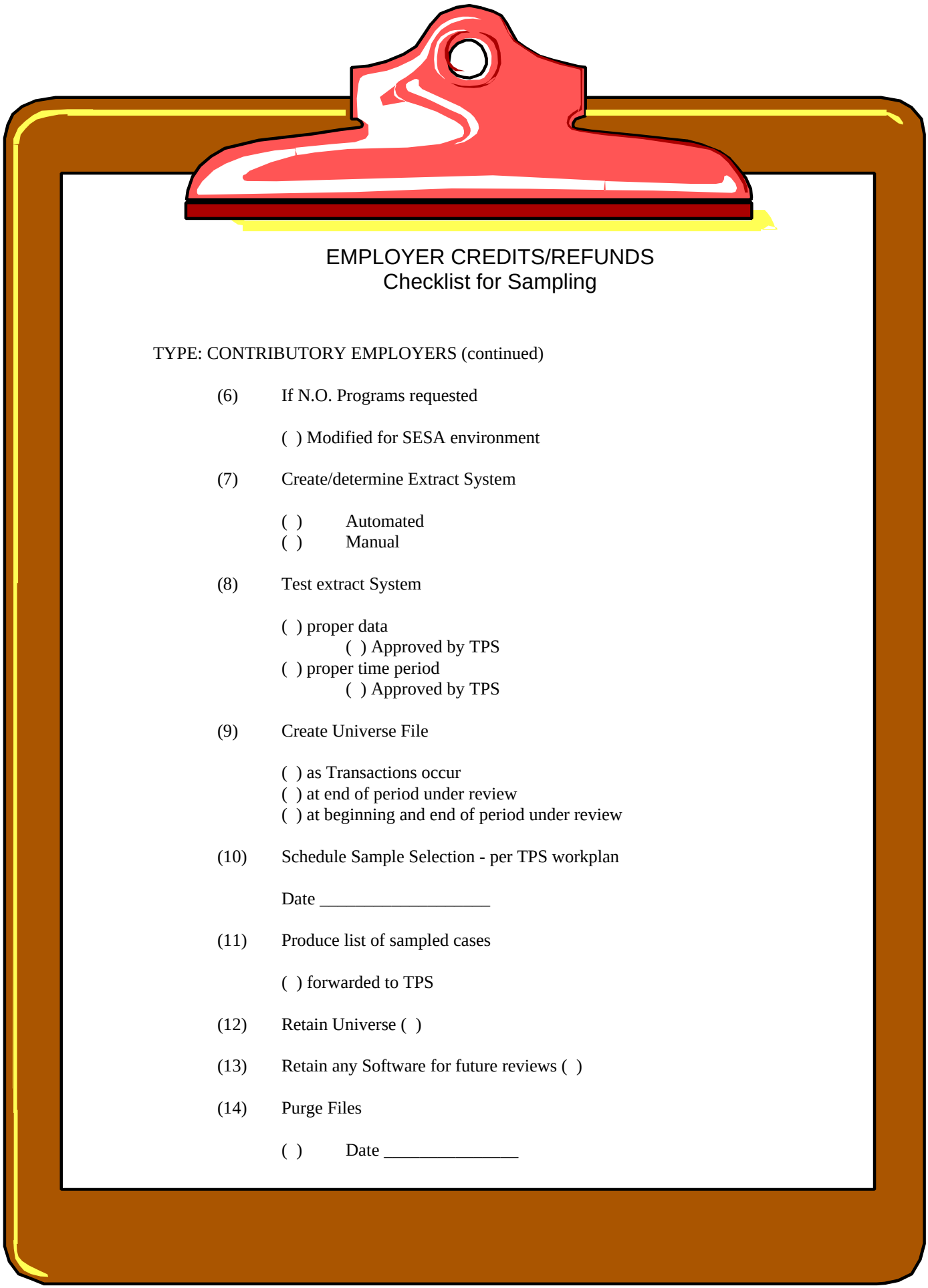
( ) No
( ) Yes, What data? , Where is data maintained?

(4) Determine Sample Determination program to be used

( ) N.O. Program #1 (PICKNMBR)
( ) Request Software
( ) SESA developed System
( ) System approved by RO?

(5) Determine Sample Selection program to be used

( ) N.O. Program #2 (SAMPS043)
( ) Request Software
( ) SESA developed System
( ) Format approved by TPS



EMPLOYER CREDITS/REFUNDS
Checklist for Sampling

TYPE: CONTRIBUTORY EMPLOYERS (continued)

(6) If N.O. Programs requested

( ) Modified for SESA environment

(7) Create/determine Extract System

( ) Automated
( ) Manual

(8) Test extract System

( ) proper data
( ) Approved by TPS
( ) proper time period
( ) Approved by TPS

(9) Create Universe File

( ) as Transactions occur
( ) at end of period under review
( ) at beginning and end of period under review

(10) Schedule Sample Selection - per TPS workplan

Date _____

(11) Produce list of sampled cases

( ) forwarded to TPS

(12) Retain Universe ( )

(13) Retain any Software for future reviews ( )

(14) Purge Files

( ) Date _____

COBOL RECORD LAYOUTS

Credits/Refunds Control Record

FIELD NAME	FIELD DESCRIPTION	FIELD POSITIONS
Record Type	5 Characters (must be set to CS043)	1 - 5
Transaction Type	1 Digit (must be 1)	6
SESA ID	2 Characters (must be Alpha FIPS)	7 - 8
Random Number	3 Digits	9 - 11
Number to be Sampled	4 Digits	12 - 15
Record Count	8 Digits	16 - 23
Sample Type	2 Characters (must be A1, A2, E1, O1, or O2)	24 - 25
Year/Quarter Selected for Review	5 Digits (YYYYQ)	26 - 30
Filler	3 Digits (must be 000)	31 - 33

COBOL RECORD LAYOUTS

Credits/Refunds Control Record

(1) **Name: Record Type**

Definition:	This field is used by the sampling programs to identify the type of tax function record to be processed.
Field Size:	5 Characters
Position(s):	1 - 5
Edits:	Must be set to CS043 for Credits/Refunds.

(2) **Name: Transaction Type**

Definition:	This field is used by the sampling programs to identify the type of sample selected.
Field Size:	1 digit
Position(s):	6
Edits:	Must be 1.

(3) **Name: SESA ID**

Definition:	This field uses the FIPS Postal Code to identify the State Employment Security Agency.
Field Size:	2 Characters
Position(s):	7 - 8
Edits:	Must be the valid Alpha FIPS Postal Code assigned to the State.

COBOL RECORD LAYOUTS

Credits/Refunds Control Record

(4) **Random Number**

Definition:	The number supplied by TPS-National Office for the sample selection.
Field Size:	3 Digits
Position(s):	9 - 11
Edits:	Must be a numeric greater than zero.

(5) **Number to be Sampled**

Definition:	The number of records as determined by the SESA TPS unit to be sampled from the transaction file.
Field Size:	4 Digits
Position(s):	12 - 15
Edits:	Must be a numeric greater than zero.

(6) **Record Count**

Definition:	The count of records that are contained on the transaction file (supplied by the SESA).
Field Size:	8 Digits
Position(s):	16 - 23
Edits:	Must be a numeric greater than zero.

COBOL RECORD LAYOUTS

Credits/Refunds Control Record

(7) **Sample Type**

Definition:	The type of sampling to be performed as determined by SESA TPS unit.
Field Size:	2 Characters
Position(s):	24 - 25
Edits:	Must be one of: A1 - 1st Acceptance Sample A2 - 2nd Acceptance Sample E1 - Expanded Sample 01 - 1st SESA Optional Sample 02 - 2nd SESA Optional Sample

(8) **Year/Quarter Selected for Review**

Definition:	The year and quarter under review.
Field Size:	5 Digits
Position(s):	26 - 30
Edits:	Must be a valid year/quarter combination where: YYYY - is between 0000 and 9999 Q - is between 1 and 4

(9) **Filler**

Definition:	Additional field needed for standardized input.
Field Size:	3 Digits
Position(s):	31 - 33
Edits:	This field must be 000.

COBOL RECORD LAYOUTS

Credits/Refunds Transaction Record

FIELD NAME	FIELD DESCRIPTION	FIELD POSITIONS
Sequence Number	8 Digits (must be greater than 0)	1 - 8
Record Type	5 Characters (must be set to CS043)	9 - 13
Transaction Type	1 Digit (must be set to 1)	14
Selected Flag	1 Digit (must be set to 1)	15
Employer ID Number	12 Characters (must not be blank)	16 - 27
Date File Created	8 Digits (YYYYMMDD)	28 - 35
Tax Due	11 Digits	36 - 46
Tax Paid	11 Digits	47 - 57
State Option	25 Characters	58 - 82

COBOL RECORD LAYOUTS

Credits/Refunds Transaction Record

(1) **Name: Sequence Number**

Definition:	The sequential number assigned to this record by the SESA. This field will be used as the unique key to each record in the file.
Field Size:	8 Digits
Position(s):	1 - 8
Edits:	Must be greater than zero.

(2) **Name: Record Type**

Definition:	This field is used by the sampling programs to identify the type of tax function to be processed.
Field Size:	5 Characters
Position(s):	9 - 13
Edits:	Must be set to CS043 for Credits/Refunds

(3) **Name: Transaction Type**

Definition:	This field is used by the sampling programs to identify the type of Credits/Refunds sample to be selected.
Field Size:	1 Digit
Position(s):	14
Edits:	Must be set to 1.

COBOL RECORD LAYOUTS

Credits/Refunds Transaction Record

(4) **Name: Selected Flag**

Definition:	This field will be changed to 2 to identify if the record has been selected as part of the sample.
Field Size:	1 Digit
Position(s):	15
Edits:	Must be set to 1.

(5) **Employer ID Number**

Definition:	The unique alphanumeric number assigned by the SESA to each employer.
Field Size:	12 Characters
Position(s):	16 - 27
Edits:	Must not be blank Must be a valid Employer ID.

(6) **Date File Created**

Definition:	The calendar date that the transaction file was created by the SESA.
Field Size:	8 Digits
Position(s):	28 - 35
Edits:	Must be a valid YYYYMMDD format where: YYYY - is between 00 and 99 MM - is between 01 and 12 DD - is between 01 and 31

COBOL RECORD LAYOUTS

Credits/Refunds Transaction Record

(7) **Tax Due**

Definition:	The total amount of the taxes originally owed to the SESA by the employer (not remaining balance due).
Field Size:	11 Digits
Position(s):	36 - 46
Edits:	Whole dollar amount

(8) **Tax Paid**

Definition:	The dollar amount of the taxes paid to the SESA by the employer.
Field Size:	11 Digits
Position(s):	47 - 57
Edits:	Whole dollar amount

(9) **State Option**

Definition:	Optional State information field.
Field Size:	25 Characters
Position(s):	58 - 82
Edits:	This field may be filled with SESA specific information.

BENEFIT CHARGING

SAMPLING SPECIFICATIONS

SAMPLE SELECTION	BENEFIT CHARGING

There is one sample in the Employer Benefit Charging Component of the Account Maintenance function.

Read thoroughly the pages **(Acceptance Sample Instructions, Purpose/Intent through and including Sampling Procedures)**in Chapter VIII of the TPS Operations Handbook.

Options

ONLY ONE SAMPLING APPROACH of those suggested can be used for the sample in Benefit Charging:

Since the TPS Sample will be selected from a SESA formatted Universe, **ONLY the N.O. Sample Determination Software can be used.**

1. **National Office Selection Programs**.

The National Office Sample Determination Program (PICKNMBR) can still be used to determine which transactions (cases) should be selected. Using the list created by this program, the TPS Reviewer would use the universe (all the output records from the benefit charge notices) and select the appropriate accounts.

2. **State Developed System**.

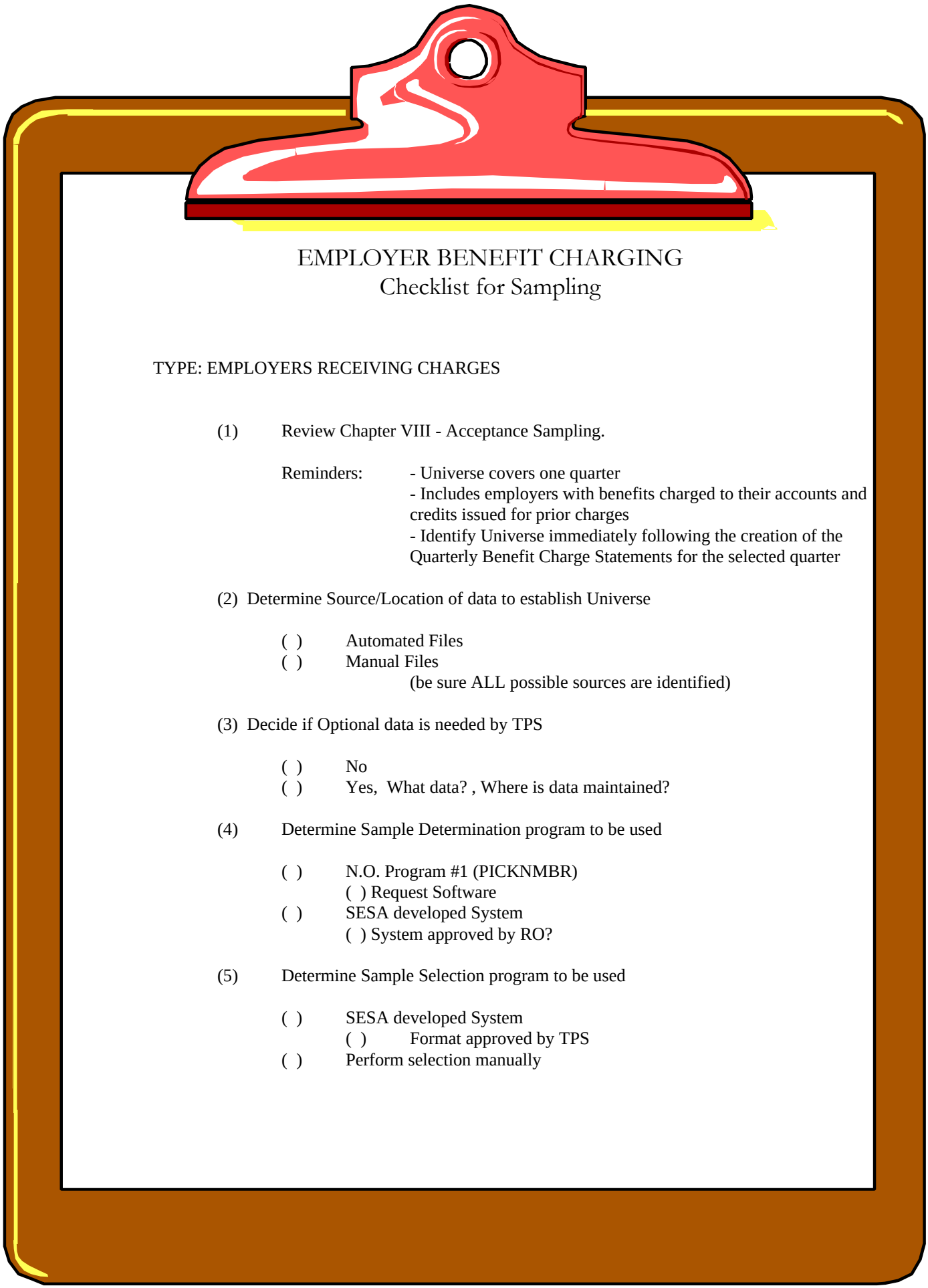
The SESA may use any other programs to select the samples , but **If the N. O. SAMPLE DETERMINATION PROGRAM (PICKNMBR) is not used for determining the sample selection number, the substitute program must be approved by the Regional Office.**

Checklist of Tasks

The following pages are checklists of the tasks to select the Benefit Charging sample.

For Benefit Charging, the output report of the selected cases could be an extract from the actual print file that is produced by this system.

For example, for Employer Charge Notices, the SESA would modify the existing program that produces the charge notices and write the forms as records to a dataset in addition to a print file. The Job Control Language (JCL) of the jobstream would be changed to save this dataset to disk or tape. This file becomes the Universe from which the sample is selected. The number of records written to this file would be determined, and the PICKNMBR program would be executed to determine which cases would be sampled. The SESA would write a simple program to extract these forms and print them for the TPS Reviewer.



EMPLOYER BENEFIT CHARGING
Checklist for Sampling

TYPE: EMPLOYERS RECEIVING CHARGES

(1) Review Chapter VIII - Acceptance Sampling.

Reminders:
- Universe covers one quarter
- Includes employers with benefits charged to their accounts and credits issued for prior charges
- Identify Universe immediately following the creation of the Quarterly Benefit Charge Statements for the selected quarter

(2) Determine Source/Location of data to establish Universe

( ) Automated Files
( ) Manual Files
(be sure ALL possible sources are identified)

(3) Decide if Optional data is needed by TPS

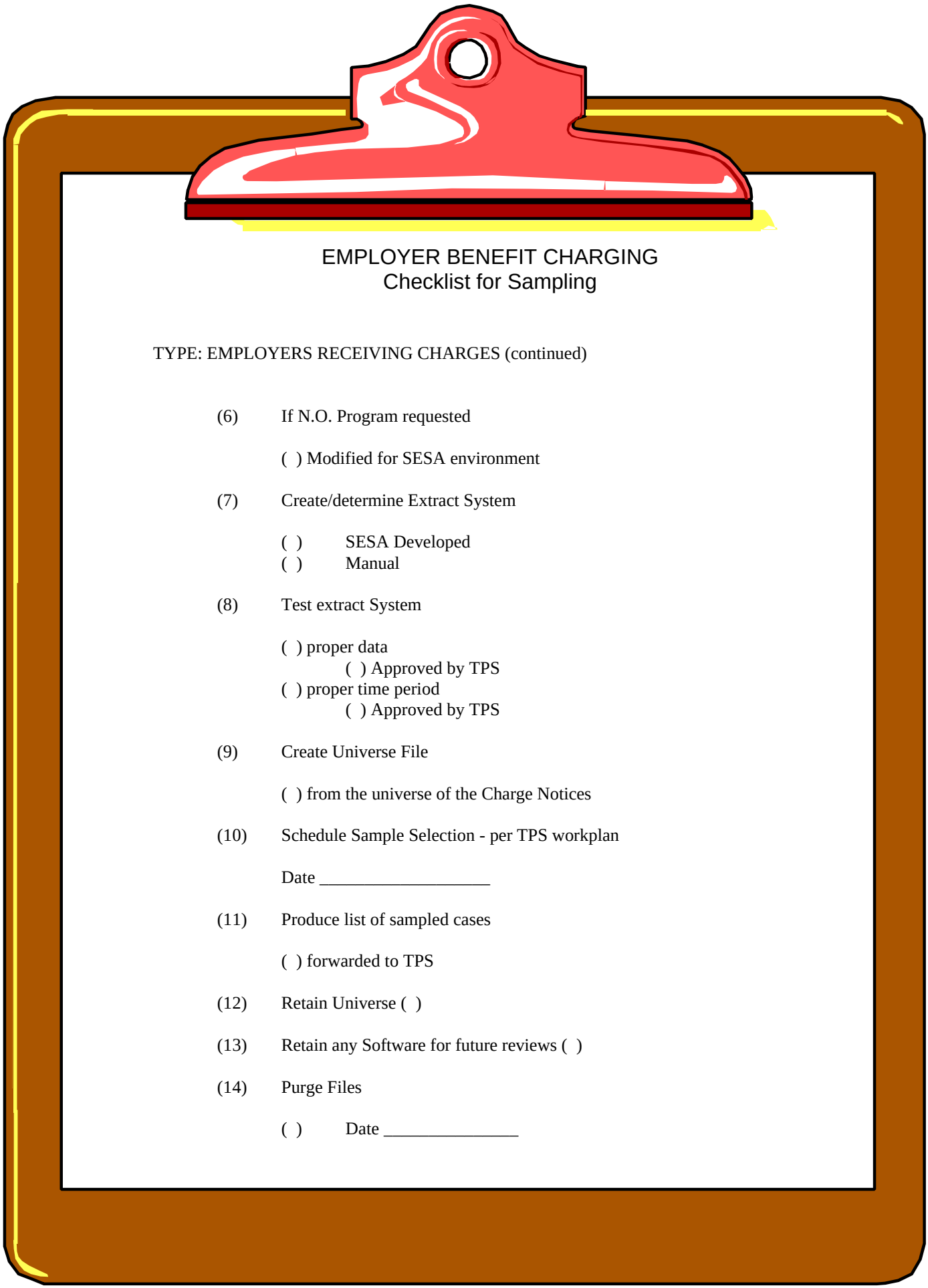
( ) No
( ) Yes, What data? , Where is data maintained?

(4) Determine Sample Determination program to be used

( ) N.O. Program #1 (PICKNMBR)
( ) Request Software
( ) SESA developed System
( ) System approved by RO?

(5) Determine Sample Selection program to be used

( ) SESA developed System
( ) Format approved by TPS
( ) Perform selection manually



EMPLOYER BENEFIT CHARGING
Checklist for Sampling

TYPE: EMPLOYERS RECEIVING CHARGES (continued)

(6) If N.O. Program requested

( ) Modified for SESA environment

(7) Create/determine Extract System

( ) SESA Developed
( ) Manual

(8) Test extract System

( ) proper data
( ) Approved by TPS
( ) proper time period
( ) Approved by TPS

(9) Create Universe File

( ) from the universe of the Charge Notices

(10) Schedule Sample Selection - per TPS workplan

Date _____

(11) Produce list of sampled cases

( ) forwarded to TPS

(12) Retain Universe ( )

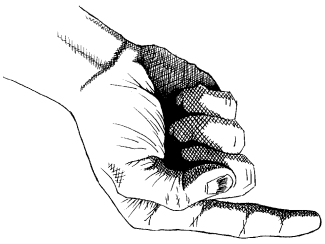
(13) Retain any Software for future reviews ( )

(14) Purge Files

( ) Date _____

COBOL RECORD LAYOUTS

Benefit Charging



Benefit Charging will require a SESA developed universe therefore NO transaction file record layout is provided.

A control record layout is provided on the next four pages. This record is used as input into the Sample Determination program (PICKNMBR).

COBOL RECORD LAYOUTS

Benefit Charging Control Record

FIELD NAME	FIELD DESCRIPTION	FIELD POSITIONS
Record Type	5 Characters (must be set to CS044)	1 - 5
Transaction Type	1 Digit (must equal 1)	6
SESA ID	2 Characters (must be Alpha FIPS)	7 - 8
Random Number	3 Digits	9 - 11
Number to be Sampled	4 Digits	12 - 15
Record Count	8 Digits	16 - 23
Sample Type	2 Characters (must be A1, A2, E1, O1, or O2)	24 - 25
Year/Quarter Selected for Review	5 Digits (YYYYQ)	26 - 30
Filler	3 Digits (must be 000)	31 - 33

COBOL RECORD LAYOUTS

Benefit Charging Control Record

(1) **Name: Record Type**

Definition:	This field is used by the sampling programs to identify the type of tax function record to be processed.
Field Size:	5 Characters
Position(s):	1 - 5
Edits:	Must be set to CS044 for Benefit Charging.

(2) **Name: Transaction Type**

Definition:	This field is used by the sampling programs to identify the type of sample that will be selected.
Field Size:	1 Digit
Position(s):	6
Edits:	Must be set to 1.

(3) **Name: SESA ID**

Definition:	This field uses the FIPS Postal Code to identify the State Employment Security Agency.
Field Size:	2 Characters
Position(s):	7 - 8
Edits:	Must be the valid Alpha FIPS Postal Code assigned to the State.

COBOL RECORD LAYOUTS

Benefit Charging Control Record

(4) **Random Number**

Definition:	The number supplied by TPS-National Office for the sample selection.
Field Size:	3 Digits
Position(s):	9 - 11
Edits:	Must be a numeric greater than zero.

(5) **Number to be Sampled**

Definition:	The number of records as determined by the SESA TPS unit to be sampled from the transaction file.
Field Size:	4 Digits
Position(s):	12 - 15
Edits:	Must be a numeric greater than zero.

(6) **Record Count**

Definition:	The count of records that are contained on the transaction file (supplied by the SESA).
Field Size:	8 digits
Position(s):	16 - 23
Edits:	Must be a numeric greater than zero.

COBOL RECORD LAYOUTS

Benefit Charging Control Record

(7) **Sample Type**

Definition: The type of sampling to be performed as determined by the SESA TPS unit.

Field Size: 2 Characters

Position(s): 24 - 25

Edits: Must be one of:

A1 - 1st Acceptance Sample
A2 - 2nd Acceptance Sample
E1 - Expanded Sample
O1 - 1st SESA Optional Sample
O2 - 2nd SESA Optional Sample

(8) **Year/Quarter Selected for Review**

Definition: The year and quarter under review.

Field Size: 5 Digits

Position(s): 26 - 30

Edits: Must be a valid year/quarter combination where:

YYYY - is between 0000 and 9999
Q - is between 1 and 4

(9) **Filler**

Definition: Additional field needed for standardized input.

Field Size: 3 Digits

Position(s): 31 - 33

Edits: This field must be 000.

EXPERIENCE RATING

SAMPLING SPECIFICATIONS

SAMPLE SELECTION **EXPERIENCE RATING**

There is one sample in the Experience Rating Component of the Account Maintenance function.

Read thoroughly the pages **(Acceptance Sample Instructions, Purpose/Intent through and including Sampling Procedures)**in Chapter VIII of the TPS Operations Handbook.

Options

ONLY ONE SAMPLING APPROACH of those suggested can be used for the sample in Experience Rating:

Since the TPS Sample will be selected from a SESA formatted Universe, **ONLY the N.O. Sample Determination Software can be used.**

1. **National Office Selection Programs**.

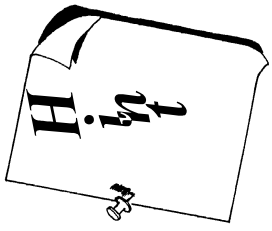
The National Office Sample Determination Program (PICKNMBR) can still be used to determine which transactions (cases) should be selected. Using the list created by this program, the TPS Reviewer would use the universe (all the output records from the benefit charge notices) and select the appropriate accounts.

2. **State Developed System**.

The SESA may use any other programs to select the samples , but **If the N. O. SAMPLE DETERMINATION PROGRAM (PICKNMBR) is not used for determining the sample selection number, the substitute program must be approved by the Regional Office.**

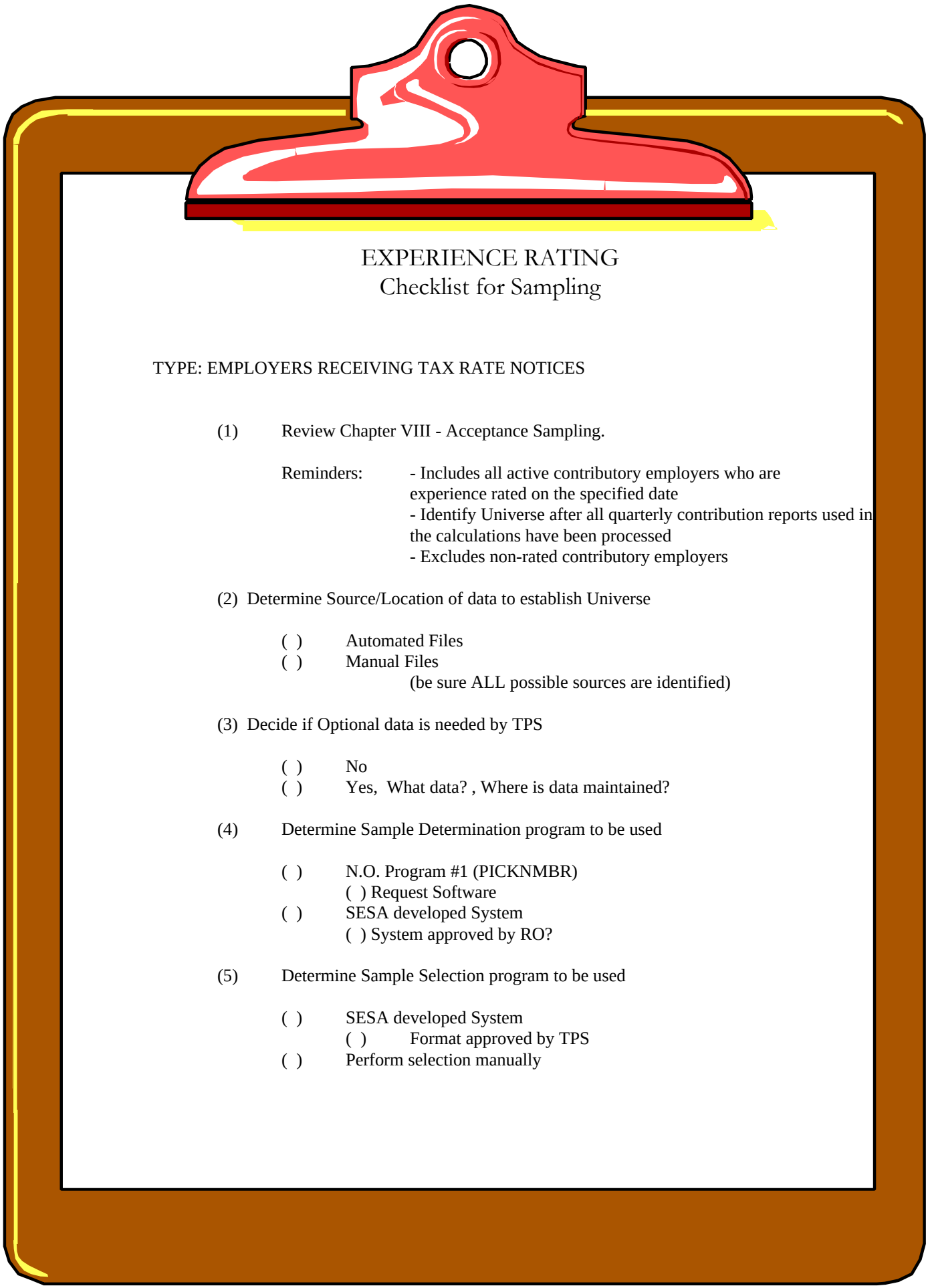
Checklist of Tasks

The following pages are checklists of the tasks to select the Experience Rating sample.



For Experience Rating, the output report of the selected cases could be an extract from the actual print file that is produced by this system.

For example, for Employer Tax Rate Notices, the SESA would modify the existing program that produces the rate notices and write the forms as records to a dataset in addition to a print file. The Job Control Language (JCL) of the jobstream would be changed to save this dataset to disk or tape. This file becomes the Universe from which the sample is selected. The number of records written to this file would be determined, and the PICKNMBR program would be executed to determine which cases would be sampled. The SESA would write a simple program to extract these forms and print them for the TPS Reviewer.



EXPERIENCE RATING
Checklist for Sampling

TYPE: EMPLOYERS RECEIVING TAX RATE NOTICES

(1) Review Chapter VIII - Acceptance Sampling.

Reminders:
- Includes all active contributory employers who are experience rated on the specified date
- Identify Universe after all quarterly contribution reports used in the calculations have been processed
- Excludes non-rated contributory employers

(2) Determine Source/Location of data to establish Universe

( ) Automated Files
( ) Manual Files
(be sure ALL possible sources are identified)

(3) Decide if Optional data is needed by TPS

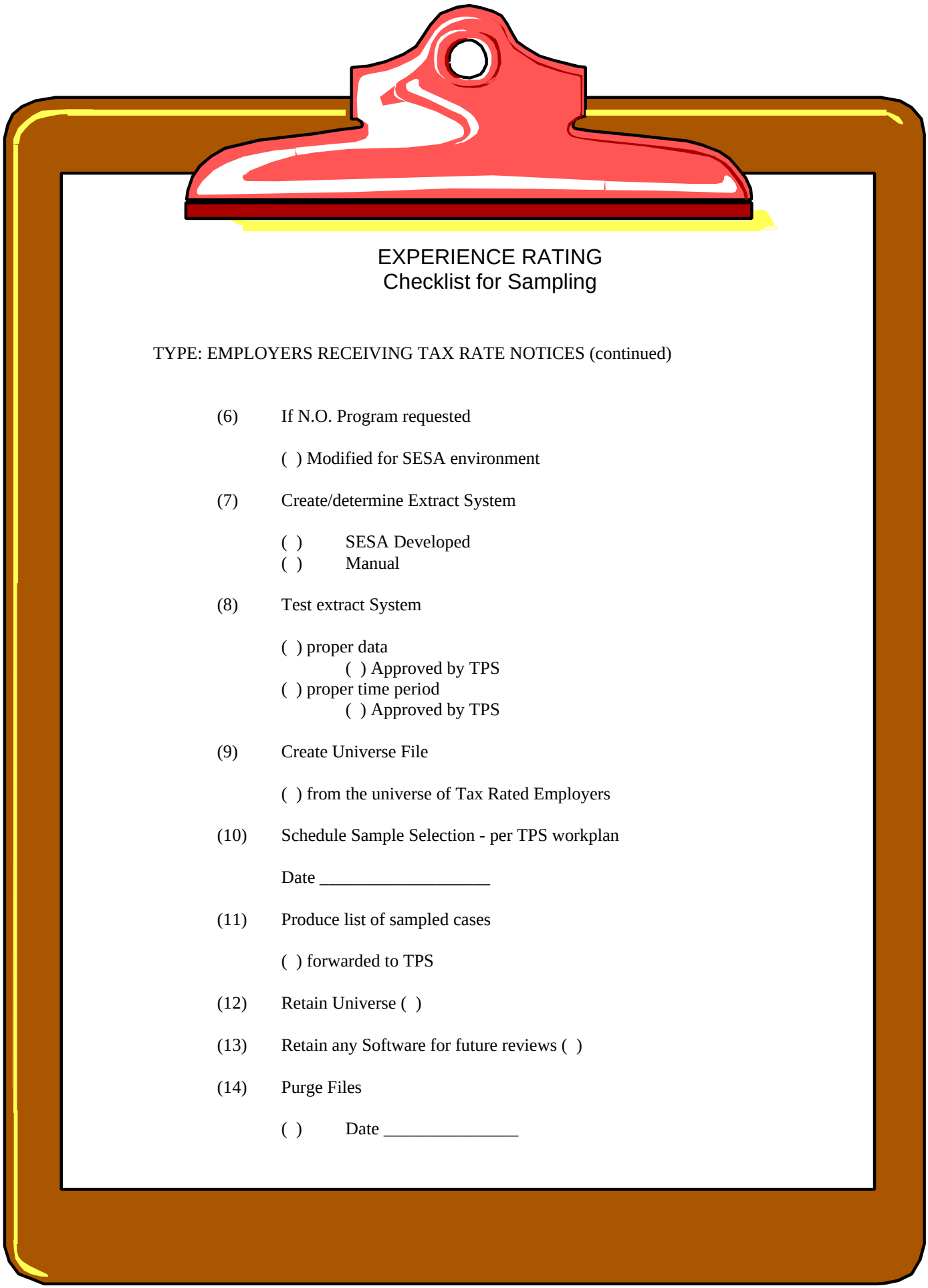
( ) No
( ) Yes, What data? , Where is data maintained?

(4) Determine Sample Determination program to be used

( ) N.O. Program #1 (PICKNMBR)
( ) Request Software
( ) SESA developed System
( ) System approved by RO?

(5) Determine Sample Selection program to be used

( ) SESA developed System
( ) Format approved by TPS
( ) Perform selection manually



EXPERIENCE RATING
Checklist for Sampling

TYPE: EMPLOYERS RECEIVING TAX RATE NOTICES (continued)

(6) If N.O. Program requested

( ) Modified for SESA environment

(7) Create/determine Extract System

( ) SESA Developed
( ) Manual

(8) Test extract System

( ) proper data
( ) Approved by TPS
( ) proper time period
( ) Approved by TPS

(9) Create Universe File

( ) from the universe of Tax Rated Employers

(10) Schedule Sample Selection - per TPS workplan

Date _____

(11) Produce list of sampled cases

( ) forwarded to TPS

(12) Retain Universe ( )

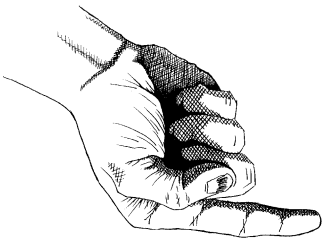
(13) Retain any Software for future reviews ( )

(14) Purge Files

( ) Date _____

COBOL RECORD LAYOUTS

Experience Rating



Experience Rating will require a SESA developed universe therefore NO transaction file record layout is provided.

A control record layout is provided on the next four pages. This record is used as input into the Sample Determination program (PICKNMBR).

COBOL RECORD LAYOUTS

Experience Rating Control Record

FIELD NAME	FIELD DESCRIPTION	FIELD POSITIONS
Record Type	5 Characters (must be set to CS045)	1 - 5
Transaction Type	1 Digit (must equal 1)	6
SESA ID	2 Characters (must be Alpha FIPS)	7 - 8
Random Number	3 Digits	9 - 11
Number to be Sampled	4 Digits	12 - 15
Record Count	8 Digits	16 - 23
Sample Type	2 Characters (must be A1, A2, E1, O1, or O2)	24 - 25
Year Selected for Review	4 Digits (YYYY)	26 - 30
Filler	4 Digits (must be 0000)	31 - 33

COBOL RECORD LAYOUTS

Experience Rating Control Record

(1) **Name: Record Type**

Definition:	This field is used by the sampling programs to identify the type of tax function record to be processed.
Field Size:	5 Characters
Position(s):	1 - 5
Edits:	Must be set to CS045 for Experience Rating.

(2) **Name: Transaction Type**

Definition:	This field is used by the sampling programs to identify the type of sample that will be selected.
Field Size:	1 Digit
Position(s):	6
Edits:	Must be set to 1.

(3) **Name: SESA ID**

Definition:	This field uses the FIPS Postal Code to identify the State Employment Security Agency.
Field Size:	2 Characters
Position(s):	7 - 8
Edits:	Must be the valid Alpha FIPS Postal Code assigned to the State.

COBOL RECORD LAYOUTS

Experience Rating Control Record

(4) **Random Number**

Definition:	The number supplied by TPS-National Office for the sample selection.
Field Size:	3 Digits
Position(s):	9 - 11
Edits:	Must be a numeric greater than zero.

(5) **Number to be Sampled**

Definition:	The number of records as determined by the SESA TPS unit to be sampled from the transaction file.
Field Size:	4 Digits
Position(s):	12 - 15
Edits:	Must be a numeric greater than zero.

(6) **Record Count**

Definition:	The count of records that are contained on the transaction file (supplied by the SESA).
Field Size:	8 digits
Position(s):	16 - 23
Edits:	Must be a numeric greater than zero.

COBOL RECORD LAYOUTS

Experience Rating Control Record

(7) **Sample Type**

Definition:	The type of sampling to be performed as determined by the SESA TPS unit.
Field Size:	2 Characters
Position(s):	24 - 25
Edits:	Must be one of: A1 - 1st Acceptance Sample A2 - 2nd Acceptance Sample E1 - Expanded Sample O1 - 1st SESA Optional Sample O2 - 2nd SESA Optional Sample

(8) **Year Selected for Review**

Definition:	The year under review.
Field Size:	4 Digits
Position(s):	26 - 29
Edits:	Must be a valid year combination where: YYYY - is between 0000 and 9999.

(9) **Filler**

Definition:	Additional field needed for standardized input.
Field Size:	4 Digits
Position(s):	30 - 33
Edits:	This field must be 0000.

SAMPLING SPECIFICATIONS

SAMPLE SELECTION

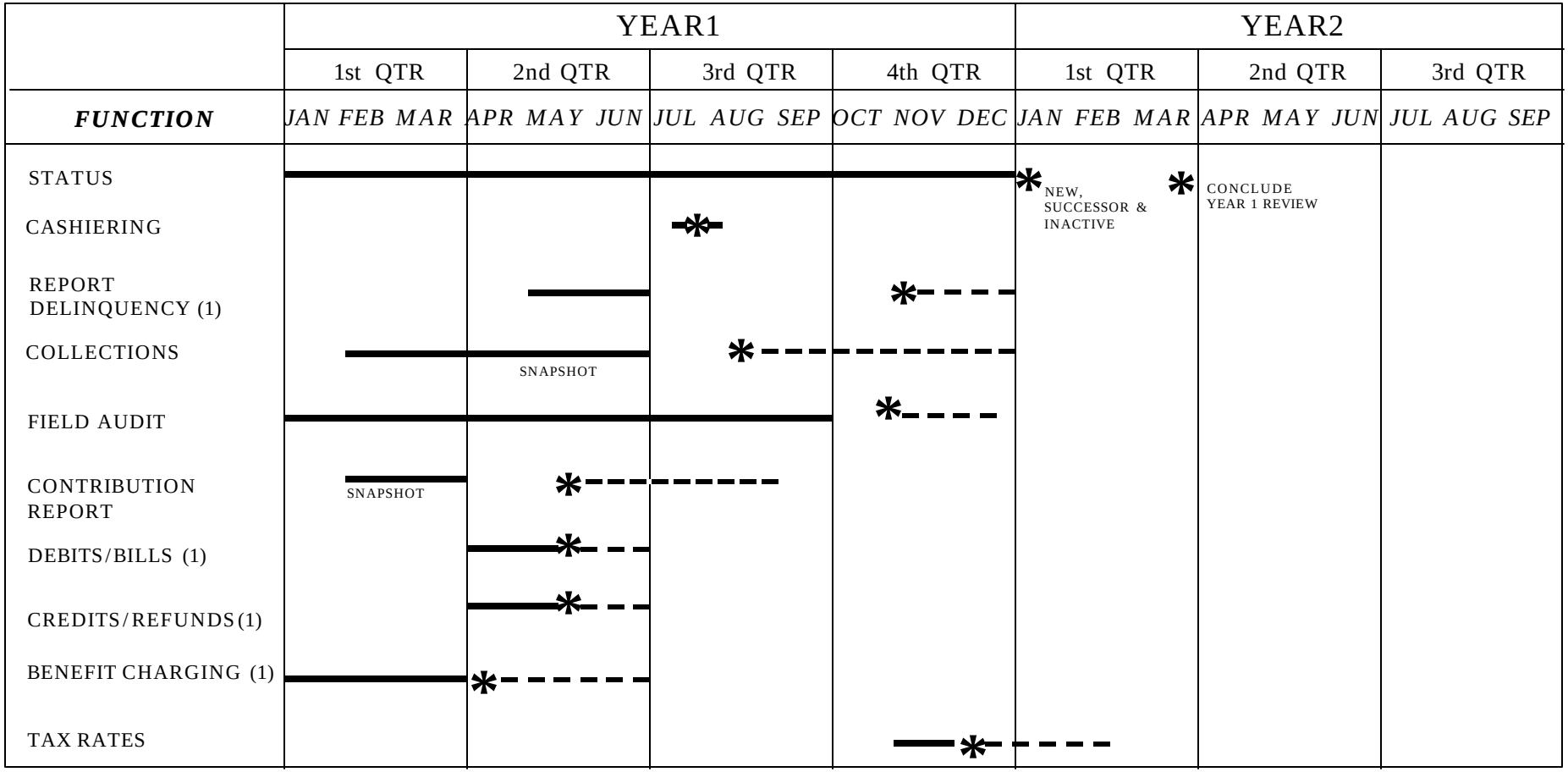
The following pages summarize the scheduling for Acceptance Sampling.

Exhibit A-10 is a timeline chart showing each function and the earliest possible time period for building the respective universe, selecting the sample and conducting the sample review.

Exhibit A-11 is a narrative description of the timelines in Exhibit A-10.

Figure II - 3

SAMPLING SCHEDULING



BUILD UNIVERSE

PULL SAMPLE

CONDUCT REVIEW

(1) This chart depicts the earliest schedule possible,some samples allow for options in schedule. Please refer to narrative chart on the following pages for options available and other clarification.

R - 12/00

Exhibit A-11

ACCEPTANCE SAMPLING SCHEDULING

FUNCTION	TIME PERIOD FOR BUILDING UNIVERSE	TIME PERIOD FOR SAMPLE SELECTION	TIME PERIOD FOR COMPLETING REVIEW *
STATUS	JANUARY THROUGH DECEMBER	INACTIVATIONS: ASAP AFTER 12/31	BY 3/31
		NEW/SUCCESSOR: ASAP AFTER 12/31	BY 3/31
CASHIERING (ESTIMATION SAMPLING)	END OF JULY THROUGH BEGINNING OF AUGUST (PEAK MAIL RECEIPT PERIOD FOR 2ND QUARTER CONTRIBUTION REPORTS)	SAME AS UNIVERSE	ASAP AFTER DEPOSITS ARE MADE
REPORT DELINQUENCY	1ST QUARTER - EMPLOYERS IDENTIFIED AS DELINQUENT (APPROX. MAY - NO PRIOR QUARTERS INCLUDED)	IN 4TH QUARTER (180 DAYS LATER - APPROX. NOV-DEC)	ASAP AFTER PULLING SAMPLE BUT NO LATER THAN 12/31
	* OPTION - 4TH QUARTER (prev. yr.) MAY BE USED	IN 3RD QUARTER (180 DAYS LATER - APPROX. AUG-SEPT)	ASAP AFTER PULLING SAMPLE BUT NO LATER THAN 12/31
COLLECTIONS	ANY DAY IN THE PERIOD BETWEEN 2/1 TO 6/30 SINGLE SNAPSHOT ON THAT DAY	6 MONTHS AFTER DAY OF SNAPSHOT (DATE OF COLUMN #1) E.G. BETWEEN 8/1 AND 12/31	BY 3/31

*** Data should be entered into the SUN system by 3/31 of each year.**

Exhibit A-11 (con't)

ACCEPTANCE SAMPLING SCHEDULING

FUNCTION	TIME PERIOD FOR BUILDING UNIVERSE	TIME PERIOD FOR SAMPLE SELECTION	TIME PERIOD FOR COMPLETING REVIEW *
FIELD AUDIT	JANUARY THROUGH SEPTEMBER	ASAP AFTER 9/30	BY12/31
ACCOUNT MAINENANCE:			
CONTRIBUTION REPORT PROCESSING	ALL ACTIVE CONTRIBUTORY EMPLOYERS AS OF ANY DAY IN THE PERIOD BETWEEN 1/31 TO 3/31 - SINGLE SNAPSHOT ON THAT DAY	IN 2ND QUARTER, AFTER PROCESSING PERIOD FOR 1ST QUARTER IS COMPLETED (ASAP AFTER 5/15 AND NO LATER THAN 6/15)	BY 9/30
DEBITS/BILLS - Contributory	SELECT EITHER 1ST, 2ND OR 3RD QUARTER PROCESSING PERIOD. INCLUDE ANY DEBIT CREATED IN THE SELECTED PROCESSING PERIOD (E.G ACCOUNTS RESULTING IN A DEBIT BALANCE AT END OF SELECTED PROCESSING PERIOD)	ASAP AFTER THE SELECTED PROCESSING PERIOD IS COMPLETED	BY 6/30 - IF 1ST QUARTER'S PROCESSING PERIOD WAS SELECTED BY 9/30 - IF 2ND QUARTER'S PROCESSING PERIOD WAS SELECTED BY 12/31 - IF 3RD QUARTER'S PROCESSING PERIOD WAS SELECTED
- Reimbursing	See Chapter VIII, Acceptance Sample Procedures		

*** Data should be entered into the SUN system by 3/31 of each year.**

Exhibit A-11 (con't)

ACCEPTANCE SAMPLING SCHEDULING

FUNCTION	TIME PERIOD FOR BUILDING UNIVERSE	TIME PERIOD FOR SAMPLE SELECTION	TIME PERIOD FOR COMPLETING REVIEW *
CREDITS/REFUNDS	* SELECT EITHER 1ST, 2ND OR 3RD QUARTER PROCESSING PERIOD. INCLUDE ANY CREDIT CREATED IN THE SELECTED PROCESSING PERIOD (E.G. ACCOUNTS RESULTING IN A CREDIT BALANCE AT END OF SELECTED PROCESSING PERIOD) * QUARTER TO BE SELECTED WILL DEPEND ON LAG PERIOD NEEDED TO REVIEW REFUNDS ISSUED, IF ANY.	ASAP AFTER CREDITS / REFUNDS HAVE BEEN ISSUED FOR THE SELECTED PROCESSING PERIOD	COMPLETION DATE WILL DEPEND ON TIME PERIOD NEEDED TO ISSUE REFUNDS. SAMPLE SHOULD BE COMPLETED BY 3/31.
BENEFIT CHARGING	SELECT EITHER 1ST, 2ND OR 3RD QUARTER'S CHARGING CYCLE (NOT 4TH QUARTER) AT THE POINT WHEN EMPLOYERS TO BE CHARGED ARE KNOWN	ASAP AFTER CHARGE STATEMENTS ARE GENERATED FOR SELECTED QUARTER	BY THE END OF THE FOLLOWING QUARTER BY 6/30 IF 1ST QUARTER WAS SELECTED BY 9/30 IF 2ND QUARTER WAS SELECTED BY 12/31 IF 3RD QUARTER WAS SELECTED

*** Data should be entered into the SUN system by 3/31 of each year.**

Exhibit A-11 (con't)

ACCEPTANCE SAMPLING SCHEDULING

FUNCTION	TIME PERIOD FOR BUILDING UNIVERSE	TIME PERIOD FOR SAMPLE SELECTION	TIME PERIOD FOR COMPLETING REVIEW *
TAX RATES	ONCE A YEAR DEPENDING ON WHEN SESA PRODUCES NOTICES - MUST BE NOTICES ISSUED IN THE REVIEW YEAR (NOT NECESSARILY FOR THE REVIEW YEAR) *** Data should be entered into the SUN system by 3/31 of each year.**	ASAP AFTER PRODUCING RATE NOTICES	WITHIN 90 DAYS OF SELECTING SAMPLE

OTHER SAMPLING

CHOICES WHEN ACCEPTANCE SAMPLES INDICATE PROBLEMS

1) Accept the Finding

2) Draw a second Acceptance Sample

3) Draw an Expanded Sample

Accept the Finding

When excessive exceptions are found in transactions reviewed as part of an Acceptance Sample, and this finding is consistent with the System Review Findings, the TPS report will indicate that there is not reasonable assurance of quality for the function being reviewed.
The purpose of such a finding is to alert agency managers to the problem so they can improve the tax operation. Normally, the TPS review process stops once the problem is identified and reported.

However, managers will only act on information if they are convinced it is correct. There may be times when managers are not convinced by the Acceptance Sample findings. For example, the Systems Review may show no risk, but the acceptance sample fails or a risk is shown but management thinks it is unimportant. When this happens, the TPS staff should meet with the managers to explain the findings and the problems with quality assurance or internal control systems which led to the inaccuracies in the transactions. If after this discussion managers are still not convinced, the TPS investigators may conduct further investigations to clarify the problem. If these investigations involve additional sampling, it can take the form of drawing a second acceptance sample, or drawing an expanded (estimation) sample, or both.

SAMPLING SPECIFICATIONS

OTHER SAMPLING **SECOND ACCEPTANCE SAMPLE**

Second Acceptance Sample

One option is to select a second Acceptance Sample.

If after review of the first Acceptance Sample, managers are not convinced of the findings, the TPS reviewers may draw an additional acceptance sample.

Once a decision is made to select the second sample, it should replace the prior acceptance sample for reporting purposes. If the second acceptance sample "passes", and is consistent with the System Review, then there is accuracy for the tax function being reviewed.

You cannot keep reviewing acceptance samples until you find one that gives the answer you want.

So, you are limited to one additional acceptance sample, two in total.

To select a second acceptance sample follow the standard Acceptance Sampling instructions listed above. The sample should be selected using the entire universe of transactions (using a different random number). This means that transactions selected in the first Acceptance Sample may also be chosen for the second Acceptance Sample.

SAMPLING SPECIFICATIONS

OTHER SAMPLING — SECOND ACCEPTANCE SAMPLE

If the random selection process happens to identify a case for the second Acceptance Sample which has been reviewed previously, there is no need to repeat the review for that case. Merely transfer the paperwork from the first Acceptance Sample.

The Sample Selection Program provided by the National Office is designed to allow the selection of a second acceptance sample using the same universe (using a different random number).

REMEMBER:

One, and only one, additional Acceptance Sample may be selected.

It must replace the first sample.

The sample should be selected from the entire universe of transactions, including those selected for the first sample.

OTHER SAMPLING **EXPANDED SAMPLING**

Expanded Sampling

The second option is to use Expanded Sampling.

The purpose of expanded sampling in TAX PERFORMANCE SYSTEM is to support the findings of the review of quality assurance systems or internal controls and the acceptance samples.

Expanded sampling is not usually necessary when the SESA concurs with the TPS findings following the Systems Review and Acceptance Sample.

If, however, the SESA does not agree with the findings, or contends that the findings do not indicate material and significant weaknesses in the existence or operation of quality assurance systems or internal controls, or wishes to estimate the potential impact of the weakness on program quality an expanded sample is necessary .

As opposed to acceptance sampling which merely tests whether the error rate in a function is below an acceptable level, expanded sampling is used to estimate the exact error rate. This type of estimation requires larger sample sizes, and thus usually much more work. States should therefore make careful decisions about when Expanded Sampling is appropriate.

Even when the SESA administrators agree with a finding, the reviewer has the option to select an expanded sample when there is uncertainty about the nature of findings and more detailed information is desired. For example, if the agency wants to know if there is a serious problem with reporting from small employers, a special expanded sample can be drawn to investigate the true level of error for this group.

SAMPLING SPECIFICATIONS

OTHER SAMPLING **EXPANDED SAMPLING**

The primary difference between acceptance sampling and expanded sampling is the sample size. Whereas in acceptance sampling it was only necessary to determine whether the exception rate was less than a specified level, expanded samples need to be large enough to estimate the actual exception rate. An expanded sample must be large enough to estimate an exception rate with sufficient precision that the agency will have confidence in the estimate. As in the case of acceptance sampling, choices need to be made on the precision of the estimate and the level of confidence in the estimate. The more precise the estimate, and the higher the confidence level, the larger the required sample size.

WHEN TO USE EXPANDED SAMPLING:

- **When agency staff and management find acceptance sample results unconvincing.**
- **To explore the level and cause of a problem identified by a Systems Review and/or Acceptance Sample.**

SAMPLING SPECIFICATIONS

OTHER SAMPLING **EXPANDED SAMPLING**

Steps in Expanded Sample Selection

1. **Determine the level of precision needed. This will usually require consultation with SESA administrators to assess the precision that will be convincing. The recommended level is 90% confidence that the true value is within 20% of the estimate.**

2. **Locate and count all transactions in the universe of this type of transaction. (This should have already been done for the Acceptance Sample.)**

3. **Make a list of all transactions or otherwise put the transactions in a known order. (Also done for the Acceptance Sample)**

4. **Determine the sample size using the table in Exhibit A-12 (or A-13 or A-14).**

5. **Divide the sample size into the number of transactions in the universe. The result is the skip interval "i" (e.g. equals 10).**

6. **Randomly pick a transaction out of the first "i" transactions (e.g. any number between 1 and 10, i.e. = 6). Select every "ith" transaction until the full sample size is reached (e.g. 6,16,26,36....).**

7. **Review the sample and record findings in accordance with the instructions in Chapters III through VIII of this handbook. The same review instruments and procedures are used for acceptance and expanded sampling.**

Note: Steps 5 and 6 can be executed by using the NO Sampling programs, just changing the number of cases to be determined.

SAMPLING SPECIFICATIONS

OTHER SAMPLING **EXPANDED SAMPLING**

Selecting Sample Sizes

The sample sizes needed for various exception rates, sampling precision requirements, and confidence levels are shown in Exhibits A-12, A-13 and A-14.

The first thing to note about these charts is that the sample sizes for exception rates lower than 5 percent are quite large. For an exception rate of 1 percent and a precision of 10 percent relative error (See Exhibit A-13), the required sample size would be over 26,000. Even at a precision of 30 percent (Exbibit A-14), the sample size would be nearly 3,000. For an exception rate of 5 percent, the sample sizes would be 5,100 at 10 percent precision, 1,300 at 20 percent, and 570 at 30 percent.

The reviewer will need to use careful judgment about the level of precision needed when selecting an expanded sample. Remember that sample sizes must be large enough to achieve a level of precision which will satisfy administrators. Thus, the reviewer will need to explicitly consider the tradeoff between workload and the required level of precision. Remember as well that the demand for most expanded samples will arise when the reviewer has identified an exception rate which is believed to be greater than 5 percent. Thus most expanded samples should be of reasonable size.

Recommended Sample Sizes

In deriving recommendations for the size of the expanded samples, we attempt to balance the needs of UI tax managers for an adequate level of precision with the level of effort required to review the sample. We recommend that expanded sample sizes should be large enough to produce estimates in which there is 90 percent confidence level that the estimate is within 20 percent of the true value. For example, if the estimated exception rate is 15 percent, then the sample should be large enough to give 90 percent confidence that the true value is between 12.0 percent and 18.0 percent (15 percent, plus and minus 20 percent, or plus and minus 3.0 percentage points.) The sample sizes for the 20 percent relative error can be found in Exhibit A-12. Exhibits A-13 and A-14 present the values for 10 percent and 30 percent relative error as a reference.

SAMPLING SPECIFICATIONS

OTHER SAMPLING **EXPANDED SAMPLING**

Sampling Instructions

The general steps in selecting and analyzing an expanded sample are similar to those used in an acceptance sample, except for the sample size. The first step in expanded sampling is to determine the necessary sample size. This step begins with the exception rate estimated from the acceptance sample. While the acceptance sample is too small to provide a precise estimate of the exception rate, the rate computed from the acceptance sample should be sufficiently accurate for purposes of computing the necessary expanded sample size.

1. Determine the sample size

Take the exception rate computed from the acceptance sample, and look up the expanded sample size in Exhibit A-12 in two steps:

First, find the column that corresponds to the exception rate from the acceptance sample. When that exception rate is between two of the tabulated values, use the column with the lower value. For example, use the 15 percent column when the estimated exception rate is greater than 15 percent but less than 20 percent.

Second, find the row in the table that corresponds to the universe size, as determined prior to conducting the acceptance sample. When the population lies between two rows, use the next higher row. For example, use the 10,000 line when the universe is greater than 9,000 but less than 10,000.

The above procedure will produce a sample size large enough to assure that the relative error from the sample is no less than 20 percent. In some large States and for some functions, the steps between sample sizes in Exhibit A-12 are large and the above procedure could yield a sample much larger than necessary. In those cases, the State may call the National Office for assistance.

2. Select the sample

Sample selection for the expanded sample will, in general, be done using an interval method, similar to that used in selecting the acceptance samples. This involves the same three steps as in the acceptance sample: (1) determine the sampling interval "i" by dividing the sample size into the universe size; (2) choose a random starting point between 1 and sampling interval; and (3) select every "ith" case from that random starting point. (See the Section on Acceptance Sampling for the formula used in the National Office Selection System.)

The Sample Selection Program provided by the National Office is designed to also be used for Expanded sampling using the same universe.

The following three pages are the exhibits referred to in this section.

EXHIBIT A-12

Relative Error = 20% with 90% confidence level

Universe Size	Sample size when Estimated Exception Rate is: 1.0	2.0	3.0	4.0	5.0	7.5	10.0	12.5	15.0	20.0	25.0	30.0	40.0	50.0
200	194	189	183	178	173	161	150	140	131	115	100	88	67	50
300	287	275	264	253	243	220	201	183	168	142	121	103	75	55
400	377	357	338	321	305	270	241	216	195	161	134	113	81	58
500	465	434	407	382	359	312	274	242	216	175	144	119	84	59
600	550	508	470	437	408	348	301	264	233	186	151	124	86	60
700	633	577	530	488	452	380	325	281	247	194	157	128	88	61
800	714	644	585	535	492	407	345	296	258	201	161	131	90	62
900	793	707	637	578	528	432	362	309	268	207	165	134	91	63
1,000	869	767	685	617	561	453	377	320	276	212	168	136	92	63
1,500	1224	1031	888	777	690	534	431	358	304	228	178	142	95	64
2,000	1538	1245	1042	893	780	586	465	381	320	237	183	145	96	65
2,500	1817	1421	1163	981	845	623	487	396	331	243	187	148	97	65
3,000	2068	1570	1261	1049	896	650	504	407	338	247	189	149	98	66
4,000	2499	1807	1409	1150	968	687	526	421	348	252	192	151	98	66
5,000	2855	1986	1515	1220	1019	711	540	430	354	255	194	152	99	66
6,000	3156	2127	1596	1272	1053	729	550	436	358	257	195	153	99	66
7,000	3412	2240	1659	1311	1080	741	557	441	361	259	196	153	99	67
8,000	3633	2334	1710	1343	1102	751	563	445	364	260	197	154	100	67
9,000	3827	2412	1751	1368	1119	759	567	447	366	261	197	154	100	67
10,000	3996	2478	1786	1390	1133	766	571	450	367	262	198	154	100	67
15,000	4611	2701	1899	1457	1177	786	582	456	372	264	199	155	100	67
20,000	4994	2829	1961	1493	1201	796	587	460	374	265	200	156	100	67
30,000	5448	2969	2027	1531	1225	807	593	463	376	267	200	156	101	67
40,000	5707	3044	2062	1551	1238	812	596	465	377	267	201	156	101	67
50,000	5875	3091	2083	1563	1246	816	598	466	378	268	201	156	101	67
75,000	6114	3156	2113	1580	1256	820	600	468	379	268	201	157	101	67
100,000	6241	3190	2128	1588	1261	822	602	468	380	268	201	157	101	67
250,000	6484	3252	2155	1603	1271	827	604	470	380	269	202	157	101	67
500,000	6569	3273	2165	1609	1274	828	604	470	381	269	202	157	101	67
Infinite	6657	3295	2174	1614	1278	829	605	471	381	269	202	157	101	67

EXHIBIT A-13

Relative Error = 10% with 90% confidence level

Universe Size	Sample size when Estimated Exception Rate is: 1.0	2.0	3.0	4.0	5.0	7.5	10.0	12.5	15.0	20.0	25.0	30.0	40.0	50.0
200	199	197	196	194	192	189	185	181	177	169	160	152	134	115
300	297	293	290	287	283	275	267	259	251	235	219	203	172	142
400	394	388	382	377	371	357	343	330	317	292	267	244	201	161
500	491	482	473	464	455	435	414	395	376	341	309	278	223	175
600	587	574	561	549	537	508	481	455	431	385	344	307	241	186
700	682	665	648	632	616	578	543	510	480	424	375	331	256	194
800	777	754	733	712	692	645	601	561	525	459	402	352	268	201
900	871	842	816	790	765	708	656	609	566	490	425	370	279	207
1,000	964	929	897	866	836	768	708	653	604	518	447	386	287	212
1,500	1420	1347	1279	1217	1160	1033	926	835	756	626	525	442	318	228
2,000	1860	1736	1626	1527	1437	1248	1095	970	865	700	575	478	336	237
2,500	2285	2101	1942	1802	1679	1426	1230	1074	947	752	610	502	347	243
3,000	2696	2444	2231	2048	1890	1575	1340	1157	1011	792	636	519	356	247
4,000	3478	3069	2740	2470	2244	1813	1508	1280	1104	848	671	542	366	252
5,000	4210	3625	3175	2818	2527	1994	1631	1368	1168	885	695	558	373	255
6,000	4897	4123	3550	3110	2760	2136	1725	1433	1215	912	711	568	378	257
7,000	5543	4572	3878	3358	2954	2251	1799	1484	1252	933	723	576	381	259
8,000	6152	4978	4167	3572	3118	2345	1858	1524	1280	948	733	582	384	260
9,000	6726	5348	4423	3759	3259	2424	1908	1557	1303	961	740	587	386	261
10,000	7270	5686	4651	3923	3382	2491	1949	1584	1323	971	747	591	388	262
15,000	9595	7015	5505	4513	3812	2716	2084	1673	1384	1004	766	602	393	264
20,000	11421	7944	6061	4880	4070	2845	2159	1721	1416	1021	776	608	395	265
30,000	14107	9157	6742	5312	4366	2987	2240	1772	1450	1039	786	615	398	267
40,000	15986	9913	7143	5558	4531	3063	2283	1798	1468	1048	791	618	399	267
50,000	17374	10430	7408	5717	4636	3111	2309	1814	1479	1053	794	620	400	268
75,000	19651	11209	7793	5943	4784	3177	2345	1837	1494	1061	798	622	401	268
100,000	21028	11644	8001	6064	4862	3211	2363	1848	1501	1064	800	624	402	268
250,000	24064	12519	8404	6293	5008	3274	2397	1869	1515	1071	804	626	403	269
500,000	25281	12841	8548	6373	5059	3295	2409	1876	1519	1074	806	627	403	269
Infinite	26627	13179	8696	6455	5110	3317	2421	1883	1524	1076	807	628	403	269

EXHIBIT A-14

Relative Error = 30% with 90% confidence level

	Sample size when Estimated Exception Rate is:													
Universe Size	1.0	2.0	3.0	4.0	5.0	7.5	10.0	12.5	15.0	20.0	25.0	30.0	40.0	50.0
200	187	176	166	156	148	130	115	102	92	75	62	52	37	26
300	272	249	229	212	196	165	142	123	108	85	69	57	39	27
400	352	314	283	257	235	192	161	137	119	92	73	59	40	28
500	428	373	329	295	266	212	175	147	127	96	76	61	41	28
600	499	426	370	327	292	228	186	155	132	100	78	62	42	28
700	566	474	406	354	314	241	194	161	136	102	79	63	42	29
800	630	517	438	378	332	252	201	166	140	104	81	64	42	29
900	690	557	466	399	348	261	207	170	143	106	82	65	43	29
1,000	747	594	491	418	362	269	212	173	145	107	82	65	43	29
1,500	995	741	588	485	412	296	228	184	152	111	85	67	44	29
2,000	1193	845	652	528	442	311	237	189	156	113	86	67	44	29
2,500	1355	923	697	557	463	321	243	193	159	114	87	68	44	30
3,000	1490	984	731	579	477	328	247	196	160	115	87	68	44	30
4,000	1701	1072	778	608	497	337	252	199	162	116	88	69	44	30
5,000	1859	1133	810	627	510	343	255	201	164	117	88	69	44	30
6,000	1981	1177	832	641	519	347	257	202	165	117	88	69	44	30
7,000	2080	1211	849	651	525	350	259	203	165	118	89	69	45	30
8,000	2160	1238	862	658	530	352	260	204	166	118	89	69	45	30
9,000	2227	1259	873	664	534	354	261	204	166	118	89	69	45	30
10,000	2283	1277	881	669	537	355	262	205	167	118	89	69	45	30
15,000	2471	1334	908	684	547	360	264	206	167	119	89	69	45	30
20,000	2577	1364	922	692	552	362	265	207	168	119	89	69	45	30
30,000	2693	1396	936	700	557	364	267	208	168	119	89	70	45	30
40,000	2755	1413	943	705	560	365	267	208	169	119	89	70	45	30
50,000	2793	1423	948	707	561	366	268	208	169	119	89	70	45	30
75,000	2846	1436	954	710	564	367	268	209	169	119	90	70	45	30
100,000	2874	1443	957	712	565	367	268	209	169	119	90	70	45	30
250,000	2924	1456	963	715	567	368	269	209	169	119	90	70	45	30
500,000	2941	1460	964	716	567	368	269	209	169	120	90	70	45	30
Infinite	2959	1464	966	717	568	369	269	209	169	120	90	70	45	30

SAMPLING SPECIFICATIONS

OTHER SAMPLING						EXCEPTION SAMPLING								
75,000	2846	1436	954	710	564	367	268	209	169	119	90	70	45	30
100,000	2874	1443	957	712	565	367	268	209	169	119	90	70	45	30
250,000	2924	1456	963	715	567	368	269	209	169	119	90	70	45	30
500,000	2941	1460	964	716	567	368	269	209	169	120	90	70	45	30
Infinite	2959	1464	966	717	568	369	269	209	169	120	90	70	45	30

Exception Sampling

In the Program Review conducted in TPS the samples selected are from normal or routine processing for the tax function being reviewed. In many of the tax functions there are often tasks which fall outside the normal flow of work such as accounts needing adjustments, payments received outside the cashiering unit or other changes made based on new or additional information provided by employers. SESAs may want to examine a sample of these tasks outside the normal work flow.

States may wish to conduct special studies based on results of an earlier acceptance sample review or based on a specific problem area perhaps with employers in a given industry.

SESAs have the option to conduct special acceptance sampling or special expanded samples to reveal error rates in a particular area.

Previous studies have been conducted using optional data fields in existing record formats. The Sample Selection Program provided by the National Office has provided optional data fields for this use.

Studies can be conducted using varying approaches.

Generally the same rules used in expanded sampling will apply.

SAMPLING SPECIFICATIONS

OTHER SAMPLING	EXCEPTION SAMPLING
	SESAs should contact their Regional Office for additional information if exception sampling is desired.

SAMPLED CASE REPLACEMENT

SAMPLING SPECIFICATIONS

SAMPLED CASE REPLACEMENT

REPLACEMENT RULES FOR ACCEPTANCE SAMPLE CASES

There may be transactions in the selected sample that are difficult to review or are incorrectly selected.

In some very limited circumstances, replacement of these cases is acceptable.

This section describes these circumstances.

RULE 1:
Do not over-sample.

TPS reviewers should select exactly the number of acceptance sample cases specified by the instructions in this handbook. Do not select additional transactions as replacements for transactions that cannot be reviewed. Over-sampling will produce inaccurate measurements whether all or part of the sample is reviewed.

(a) If the entire over-sample is reviewed, the review will hold the SESA to an unnecessarily high standard because there is the possibility of more failures. [Note: In samples other than acceptance samples, the option exists to expand sample sizes for added measurement precision. As long as they review all transactions sampled, this will not be considered over-sampling.]

(b) If reviewers sample extra cases but review only the minimum required by TPS, they must choose the cases not to review. This choice introduces procedural uncertainty that limits the accuracy of review findings.

SAMPLING SPECIFICATIONS

SAMPLED CASE REPLACEMENT

RULE 2:

One unreviewable case may be replaced in each sample.

Unreviewable transactions are those that do not permit review because the case records are missing, incomplete, or uninterpretable. There will be times when records are lost in the mail, unreadable due to poor transfer to microfiche, misfiled, or otherwise unavailable. Rather than halting the review automatically when cases are missing one case may be replaced if it is un-retrievable. This will provide States some leeway to conduct a complete review of the accuracy of transaction processing even though a single case may be un-retrievable. IN INSTANCES OF THIS TYPE, REPLACEMENT IS ALLOWED FOR ONE AND ONLY ONE LOST CASE.

Since documentation of the transaction and control of records are key items for systems reviews, eliminating poorly documented cases will fail to identify a critical problem. Cases for which one part of the processing (documentation) is handled inappropriately are more likely to have other problems. In general, cases that are unreviewable fail the acceptance sample. Eliminating all these cases from the sample will lead to biased results.

Also remember that the sample sizes are set to provide 90 percent confidence that the true error rate is less than 5% if no errors are found. Five percent is a very high error rate to tolerate for relatively straightforward record keeping. If there is not reasonable assurance that 1 in 20 records is available in a reviewable form, there is a serious problem.

Despite the general prohibition on replacement of unreviewable cases, the one case replacement rule is made to the realities of the review process. To conduct the Acceptance Sample review, TPS staff will need to locate the case records. Most samples will be selected from a master list of transactions. In some cases the

SAMPLED CASE REPLACEMENT

directly linked to automated case records and finding case data will not be difficult. On the other hand, retrieving the cases may be more complicated, for example when it means obtaining records from local offices where information may possibly be misplaced or out of the proper file.

NOTE: Before case replacement the reviewer must:

- **have assurance that work on the case was actually done,**
- **that every effort is made to find the missing information, and**
- **check all possible places or persons where the missing information could be located.**

If a SECOND case in the sample is missing, the SESA CANNOT reach a conclusion on accuracy and the entire sample under review must be ruled as being unable to reach a conclusion that there is reasonable assurance of accuracy. A SECOND CASE CANNOT BE REPLACED WHEN THE FILE(S) ETC. CANNOT BE LOCATED. SESAs may select a second Acceptance sample but if it also has two missing cases, the results for the sample must be coded as "No" on the Reasonable Assurance Chart. (As mentioned in Section IV, a SESA is limited to two Acceptance Samples)

NOTE: In situations where the population is so small that the entire universe must be reviewed, no replacement is required since none is available. The case is merely dropped from the TPS review. If this happens with more than one case, contact your RO representative.

SAMPLED CASE REPLACEMENT

RULE 3:

Transactions that were incorrectly included in the universe from which the sample was drawn need not be replaced.

Cases which should not have been in the Universe.

Any problems in finding cases that should NOT HAVE BEEN IN THE UNIVERSE must be discussed with the data processing staff if case selection was an automated process. Corrections to the programs used for extracting universe data must be made to prevent future occurrences of improper case selection. Remember the transaction file creation system should have been tested and reviewed before actual samples were selected.

For example, when building the universe of collection cases, an account receivable which had less than $100 unpaid UI tax due could be inadvertently included. (The universe should consist of $100 or more in unpaid tax). However, it is important to have some evaluation of each tax function if at all possible. If cases that should not be in the universe are selected, do not replace them. Instead, continue extracting samples. As long as the sample contains a minimum of 53 valid cases (i.e., cases that meet the universe definition), two cases can still fail and the results of the Acceptance Sample will remain consistent with that of 60 case samples. If the sample size drops below 53, the tax function cannot be evaluated.

NOTE: When performing data entry with less than 60 cases due to universe problems, contact the RO so that the automated validation of sample size can be by-passed.

Replacement should not be made for wrong decisions.

There can be instances where a transaction that was incorrectly included in the universe from which the sample was drawn may be replaced but extreme care should be exercised when deciding on whether to replace these transactions. For example, if a "new" status determination

SAMPLED CASE REPLACEMENT

was accidentally placed in the file drawer with "successor" determinations and sampled as a successor, it should be replaced with a real successor determination. However, if the case was originally determined to be a successor when the correct status was a new employer, a wrong decision was made; the case should not be replaced. The case should remain in the sample and the error should be recorded.

Should there be any question whether to replace or not to replace a sample case, the reviewer should check with the RO before proceeding with the case review and analysis.

STEPS FOR REPLACING SAMPLE CASES

STEP 1: **Confirm that the replacement is allowed under the rules in the previous section.**

SAMPLING SPECIFICATIONS

SAMPLED CASE REPLACEMENT

STEPS FOR REPLACING SAMPLE CASES

STEP 1: **Confirm that the replacement is allowed under the rules in the previous section.**

STEP 2: **Select the case in the transaction file (or the list) from which the sample is being drawn that follows the case being replaced. In other words, select the case that would have been selected by the skip pattern if the replaced case had not been in the file. This has a slightly different meaning depending upon whether the sample is selected manually or by computer.**

Manual: Select the case that is physically the next case in the file. If the records are stored in files, choose the next case in the file drawer. For example, suppose the records are stored separately in each local office and stored by transaction date. If the case to be replaced was drawn from local office 12, and was filed as the 5th transaction on May 1st, the replacement case should be the 6th transaction on May 1st in local office 12.

If the selection was made from a printed list of transactions, choose the transaction from the list that immediately follows the case to be replaced.

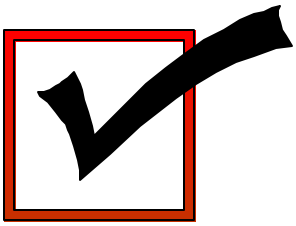
Automated: The automated selection process should retain the universe file (an ordered list or file of all transactions for the period from which the sample was selected). Retrieve the list (or read the file) and select the next record following the case that is being replaced. The case to be replaced should be eliminated from the file if replacement is because the case was incorrectly included on the original list.

When SESAs use the Sample Selection Programs provided by the national Office, a sequence number will be provided with each case sampled. To replace a case, the next sequential number should be found on the universe file and that record provided as the replacement case.

SAMPLING SPECIFICATIONS

SAMPLED CASE REPLACEMENT

REMEMBER:



You MAY NOT over-sample to have extra replacement cases on hand.

You MAY replace ONLY ONE case where information is missing or destroyed.

You MUST check with the Regional Office regarding cases which should NOT HAVE BEEN INCLUDED in the universe.

TECHNICAL ASSISTANCE

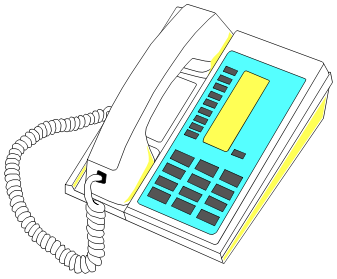
SAMPLING SPECIFICATIONS

SAMPLING **TECHNICAL ASSISTANCE**

TECHNICAL ASSISTANCE

The National Office is available to assist SESAs regarding the proper definitions and other questions on SAMPLING.

A toll free Hotline Number is available for Data Processing questions. The number in Washington is:



1-800-473-0188

You MUST inform the Hotline Operator that your call pertains to TAX PERFORMANCE SYSTEM (TPS). The Hotline staff has been instructed to forward your call to a member of the TPS WORKGROUP.

Calls can also be made to the telephone number within the TPS WORKGROUP at 202-693-3032 (this is not a toll free number).