

CHAPTER V

REPORT DELINQUENCY

COMPONENTS

INTRODUCTION

COMPUTED MEASURES

PROGRAM REVIEW

INTRODUCTION

REPORT DELINQUENCY

INTRODUCTION

The Report Delinquency function consists of the efforts to assist employers to comply with State laws and regulations for employment reporting, and to resolve delinquent reports. The major tasks are:

Identify delinquent employer accounts

Notify delinquent employers

Resolve delinquency by securing reports, determining non-liable, or assessing estimated monetary liability

PRIMARY OBJECTIVE

The primary objective of the Report Delinquency function is to promote compliance with State reporting requirements and secure delinquent reports timely. To accomplish this, the Report Delinquency function will need to meet two sub-objectives:

Increase the percentage of employers filing quarterly reports by promoting voluntary compliance (**Completeness**)

Take all reasonable actions to secure delinquent reports within an acceptable time period (**Timeliness and Completeness**)

PRIMARY OBJECTIVE

***Timeliness
and
Completeness***

To assess State effectiveness in promoting employer compliance, and in securing delinquent reports, Computed Measures will be generated based on data routinely reported by States. These data elements will be converted into six indicators by the TPS ADP system.

To determine whether the State is taking all reasonable actions to secure/resolve report delinquencies, a Program Review will be conducted to ascertain the existence of necessary internal controls and to determine whether or not such controls are functioning properly.

REVIEW METHODOLOGIES

Computed Measures

Computed Measures will provide indicators to measure how effective the State is in securing delinquent reports timely and in resolving delinquent reports. There are three indicators which will be used to measure contributory employers and the same three indicators will be used to measure reimbursing employers:

- A. Percent of reports filed timely.
- B. Percent of reports secured by the end of following quarter.
- C. Percent of reports secured plus delinquencies resolved within 180 days (i.e., two following quarters)

REVIEW METHODOLOGIES

Program Review

The Program Review to be conducted for Report Delinquency has two components: a Systems Review and an Acceptance Sample.

The Systems Review covers the following topics:

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

The Systems Review will be used to identify the internal controls and quality assurance systems necessary for an effective Report Delinquency operation and to verify if the State has such controls in place.

The Acceptance Sample examines the following:

- Employer Accounts Identified as Delinquent

In conjunction with the Systems Review, Acceptance Samples of delinquent report notices will be examined to confirm that the States system of controls is ensuring proper and timely delinquent report processing.

COMPUTED MEASURES

REPORT DELINQUENCY

COMPUTED MEASURES

COMPUTED MEASURES

Computed measures will provide indicators for how effective the State is in securing delinquent contribution reports timely and resolving delinquent wage reports. These measures will be generated based on data elements reported by States through routine quarterly reports. Upon implementation of the TPS program, the TPS reviewer must ensure that the State ADP system captures these data elements as defined so that the ADP system can produce output reports based on these elements.

Whether the State accumulates the data elements required for delinquency computed measures through ADP or manually, it is important that the records be maintained from the beginning. Upon full implementation of TPS, data for delinquency indicators will replace the data reported on the ETA 581 for this function. The plan is to gather the data needed from the system used to electronically report the current ETA 581 data. Appendix B explains the technical process for gathering this information.

Report Delinquency Indicators

The six indicators to measure how effective the State is in securing delinquent reports timely and resolving delinquent reports are described below:

For Contributory Employers

1. Percent of reports filed timely.
2. Percent of reports secured by end of following quarter.
3. Percent of reports secured plus delinquencies resolved within 180 days (i.e., two following quarters).

REPORT DELINQUENCY

COMPUTED MEASURES

COMPUTED MEASURES

For Reimbursing Employers

4. Percent of reports filed timely.
5. Percent of reports secured by end of following quarter.
6. Percent of reports secured plus delinquencies resolved within 180 days (i.e., two following quarters).

Indicators 1 & 4 - Timely Employers (Contributory & Reimbursing)

(The percent of employers filing reports timely).

Rationale. This indicator reflects the percent of voluntary reporting compliance. It is intended to provide a measure of State efforts to promote voluntary filing through effective publications/forms, educational programs and/or utilization of enforcement tools. Timely reports include all reports filed on or before the delinquent date established by the State for the calendar quarter.

Formula.

The average number of contributory/reimbursing employers filing
reports timely for four (581) report quarters .

The average number of active contributory/reimbursing employers for
four (581) report quarters ending one quarter earlier

REPORT DELINQUENCY

COMPUTED MEASURES

COMPUTED MEASURES

Data Elements.

The number of employers filing reports timely is reported on the ETA 581, item #6 for contributory employers and item #9 for reimbursing employers.

Active employers are those employers registered and required to file reports under the State unemployment compensation law. The number for each quarterly period should be the same as currently reported on form ETA 581. The average of the four 581 report quarters is used because reporting is based on timely reports for the quarter ending one quarter earlier.

Indicator 2 & 5 - Secured Reports (Contributory & Reimbursing)

(The percent of quarterly reports secured by the last day of the following quarter).

Rationale. This indicator measures the percent of employer reporting compliance by the level of secured reports for the preceding quarter. The "secured" definition combines voluntary employer reporting and State-influenced reporting. It excludes report delinquencies which are resolved by assessment, thereby maintaining emphasis on employer compliance and on the effect of State efforts to secure delinquent reports. This indicator is similar to the one used by Quality Appraisal as a DLA for Report Delinquency, and when analyzed with Indicator (1), Timely Employers, it should be possible to determine the effectiveness of State reporting enforcement efforts.

Formula.

The average number of contributory/reimbursing employers whose reports had
been secured by the last day of the four (581) report quarters
Average number of active contributory/reimbursing employers for the four (581)
report quarters ending one quarter earlier

Data Elements.

The number of employers whose reports have been secured by the last day of the following quarter is reported on the ETA 581, item #7 for contributory and item # 10 for reimbursing.

REPORT DELINQUENCY

COMPUTED MEASURES

COMPUTED MEASURES

The number of employer reports secured for the quarter are the number of contributory employers, or the number of reimbursable employers who by the end of the next quarter had submitted contribution reports which were due for the preceding quarter. An example would be an employer who did file a report for the first quarter by June 30, this employer would be included in the secured count for this indicator. Employers who have been issued estimated assessments for contributions due or for whom substitute contribution reports may have been generated or are found to be no longer liable, are not considered as secured.

The number of active employers is the same as Indicator 1.

Indicator 3 & 6 - Resolution of Report Delinquencies (Contributory & Reimbursing)

(The percent of reports secured plus delinquencies resolved by the last day of the second reporting period (i.e., within 180 days of the quarter ending date, or within 180 days of the date delinquency discovered for newly established accounts).

Rationale. To effectively manage accounts receivable it is important that amounts determined to be due are established on a timely basis. This indicator is intended to bridge the gap between Report Delinquency and Collections, and in effect is an indicator of "tax report delinquency" resolved via establishing a legally due and collectable amount due. Considering that for most States reports are delinquent if not filed within 30 days after the quarter ending date, and adding an additional 150 days (i.e., 60 days of the following quarter plus the 2nd following quarter), 180 days was selected as a reasonable goal for resolution of report delinquencies.

REPORT DELINQUENCY

COMPUTED MEASURES

COMPUTED MEASURES

Formula.

The average number of contributory/reimbursing employers whose report delinquencies were resolved within 180 days (two quarters)
for four (581) report quarters
Average number of active contributory/reimbursing employers for the four
(581) report quarters ending two quarters earlier

Data Elements.

The number of employers whose report delinquencies were resolved within 180 days of the quarter ending date is reported on the ETA 581 as item #8 for contributory employers and item #11 for reimbursing employers.

NOTE: Report Delinquencies are to be considered resolved upon securing reports, determining non-liable for reporting (e.g., the employer was found not to be subject, or the State decided to inactivate an active employer, or to "write off" the employer's delinquency status), or establishing a "final" assessment that is legally due and collectible. "Final" assessments are to be reported as Amounts Determined Receivable.

The number of active employers is defined the same as for Indicators 1 and 2. Because reporting is for the number of report delinquencies resolved within 180 days (six months), the average number of active employers is the four quarters ending two quarters earlier.

REPORT DELINQUENCY

COMPUTED MEASURES

COMPUTED MEASURES

Drawing Conclusions

An analysis of the results of Report Delinquency Computed Measures will provide the TPS reviewer with an indication of how effective the State is in promoting voluntary filing and in resolving report delinquency. The first and fourth indicators show the overall level of employer compliance in the State, for contributory and reimbursing employers, the second and fifth indicators show the combined effect of voluntary compliance and State-induced compliance. The third and sixth indicators combine voluntary compliance, the delinquency unit's impact, and the State's use of other methods to resolve delinquencies such as assessments or determinations of non-liability for contributory and reimbursing employers.

The reviewer should be able to make observations as a result of these indicators that would be reflected in the Systems Review. For example, the reviewer would expect that if the State had a high percentage of voluntary compliance in report filing this would be reflected by some exemplary practices. Likewise, if the number of reports resolved was low the TPS reviewer may find areas of risk in the Systems Review which are causing the problem.

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

PROGRAM REVIEW

COMPONENTS

SYSTEMS REVIEW

ACCEPTANCE SAMPLES

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SYSTEMS REVIEW

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

CHAPTER FIVE

REPORT DELINQUENCY

PROGRAM REVIEW

SYSTEMS REVIEW INTERVIEW SHEET

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

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SYSTEMS REVIEW

Recorded Information and Instructions

Recorded information and instructions for maintenance of delinquent employer accounts should include the means by which delinquent accounts are identified, the conditions under which the employers should be notified, and the resolution of such delinquencies.



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

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

REPORT DELINQUENCY

PROGRAM REVIEW

SYSTEM REVIEW QUESTIONS

1. Does the State have recorded instructions to help staff process delinquent employer information in accordance with State laws and written policies?

Yes ___ No ___

2. If yes, are the recorded information and instructions:

Yes No

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

VS:(Questions 1 and 2 _____)

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

Yes ___ No ___ N/A ___

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

VS:(Questio 3 _____)

REPORT DELINQUENCY

PROGRAM REVIEW

SYSTEMS REVIEW NARRATIVE

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

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

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REPORT DELINQUENCY

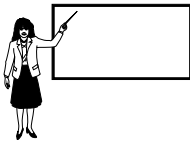
PROGRAM REVIEW

SYSTEMS REVIEW

Training

The State needs to have systems and procedures to identify training needs and deliver training to employees who perform duties within the Report Delinquency function. New employees need to learn the procedures for processing and recording delinquent reports. Existing employees benefit from periodic refresher courses and additional training when procedures change and/or quality defects occur at an unacceptably high rate.

The reviewer should respond to the following questions after discussing with management the training systems used for Report Delinquency staff, and examining the training packages utilized.



In the narrative section following the questions, explain any "N/A" responses, and describe "Compensating Controls". Identify the question being explained by referencing the number and section. If there are no formal training systems, then describe how the staff knows the laws and written policies and the proper procedures to perform the Report Delinquency function duties.

REPORT DELINQUENCY

PROGRAM REVIEW

SYSTEMS REVIEW QUESTIONS

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

Yes ___ No ___

*If yes, identify the type of training:

- | | <u>Yes</u> | <u>No</u> |
|---|------------|-----------|
| a. *Formal Classroom Training? | | |
| b. *On the Job Training?..... | | |
| c. *One-on-One Training? | | |
| d. *Individual Self-guided Training?..... | | |
| e. *Other?..... | | |

Describe the type and frequency of training in the narrative.

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

Yes ___ No ___

*If yes, identify the type of training:

- | | <u>Yes</u> | <u>No</u> |
|---|------------|-----------|
| a. *Formal Classroom (e.g., refresher courses)? | | |
| b. *On the Job Training?..... | | |
| c. *One-on-One Training? | | |
| d. *Individual Self-guided Training?..... | | |
| e. *Other?..... | | |

Describe the type and frequency of training in the narrative.

REPORT DELINQUENCY

PROGRAM REVIEW

SYSTEMS REVIEW QUESTIONS

3. Does the State provide training when there are:

Yes No N/A

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

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

Yes ___ No ___

If yes, describe in the Narrative Section.

VS: (Questions 1-4 _____)

REPORT DELINQUENCY

PROGRAM REVIEW

SYSTEMS REVIEW QUESTIONS

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

Yes ___ No ___

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

Yes ___ No ___ N/A ___

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

VS:(Question 6 _____)

REPORT DELINQUENCY

PROGRAM REVIEW

SYSTEMS REVIEW NARRATIVE

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

PROGRAM REVIEW

SYSTEMS REVIEW

Recording of Transactions and Events

The Report Delinquency function should have procedures and controls to assure that notifications, enforced and/or stayed delinquency resolution action (such as subpoenas, court orders and final assessments) are recorded. The source information should be readily available for examination. Whether the State system is manual or automated, an audit trail should lead from the Report Delinquency data recorded in the employer account record to the information source upon which the Report Delinquency action was based.

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



In the narrative section following the questions, explain any "Other" responses, and describe "Compensating Controls". Identify the question being explained by referencing the number and section. If the State does not maintain source documents or an audit trail, describe how it assures that correct/appropriate Report Delinquency actions have been taken.

REPORT DELINQUENCY

PROGRAM REVIEW

SYSTEMS REVIEW QUESTIONS

1. Does the State have procedures to assure that all enforced and/or stayed Report Delinquency actions can be traced to a source document (e.g., subpoenas, assessments, and court orders)?

Yes ___ No ___

2. Can the following be identified through the audit trail:

Yes No

- a. When and how the employer was contacted to secure the delinquent report?
- b. Enforced or stayed delinquency resolution actions taken?
- c. Date enforced or stayed delinquency resolution actions were initiated?
- d. Whether money was received with the delinquent report?
- e. The date the delinquent report was received?.....

VS:(Questions 1 – 2 _____)

3. In those instances when the staff resolves a delinquent report without money does the State have a procedure that assures enforced collection action can be initiated?

Yes ___ No ___

VS:(Question 3 _____)

REPORT DELINQUENCY

PROGRAM REVIEW

SYSTEMS REVIEW QUESTIONS

4. Are information sources retained and accessible for State use?

Yes___ No ___

VS:(Question 4 _____)

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

Yes___ No___ N/A ___

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

VS:(Question 5 _____)

REPORT DELINQUENCY

PROGRAM REVIEW

SYSTEMS REVIEW NARRATIVE

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

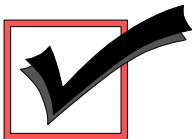
PROGRAM REVIEW

SYSTEMS REVIEW

Systems To Assure Execution of Events

For Report Delinquency, controls should be built in to assure the execution of events for processing delinquent employer account information. Such controls may include automated or manual checks of active employer accounts to accounts for which contribution reports have been received, and program checks to assure that delinquent employers are properly identified, and that delinquency notices are mailed in a timely manner.

The reviewer should become familiar with the various systems used by the State to assure execution of events for processing delinquent employer account information.



In the narrative section following the questions, explain any "N/A" responses, and "Compensating Controls". Identify the question being explained by referencing the number and section. If the State does not have internal controls or safeguards, describe how it assures that delinquent employers are properly identified and notified.

REPORT DELINQUENCY

PROGRAM REVIEW

SYSTEMS REVIEW QUESTIONS

1. Does the State have procedures and/or internal controls to assure that delinquent employers are properly identified?

Yes ___ No ___

a. *If yes, is there an automated system indicator to identify accounts that are delinquent?

Yes ___ No ___

(1) If yes, is a system check performed every time a program is changed?

Yes ___ No ___

VS:(Question 1 _____)

2. Does the State have a method to confirm the accuracy of the number of delinquent accounts identified (e.g., compare the number of active accounts against the number of reports processed, or total the number of employers that filed timely with the number of delinquency notices printed and compare it to the number of active employers on the same date)? If yes, describe in the narrative section.

Yes ___ No ___

a. If yes, does the State resolve discrepancies found?

Yes ___ No ___

REPORT DELINQUENCY

PROGRAM REVIEW

SYSTEMS REVIEW QUESTIONS

3. Does the State have procedures and/or internal controls to assure that delinquent employers are properly notified?

Yes ___ No ___

a. *If yes, is the procedure for issuing delinquency notices automated?

Yes ___ No ___

(1) If yes, is a system check performed every time a program is changed?

Yes ___ No ___

VS:(Question 2 & 3 _____)

4. Is there a method to suppress delinquency notices in cases of contested coverage?

Yes ___ No ___

5. Is there a method to suppress delinquency notices for accounts that have unprocessed contribution reports "in house"?

Yes ___ No ___

VS:(Question 4 & 5 _____)

REPORT DELINQUENCY

PROGRAM REVIEW

SYSTEMS REVIEW QUESTIONS

6. Is there a method to identify and control those delinquent employers in bankruptcy to assure:
- Yes No
- a. Reports are secured in sufficient time to file a claim for the taxes due?
 - b. Those employers continuing in business are monitored to ensure reports are filed timely?
 - c. Upon bankruptcy being closed, are unresolved delinquencies reassigned for further action?

VS:(Question 6 _____)

7. Does the State have procedures and/or internal controls to assure that follow-up actions are taken to obtain prior quarter delinquencies that are identified during current quarter processing?
- Yes ___ No ___

VS:(Question 7 _____)

REPORT DELINQUENCY

PROGRAM REVIEW

SYSTEMS REVIEW QUESTIONS

8. Does the State have controls which assure that staff resolve delinquent reports within specified time periods?

Yes ___ No ___

VS:(Question 8 _____)

9. Does the State have procedures that provides notification to the appropriate staff members when a delinquent report is received?

Yes ___ No ___ N/A ___

VS:(Question 9 _____)

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

Yes ___ No ___ N/A ___

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

VS:(Question 10 _____)

REPORT DELINQUENCY

PROGRAM REVIEW

SYSTEMS REVIEW NARRATIVE

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

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

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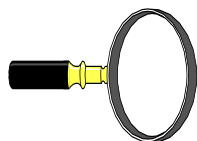
REPORT DELINQUENCY

PROGRAM REVIEW

SYSTEMS REVIEW

Review of Completed Work

For the Report Delinquency function, supervisory and/or quality assurance reviews are necessary to ensure that system procedures and internal controls used in identifying and notifying delinquent employers are working, and that records of report delinquency resolution activities are being maintained.



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

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

In the narrative section following the questions, explain any "other" responses. Identify the question being explained by referencing the number and section. If there is no review performed, describe how the State has reasonable assurance that delinquencies are being properly identified, notified, and resolved.

For staff members involved in the Report Delinquency process, are the following components subject to some form of systematic review? For Yes answers enter a "Y" in the appropriate column(s). For Yes answers, also enter "Y" in column 6. If there are no reviews, answer "N" for No in column 6. Column 6 is the only evaluative question.

Component	Type of review					
	*1 Supv	*2 Peer	*3 QR (Qual. Rev)	*4 Support Clerical	*5 Other	6 Review ConductedY/N
a. That the delinquent employer is being contacted timely?						
b. That a history of report delinquency resolution activities is being maintained?						
c. That State report delinquency enforcement tools are being appropriately utilized?						
d. That multiple quarter delinquencies are being worked toward being resolved.						
e. That specific requests (e.g., subpoena request, employer account updates, written requests for assistance, or notices of bankruptcy) are acted upon timely?						

VS: (Question 6)
 *Informational

REPORT DELINQUENCY

PROGRAM REVIEW

SYSTEMS REVIEW QUESTIONS

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

Yes ___ No ___ N/A ___

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

VS: (Question 7 _____)

REPORT DELINQUENCY

PROGRAM REVIEW

SYSTEMS REVIEW NARRATIVE

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

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

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REPORT DELINQUENCY

PROGRAM REVIEW

SYSTEMS REVIEW QUESTIONS

ADDITIONAL CONTROLS

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

Yes ___ No ___

If yes, describe below:

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

Yes ___ No ___

If yes, describe below:

ACCEPTANCE SAMPLES

REPORT DELINQUENCY

PROGRAM REVIEW

ACCEPTANCE SAMPLE INSTRUCTIONS

Purpose/Intent

To determine if the State accurately identifies delinquent employer accounts.

To assure that delinquent employers are notified properly.

To determine if the State takes appropriate action to resolve delinquencies.

Scope

The scope of the review will focus on those employers who are currently delinquent for the first quarter (prior quarter delinquencies are not to be included.)

Universe

The universe to be identified for the Report Delinquency Acceptance Sample will include:

1. Employers whose delinquency is newly established for the 1st calendar quarter during the *processing period.
2. All accounts identified as delinquent once the State has passed its delinquency cut off date (both contributing and reimbursing employers).
3. Select 60 cases, or if universe is small, select the number of cases based on Table in Appendix A-III.

Note: *The processing period is the State time period during which the quarterly reports and contributions are processed.

REPORT DELINQUENCY

PROGRAM REVIEW

ACCEPTANCE SAMPLE INSTRUCTIONS

Timing/Frequency

The universe will be identified once per calendar year.

The universe should be identified prior to mailing first quarter report delinquency notices.

The sample should not be selected until the fourth quarter (approximately Nov.-Dec.), and review should not begin before November 15th of the calendar year being reviewed.

Sampling Procedures

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

1. List or identify the location or create a transaction file of accounts that are determined to be delinquent.
2. Identify the population of delinquent employers after the quarterly processing period has ended for the 1st calendar quarter. (Approximately May 15)
3. During the 4th quarter (Nov. - Dec.), select the sample of 60 accounts from the population identified after the end of the 1st quarter processing cycle.
4. The sample should be selected just prior to conducting the review. The review should be completed no later than December 31.

ACCEPTANCE SAMPLE INSTRUCTIONS

***Sampling Procedures
cont.***

5. If the system is automated, the Reviewer must work closely with the IT unit to ensure a thorough understanding of what, when and how the samples should be selected.
6. Appendix A describes what action needs to be taken for sampling both manual and automated systems.

Reviewing Samples

Assemble the following information for each of the cases selected for review:

1. A copy of the original delinquency notice or a facsimile generated from the electronic data that created the original delinquency notice (at a minimum it must include the employer name, account number, address, and quarter/year delinquent).
2. The electronic or paper account information related to the report delinquency in the state's employer account record.

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

To answer question #1 the reviewer will need to know what cut off date the state used. The reviewer will then compare the date the employer's wage report was received by the state against the cut off date to ensure it was properly identified as delinquent.

ACCEPTANCE SAMPLE INSTRUCTIONS

Reviewing Samples

For purposes of answering question 2b. "suppressed" refers to a restrictive action taken by the State that intentionally prevents a normal work flow from being completed (e.g., not mailing a delinquency notice to an employer due to a pending appeal, or an employer that is in bankruptcy and State procedures that do not allow notices to be mailed).

Drawing Conclusions

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

The following questions are evaluative:

1. Proper identification of delinquent employer.
- 2.a Was the delinquent notice for the correct quarter and year.

ACCEPTANCE SAMPLE INSTRUCTIONS

***Drawing Conclusions
cont.***

- 2b. Was the notice suppressed in accordance with State procedures.
3. Appropriate State staff notified.
- 4.b(1) Was the assessment filed timely.
5. Appropriate action taken to resolve delinquency in accordance with State procedures.

A "No" answer to question #1, 2a, 2b, 3, 4b(1) or 5 means the sampled report delinquency case was not handled correctly and is not considered acceptable.

Of the 60 cases, if three or more are found to be unacceptable, then the reviewer must conclude that the State does not have reasonable assurance that employers are being properly identified and notified as being delinquent or that such delinquencies are being resolved in accordance with State procedures.

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

Documentation

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

REPORT DELINQUENCY

PROGRAM REVIEW

ACCEPTANCE SAMPLE QUESTIONNAIRE

Identification

1. Based on the available information by the review date, did the State identify the employer's account properly as being delinquent? Yes ___ No ___

If "Yes", answer questions #2-#5.

If "No", skip #2 and #3, and answer #4 and #5.

Notification

2. Did the State issue a delinquent report notice? Yes ___ No ___

If "Yes", answer 2a.

If "No", answer 2b.

- a. Was the delinquent notice for the correct quarter\year? Yes ___ No ___

- b. Was the notice suppressed in accordance with State procedures? Yes ___ No ___

3. Were appropriate State staff notified, in accordance with established procedures, that the employer was delinquent (e.g., Field Staff, Delinquency Unit Staff or the Assessment Unit Staff)? Yes ___ No ___

REPORT DELINQUENCY

PROGRAM REVIEW

ACCEPTANCE SAMPLE QUESTIONNAIRE

Resolution of Delinquency

4. *Was the report delinquency resolved?

Yes ___ No ___

If "Yes", was the delinquency resolved by:

Yes No N/A

- *a. securing a contribution report?
- *b. assessing taxes for the delinquent quarter?.....
 - (1) If yes, was the assessment made within the time period prescribed by the State?.....
- *c. inactivating the account?
- *d. posting the report, which had previously been posted to an incorrect account number, to the correct account number?.....
- *e. changing the liability effective date?
- *f. other?

Describe

5. Was appropriate action taken to resolve the report delinquency in accordance with State laws and policies?

Yes ___ No ___

TAX PERFORMANCE SYSTEM

Report Delinquency Sample Coding Sheet

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

Sample Type: Acceptance Expanded

Case Number	Employer Identification Number	1	2	2a	2b	3	4	4a	4b	4b-1	4c	4d	4e	4f	5	Pass/Fail Y/N

Questions 1, 2a, 2b, 3, 4b1, and 5 are evaluative.

Total Acceptable _____ of _____
Page _____ of _____

TAX PERFORMANCE SYSTEM
Report Delinquency Sample Explanation Sheet

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

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

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

CHAPTER FIVE