

TAX PERFORMANCE SYSTEM

STATUS DETERMINATION

PROGRAM REVIEW

**SYSTEMS REVIEW QUESTIONS**

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

Yes \_\_\_\_ No \_\_\_\_

VS: (Question 9) \_\_\_\_\_.

10. Does the state have an automated system in place and operating that tracks movement of employees to detect tax rate manipulation (i.e., SUTA Dumping)?

Yes \_\_\_\_ No \_\_\_\_

If Yes, answer below.

a. Have written procedures or guidelines been developed to document requirements for identification and investigation of potential rate manipulators?

Yes \_\_\_\_ No \_\_\_\_

VS: Examine operating instructions to confirm rule criteria for SUTA dumping detection.

(Question 10 a.) \_\_\_\_\_

b. Does the agency follow its procedures for compiling a data base of employers who indicate excessive movement of employees from one quarter to the next?

Yes \_\_\_\_ No \_\_\_\_

VS: Examine query documentation for tracking movement of employees and changes in tax rate. If other factors are examined such as changes to reimbursing status and excess voluntary contributions, confirm that queries are in place.

(Question 10 b.) \_\_\_\_\_

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c. Are potential rate manipulators routinely investigated every quarter?

Yes \_\_\_\_ No \_\_\_\_

VS: Locate a minimum of eight completed cases from the four most recently completed calendar quarters (two cases per quarter) and confirm they have been investigated in compliance with state procedures. Post-investigative activity such as posting and appeals do not have to be included in this verification.

(Question 10 c.) \_\_\_\_\_

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

Yes \_\_\_\_ No \_\_\_\_ N/A \_\_\_\_

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

VS: (Question 11) \_\_\_\_\_

## TAX PERFORMANCE SYSTEM

CASHIERING

PROGRAM REVIEW

**ESTIMATION SAMPLE INSTRUCTIONS***Sampling Procedures contd.*

**STEP 2.** Notify Regional Office of sample period.

Reviewers must inform the Regional Office of the days selected for sampling and provide information to support the selection, including an estimate of the percentage of total dollar amount that will be received during the selected period.

**STEP 3.** Determine if mail is presorted.

Determine if checks are sorted for special handling prior to opening the envelopes based on predetermined indicators such as color coded envelopes or a separate mailing address for large employers. Reviewers 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 manage 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.

Estimate the number of projected items in each of the two groups. Using the 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.

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CASHIERING

PROGRAM REVIEW

**ESTIMATION SAMPLE INSTRUCTIONS***Sampling Procedures contd.*

**STEP 4.** Determine which sample selection method will be used. The state may use either one of the following sampling methodologies: a. **Check Interval**, b. **Mail Tray**.

For either method, the goal is to select 500 sample items in total for the 5 days. This requires the reviewer to estimate the amount of mail or number of mail trays to be received for the 5-day period and then to establish a sample interval, or to establish the number of sample items to be selected from each tray. Either method can be used for selecting samples; however, the Mail Tray method may be easiest to estimate.

Once a method is selected, it should be used for all of the 5 days. Do not switch back and forth between methods.

In some state agencies, mail is received around the clock or is received before or after the reviewer is on site. Under these circumstances, the reviewer must make a “best guess” of how much mail will be received while he or she is available and select an appropriate number of sample items from mail incoming during that time period. For example, the reviewer is on site 7:00 AM to 4:00 PM, and the total number of mail trays for the five day period between the hours the reviewer is on site is expected to be 45. Since the sample is set at 500 items, divide 500 by 45. The result is 11.1 therefore the reviewer would randomly select 11 items from each mail tray delivered between 7:00 AM to 4:00 PM for each of the five days.

To use the **Check Interval** method:

(1) Project the total number of contribution payments (less EFT payments) to be received during the designated time frame by one of