

Commonwealth of Kentucky

2017 Annual Report

Tax Performance System

May 31, 2018



Tax Performance System Annual Report

Table of Contents

Introduction	3
Section I- Executive Summary	6
Findings and Conclusions	7 – 16
Program Review Findings	17-19
Cashiering Sampling Database Display	19-20
Computed Measures	21
Section II – Detailed Report of Each of the Functions	23
Status Determinations	23
Cashiering	24
Report Delinquency	25
Collections	25
Field Audits	25
Account Maintenance	
Contribution Report Processing	26
Employer Debit/Billings	26
Employer Credits/Refunds	27
Employer Benefit Charging	27
Employer Tax Rate Review	27

Tax Performance System Annual Report

Introduction

This report consists of findings and recommendations resulting from the TPS review of the Unemployment Insurance Employer (Tax) Operations completed for the calendar year 2017. This report is divided into two sections.

Section I is an Executive Summary that will provide background information regarding the review and a summary of the major findings and conclusions. There are also detailed visuals of the Program Review Findings, Computed Measures and the Cashiering Summary Sheet.

Section II is a Detailed Report of each of the tax functions.

- New Status Determinations
- Successor Status Determinations
- Inactive Status Determinations
- Cashiering
- Report Delinquency
- Collections
- Field Audit
- Contribution Report Processing
- Debits/Billings -Contributory
- Debits/Billings - Reimbursing
- Credits/Refunds
- Benefit Charging
- Employer Tax Rates

Tax Performance System Annual Report

Changes in Kentucky Unemployment Insurance

There were no changes in UI tax legislation for Calendar Year (CY) 2017. In accordance with KRS 341.030(7), the taxable wage base remained at \$10,200 per employee. However, due to the increase in Kentucky's Trust Fund balance, the UI Contribution rate schedule moved to schedule D for 2017 in accordance with KRS 341.270 (3); the lowest rate schedule Kentucky employers have had since 2008. Employers with the highest positive reserve ratio could finally see their annual contribution rate move lower than 1.00%.

Tax Rate Schedule

Reserve Ratio	Trust Fund Adequacy Rate	A	B	C	D	E
8.0% and over	0.000%	0.30%	0.40%	0.50%	0.60%	1.00%
7.0% but under 8.0%	0.000%	0.40%	0.50%	0.60%	0.80%	1.05%
6.0% but under 7.0%	0.008%	0.50%	0.60%	0.70%	0.90%	1.10%
5.0% but under 6.0%	0.208%	0.70%	0.80%	1.00%	1.20%	1.40%
4.6% but under 5.0%	0.508%	1.00%	1.20%	1.40%	1.60%	1.80%
4.2% but under 4.6%	0.808%	1.30%	1.50%	1.70%	2.10%	2.30%
3.9% but under 4.2%	1.008%	1.50%	1.70%	2.20%	2.40%	2.70%
3.6% but under 3.9%	1.308%	1.80%	1.80%	2.40%	2.60%	3.00%
3.2% but under 3.6%	1.508%	2.00%	2.10%	2.50%	2.70%	3.10%
2.7% but under 3.2%	1.608%	2.10%	2.30%	2.60%	2.80%	3.20%
2.0% but under 2.7%	1.708%	2.20%	2.50%	2.70%	2.90%	3.30%
1.3% but under 2.0%	1.808%	2.30%	2.60%	2.80%	3.00%	3.40%
0.0% but under 1.3%	1.907%	2.40%	2.70%	2.90%	3.10%	3.50%
-0.5% but under 0.0%	6.500%	6.50%	6.75%	7.00%	7.25%	7.50%
-1.0% but under -0.5%	6.750%	6.75%	7.00%	7.25%	7.50%	7.75%
-1.5% but under -1.0%	7.000%	7.00%	7.25%	7.50%	7.75%	8.00%
-2.0% but under -1.5%	7.250%	7.25%	7.50%	7.75%	8.00%	8.25%
-3.0% but under -2.0%	7.500%	7.50%	7.75%	8.00%	8.25%	8.50%
-4.0% but under -3.0%	7.750%	7.75%	8.00%	8.25%	8.50%	8.75%
-6.0% but under -4.0%	8.250%	8.25%	8.50%	8.75%	9.00%	9.25%
-8.0% but under -6.0%	8.500%	8.50%	8.75%	9.00%	9.25%	9.50%
Less than -8.0%	9.000%	9.00%	9.25%	9.50%	9.75%	10.00%

Section I

Tax Performance System Annual Report

Executive Summary

The TPS reviewer evaluated the quality, accuracy, timeliness and comprehensiveness of the UI Tax Operations using the following primary methodologies, computed measures and program reviews. Additionally, system and acceptance samples, surveys and comprehensive operational reviews were conducted to ensure a thorough review.

Computed Measures

Timeliness and completeness are assessed in the areas of Status Determinations, Report Delinquency, Collections and Field Audits by gathering data to produce performance indicators.

These measures are calculated using United States Department of Labor formulas based on data elements reported by the department using the following reports:

- ETA 581 Contributions Operations
- ETA 2112 UI Financial Transaction Summary
- ES 202 Employment Wages and Contributions

Program Reviews: The program review that is conducted in all tax functions consists of two different types of reviews:

System Reviews: A comprehensive review of the internal controls and quality assurance systems set in place in each of the tax functions to ensure timely and accurate outputs. All System Reviews were completed in 2015 and will not need to be revisited until 2019.

Acceptance Samples: Kentucky's preferred number for a sample of any tax area is 60 cases. There were occasions during this review, due to technical malfunctions of our mainframe system; the sample was fewer than the preferred number. In those instances, the sample provided was reviewed by the TPS Supervisor to ensure a sufficient sample was available and to ensure the effectiveness of the internal controls. Throughout the report when a sample size of few than 60 is referenced, the sample provided did undergo thorough review. Please note, 59 cases were reviewed in Status – Successor and Credit/Refunds, 55 cases were reviewed in Contribution Report Processing and Debit/Billings – Reimbursing, 58 cases were reviewed in Field Audits, 57 cases were reviewed in Collections and a sample of 547 checks was reviewed in Cashiering.

Tax Performance System Annual Report

Methods Survey

Surveys are conducted in Status, Report Delinquency, Collections and Field Audits to gather data to identify best practices for facilitating employer registration, most effective methods for collecting delinquent reports and accounts receivable, and for concluding field audits. Findings on the best practices will be compiled by the US Department of Labor (USDOL) and will be distributed to all states.

Findings and Conclusions

Status

New

Reasonable assurance of accuracy was confirmed in the 2017 New Status Determinations review. The universe consisted of 2,241 New Employer accounts. A sample of 60 accounts was reviewed. All 60 accounts passed the review. The review consisted of three areas of evaluation: the accuracy of the initial liability decision, the accuracy of the New Status Employer Determination, and the accuracy of posting the status determination correctly in accordance with state requirements. Based upon agency policies and procedures, reasonable assurance was confirmed.

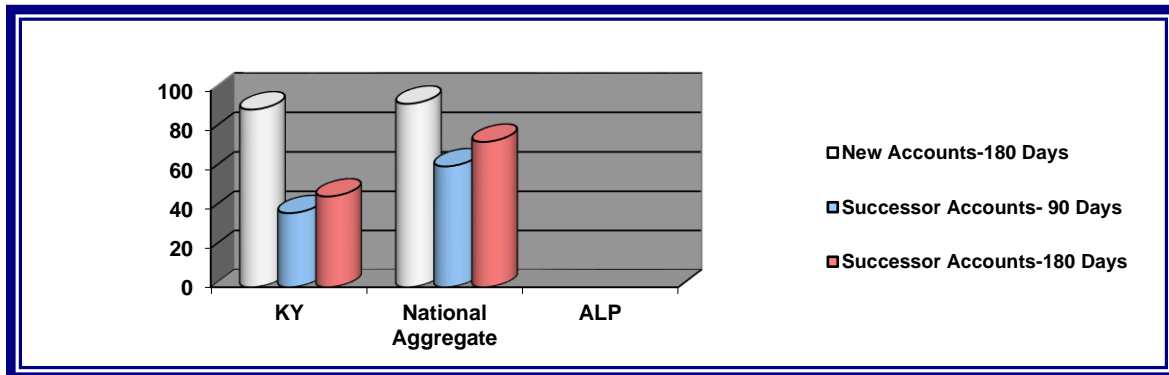
Successor

Reasonable assurance of accuracy was confirmed in the 2017 Successor Status Determinations. The universe consisted of 2,270 successor employer accounts. A sample of 59 accounts was reviewed. All 59 accounts passed the accuracy of initial liability decision and the accuracy of successor employer determinations.

Inactivated/Terminated Accounts

Reasonable assurance of quality was confirmed in the 2017 Inactivated/Termination Status Determinations. The universe consisted of 9,980 employer accounts. A sample of 60 cases was randomly selected for this review, and all 60 passed the review.

Tax Performance System Annual Report



The computed measure for New Status Determinations made within 90 days was 89.6%, and the National Aggregate was 89.0%. The New Status Determinations made within 180 days was 90.4%, and the National Aggregate was 93.3%. Successor Determinations made within 90 days was 37.8%, and the National Aggregate was 61.6%. Successor Determinations made within 180 days was 46.3%, and the National Aggregate was 74.0%.

Kentucky falls below the National Aggregate Ranking for successorship due to a combination of factors. In some cases, employers and/or tax preparers fail to notify the Division timely when changes in ownership occur. Other times, the Division receives inaccurate information either from the successor or predecessor. Kentucky has a five year statute of limitations (KRS 341.070 (13)); when notified of successorship, the Division will go back as much as five years to show the transfer in our database. Although this situation does not present itself often, it is enough that the time lapse can appear as if the Division is not processing these transfers in a timely manner.

The Kentucky UI team is committed to providing the necessary resources and effort necessary to process and verify transfers of ownership more accurately and expeditiously. The employer's self-service website was enhanced and updated. It is now a requirement that a complete registration from new employers, including predecessor information is provided initially and not as actionable step requiring staff intervention. Kentucky also added account closure requests to the website, asking employers to notify the Division when their business is closing due to successorship. The Division is confident that having more information from both the predecessor and successor will allow improvement in these numbers in the coming quarters.

Despite falling below the National Aggregate for successorship detection within 90 and 180 days, Kentucky still leads the nation in identifying accounts that require a mandatory transfer.

Tax Performance System Annual Report

SUTA Dumping

SUTA (State Unemployment Tax Act) dumping is one of the biggest issues facing the Unemployment Insurance (UI) program today.

SUTA dumping is when a company manipulates the unemployment insurance system to obtain an experience rating lower than its layoff history merits. Companies with large numbers of employers are the most likely to engage in this practice.

Employers pay unemployment insurance (UI) taxes into a state trust fund, which is used to pay unemployment benefits. Under federal law, an employer's unemployment insurance tax rate depends upon its layoff history.

Kentucky has established a two member SUTA Dumping team along with implementing the use of the Department of Labor SUTA Dumping Detection System (SDDS) to help combat this issue. Through the use of SDDS, Kentucky employer's wage information is added to the system on a quarterly basis and several queries are available to help analyze and pinpoint payroll shifts. The SUTA dumping team evaluates and interprets the data for successorship based upon the provisions of KRS 341.540.

Kentucky continues to be one of the National leaders in SUTA Dumping investigations according to the 2017 data released by the DOL. In 2017, the Division was able to identify and process 812 mandatory transfers (1st in the Nation) and 8 prohibited transfers that, resulted in an additional \$987,666.00 of UI taxes owed (10th most in the nation).

SUTA DUMPING	KY	US
Number of Mandatory Transfers	812	3064
Number of Prohibited Transfers	8	82,076
Total Net Contributions Due	\$987,666	\$23,433,265

Tax Performance System Annual Report

Cashiering

The purpose and intent of this review is to measure timeliness in which Kentucky deposits contribution payments into the clearing account. A total of 547 remittances were pulled using the mail tray methodology as outline the in the ETA Handbook 407. The results of the estimation sample showed that 94.17% of the money was deposited within three days and the percentage of EFTs was 18%. The summary recap indicates that 94.17% of the deposits were made timely which meets the percentage value (86.00%) needed to pass the Cashiering review.

A Structured Query Language (SQL) query was used to obtain deposit dates on all 547 checks that were pulled from July 28-August 3, 2017. Records reflect that on the first day, 527 checks were deposited, with deposits of zero checks on the second day, zero checks on the third day, and 20 checks deposited within four plus days.

The formula used to combine the Estimation Sample and EFT universe is as follows:

- p = estimation sample percentage (94.17%)
- w = percent of funds received EFT (18.00%)
- P = overall timeliness of deposit

$$P = (w \times 100) + [(1 - w) \times p]$$

$$P = (.18 \times 100) + [(1 - .18) \times 94.17\%]$$

$$P = 18.00 + (.82 \times 94.17)$$

$$P = 18.00 + 77.22$$

$$P = 95.22$$

Cashiering did meet the percentage of timely deposits within three days needed to pass the 2017 review. Kentucky's percentage was 94.17%, more than the 86.00% percentage value needed to pass. The summary is as follows:

<i>Part IV – Summary Recap</i>				
	Deposit Amount	Number of checks	Percent of Deposits	Percent of Items
Deposits Day 1	\$293,382.27	527	94.17%	96.34%
Deposits Day 2	\$0.00	0	0.00%	0.00%
Deposits Day 3	\$0.00	0	0.00%	0.00%
SUB TOTAL (Deposits within 3 days)	\$293,382.27	527	94.17%	96.34%
Deposits 4 + days	\$18,165.45	20	5.83%	3.66%
Totals	\$311,547.72	547	100.00%	100.00%

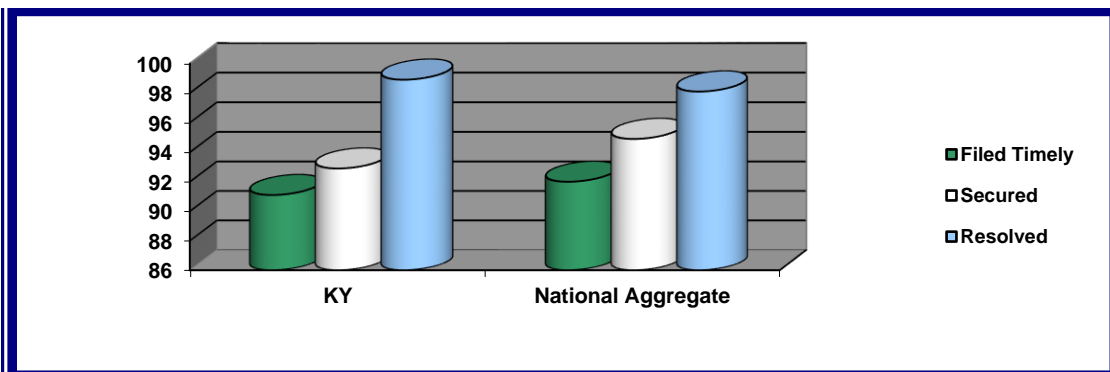
Tax Performance System Annual Report

Report Delinquency

Reasonable assurance was confirmed in the 2017 Report Delinquency function. A universe of 2,021 delinquent employers was identified for the first quarter of 2017. A sample of 60 accounts was reviewed. All 60 cases passed the review.

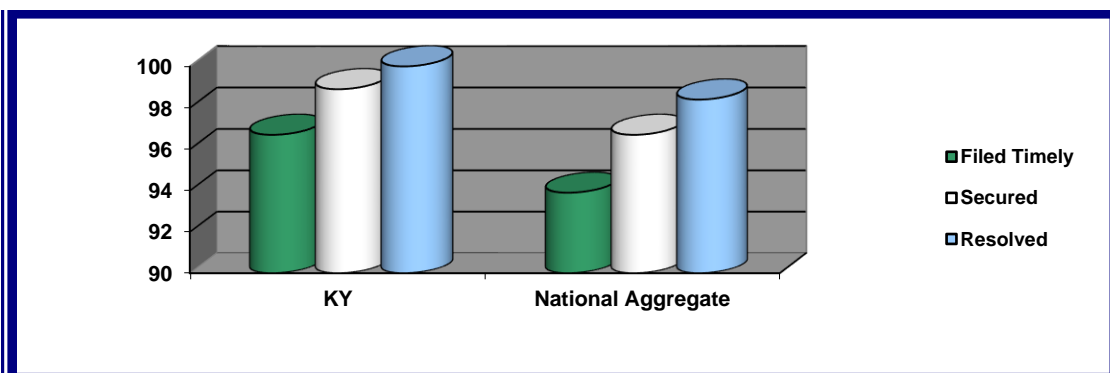
Contributory

The computed measures for Contributory reports that were filed timely were 91.1%; the National Aggregate was 92%. Reports secured by the end of the following quarter was 92.9%; the National Aggregate was 94.9%. Reports that were secured or resolved within 180 days were 98.9%; the National Aggregate was 98.1%.



Reimbursable

The computed measures for Reimbursable Report Delinquency that were filed timely were 96.7%; the National Aggregate was 93.9%. Reports secured by the end of the following quarter were 98.9%; the National Aggregate was 96.7%. Reimbursable Reports that were secured or resolved within 180 days were 100.0%; the National Aggregate was 98.4%.



Tax Performance System Annual Report

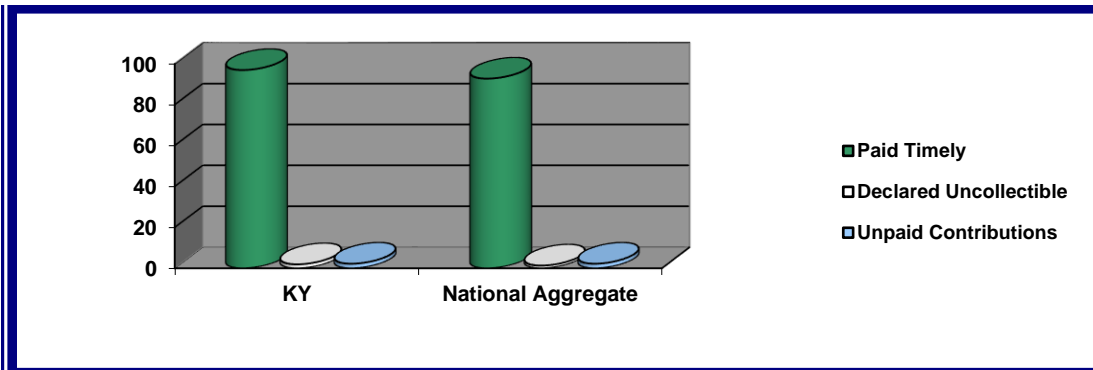
Collections

The purpose and intent of this review is to confirm accuracy is maintained in establishing collections and that account receivables are managed in accordance with State Employment Security Agency (SESA) established procedures. The universe identified 4,429 employer accounts. The second acceptance sampling was used as the first one included several accounts that were not in collections status.

A sample of 60 cases was selected for review. With guidance from ET Handbook 407, three cases were discarded as these three cases were not in collections status at the time of the review. Reasonable assurance was confirmed as all 57 cases passed the review.

Contributory

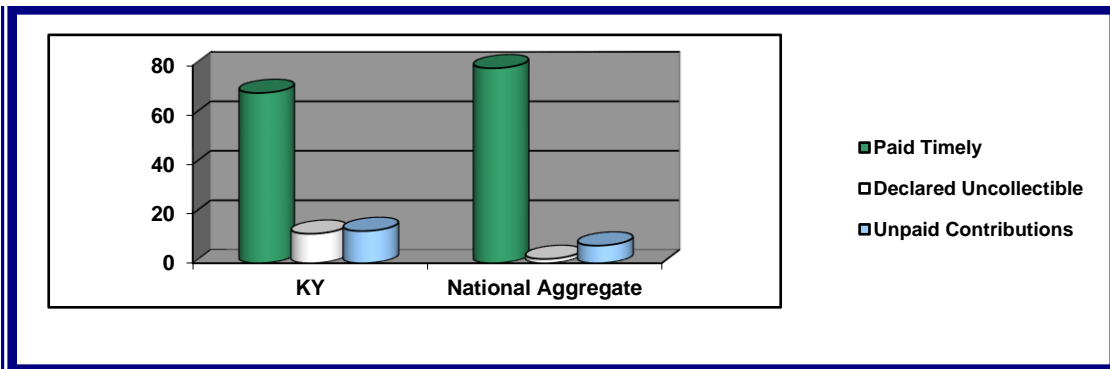
The computed measures for Contributory amounts paid timely were 96.9%; the National Aggregate was 92.7%. Accounts declared uncollectible were 1.9%; and the National Aggregate was 1.3%. The unpaid contributions were 2.2%; and the National Aggregate was 2.2%.



Tax Performance System Annual Report

Reimbursable

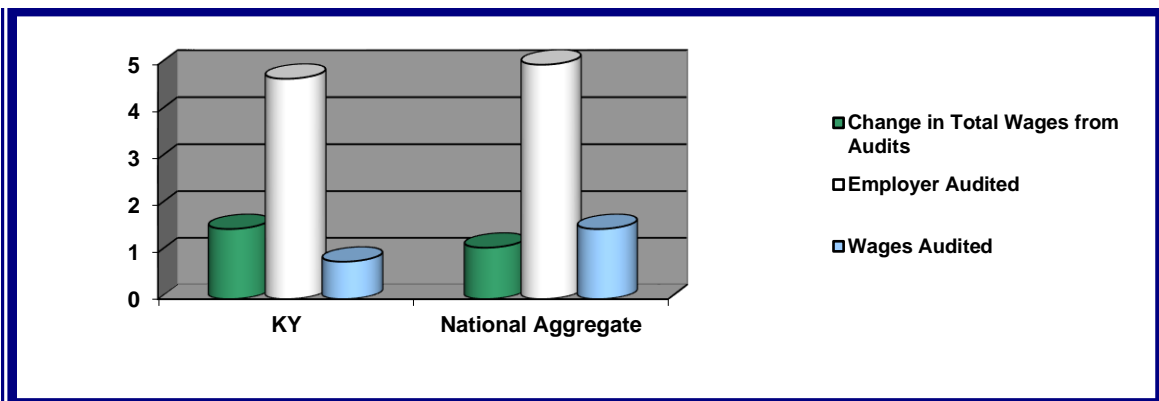
The computed measures for Reimbursable amounts paid timely were 68.8%; and the National Aggregate was 78.8%. Reimbursable Accounts declared uncollectible were 11.9%; and the National Aggregate was 1.7%. The unpaid reimbursements were 13.0%; and the National Aggregate was 7.1%.



Tax Performance System Annual Report

Field Audits

Reasonable assurance of quality was confirmed for the first three quarters of the 2017. This review was completed through the Kentucky Field Audit Complete Tax System (KFACTS) program. A spreadsheet was completed by staff in the Tax Audit & Enforcement Branch containing the Employer Identification number, the business name, the auditor assigned to the audit, and the date the audit was completed. These completed audits were then sequentially numbered and counted to create a universe of 1,432 completed for 2017. A sample of 60 cases was selected for this review; however, two of the cases failed to download into the KFACTS file. All 58 cases passed the review.



Change in total wages from audits was 4.7%; the National Aggregate was 5.0%. Employers audited were 1.5%; the National Aggregate was 1.0%. Total Wages audited were 0.8%; the National Aggregate was 1.5%.

Account Maintenance

Contribution Report Processing

Reasonable assurance was confirmed in the Contribution Report Processing function. A universe of 93,282 contributory employers was identified for the first quarter of 2017. A sample of 60 cases was selected randomly and reviewed. With guidance from ET Handbook 407, the sample was reduced to 55 due to five cases with subjectivity dates in the second quarter 2017. All 55 cases passed the review.

Employer Debit/Billings

Contributory Employers

Reasonable assurance was confirmed in the Debit/Billings Review for Contributory employers. The review covered the first quarter of 2017. The universe identified 2,483 records. A sample of 60 cases were randomly selected for this review. All 60 cases passed the review.

Reimbursing Employers

Reasonable assurance was confirmed in the Debit/Billings Review of Reimbursing employers. The review covered the first quarter of 2017. A universe of 436 reimbursing employers was identified with unpaid balances. A sample of 55 cases were chosen for the review. All 55 cases passed the review.

Tax Performance System Annual Report

Employer Credits/Refunds

The scope of the review focused on the credits posted during the second quarter of 2017 that were still outstanding on the date the universe was identified. A total of 60 cases were randomly selected from the universe of 5,579. All 60 cases passed the review. Reasonable assurance was confirmed in this function.

Employer Benefits Charging

Reasonable assurance was established in the Benefit Charging Review. The Benefit Charging universe consisted of 9,908 employer accounts. A sample of 60 cases was chosen at random. All 60 cases passed the review.

Employer Tax Rates

Original 2017 Tax Rates were mailed December 1, 2016. Samples of Rate Notices were pulled to assure accuracy of the information used in computing rates before being mailed to the employers. A universe of 68,626 active contributory employers who were experienced rated was identified. A sample of 60 cases was randomly reviewed. All 60 cases passed the review.

Tax Performance System Annual Report

Program Review Findings

State: Kentucky

Year: 2017

Tax	System Review Verified Controls for :						Sampling		
Function	Recorded Instructions	Training	Recordings of Events	Exec by Auth Indv	Execution of Events	Review of Work	Exceptions	Complete	Outside Authority
STATUS DETERMINATION									
New	C	C	C		C	C		P	
Successor	C	C	C		C	C		P	
Inactive/Termination	C	C	C		C	C		P	
CASHIERING	C	C	C	C	C	C		P	
REPORT DELINQUENCY	C	C	C		C	C		P	
COLLECTIONS	C	C	C	C	C	C		P	
FIELD AUDIT	C	C	C		C	C		P	
ACCOUNT MAINTENANCE									
Report Processing	C	C	C		C	C		P	
Debits-Contributory	C	C	C		C	C		P	
Debits-Reimbursable	C	C	C		C	C		P	
Employer Credits/Refunds	C	C	C		C	C		P	
Employer Charging	C	C	C		C	C		P	
Employer Tax Rates	C	C	C		C	C		P	

SYSTEMS REVIEW:

- C = All controls verified as present
- R = Risk, 1 or more controls missing

- O = Other control compensated for
missing control (requires RO approval)

- = No data entered

SAMPLING EXCEPTIONS:

- S = Size of universe too small
- I = Invalid universe or not sampled

- E = Exemption, tempo (Exp Rate only)
- F = Failed due to missing case information

- W = Waived, tempo (requires RO approval)

SAMPLING COMPLETE:

- P = Passed
- F/# = Failed/# of cases failing (% deposited timely for cashiering)
- F/I = Failure due to invalid universe or not sampled
- F/M = Failure due to missing employer records
- N = Not marked complete
- U = Undeterminable (cashiering)
- * = Out of tax unit's authority

Tax Performance System Annual Report

Tax Performance Results

QUALITY	KY
# Tax functions failed / # tax functions completed (Cannot have four or more fails out of 13 tax functions completed.)	0/13
Tax functions that failed for three consecutive years: 2015, 2016, and 2017 (A tax function cannot fail for three consecutive years.)	None
Tax functions that failed for two consecutive years: 2016 & 2017 (Caution, must not fail in 2018.)	None
Tax function that was not sampled: (Allowed exceptions: Universe too small, Experience Rate's exemption, and Federal temporary waiver granted.)	None
TIMELINESS	
Percentage of new status determinations made within 90 days (70% or more must be made within 90 days from the last day of the quarter in which the business first became liable.)	86.6

Tax Performance System Annual Report

Cashiering

Minimum Percentage of Non-EFT:	88.00 % *
Meets Value To Pass	Y

* Percentage value needed to pass is : 86%

Part I - Preparation	
Projected number of payments or trays	20
Actual number of payments or trays	26
Difference	6
% of deviation	30.00
Check sample interval	10
Random starting number	10
Quarter Reviewed	2
EFT %	15.00
Actual EFT %	18.00
Sample Selection Start Date:	07/28/2017
Sample Selection End Date:	08/03/2017

Part II - Summary of Dollars and Items		
1	Total Dollar Amount	\$311,547.72
2	Total Items	547

Tax Performance System Annual Report

ITEM - 1: BREAKDOWN OF DOLLAR AMOUNTS

Number of Banking days for Deposit and Amount of Payment			
Day 1 Amount \$	Day 2 Amount \$	Day 3 Amount \$	Day 4+ Amount \$
293,382.27	0	0	18,165.45

ITEM - 2: BREAKDOWN OF ITEMS COUNTS

Number of Items for Deposit			
Day 1 # Items	Day 2 # Items	Day 3 # Items	Day 4+ # Items
527	0	0	20

ITEM - 3: BREAKDOWN OF PERCENTAGE BY CATEGORY (\$)

Percentage by Category (\$)			
Day 1 %	Day 2 %	Day 3 %	Day 4+ %
94.17%	0.00%	0.00%	5.83%

ITEM - 4: BREAKDOWN OF OVERALL PERCENTAGE (ITEMS)

Overall Percentage (Items)			
Day 1 %	Day 2 %	Day 3 %	Day 4+ %
96.34%	0.00%	0.00%	3.66%

Part - IV - SUMMARY RECAP

	Deposited (\$)	Deposited (%)
5) 1 Day	293,382.27	94.17
6) 2 Day	0.00	0.00
7) 3 Day	0.00	0.00
8) SUBTOTAL	293,382.27	94.17
9) 4+Days	18,165.45	5.83
10) TOTALS	311,547.72	100.00

Tax Performance System Annual Report

Computed Measures

Status Determinations Time Lapse

New Accounts – 90 Days
 New Accounts – 180 Days
 Successor Accounts – 90 days
 Successor Accounts – 180 days

KY	National Aggregate	ALP
89.6	89	70
90.4	93.3	-
37.8	61.6	-
46.3	74	-

Report Delinquency

Reports Filed Timely - Contributory
 Reports Secured - Contributory
 Reports Resolved - Contributory
 Reports Filed Timely - Reimbursable
 Reports Secured - Reimbursable
 Reports Resolved - Reimbursable

KY	National Aggregate	
91.1	92	-
92.9	94.9	-
98.9	98.1	-
96.7	93.9	-
98.9	96.7	-
100	98.4	-

Collections

Timely Payments - Contributory
 Declared Uncollectible - Contributory
 Unpaid Contributions - Contributory
 Timely Payment - Reimbursable
 Declared Uncollectible - Reimbursable
 Unpaid Reimbursements - Reimbursable

KY	National Aggregate	
96.9	92.7	-
1.9	1.3	-
2.2	2.2	-
68.8	78.8	-
11.9	1.7	-
13	7.1	-

Field Audits

Employers Audited
 Change in Total Wages from Audits
 Wage Base Audited

KY	National Aggregate	ALP
1.5	1.1	1.0
4.7	5	2.0
0.8	1.5	1.0

Section II

Report for Each Tax Function

Status Determinations

The review of the Status Determination functions involved pulling acceptance samples and testing the processes followed for identifying and covering New Employer Accounts, Successor Employer Accounts and Inactive/Termination of existing employer accounts.

New Employer Status Review

The purpose and intent of this review is to confirm the agency's internal controls to ensure accurate determinations by examining completed New Employer Status Determinations, to determine that correct initial rates are being assigned to new employers, to evaluate whether the agency is following its procedures to obtain any necessary additional information and to assess the accuracy of posting the status information to the employer's records.

This review consisted of three sections. The first section evaluated the accuracy of the initial liability decision. The second section evaluated the accuracy of the New Employer Determination at the time of the review, and the third section evaluated the accuracy of posting the status determination correctly in accordance with State requirements

A universe consisting of 2,241 newly established accounts was obtained for the New Employer Status Determinations for the first quarter of 2017.

A sample of 60 cases was randomly selected for this review. Reasonable assurance was confirmed as all 60 cases passed the review.

Successor Employer Status Review

The purpose and intent of this review is to confirm that the agency's internal controls ensure accurate determinations in establishing successor employer accounts. Completed successor status determinations are examined to determine if correct initial successor rates are being assigned to employers according to the agency's successorship laws and written policies, to evaluate whether the agency follows its procedures to obtain any necessary additional information and to assess the accuracy of posting status information to the successor employer's account records.

A universe of 2,270 successor accounts was obtained for the Successor Employer Determinations for the first quarter of 2017.

Tax Performance System Annual Report

A sample of 59 cases was pulled and reviewed from the successor universe. This review consisted of two sections, accuracy of initial liability decision and the accuracy of Successor Employer Determination. All 59 cases passed this review. Based on the agency's policies and procedures, reasonable assurance was confirmed in the Successor Employer Status review.

Inactive/Terminated Accounts Review

The purpose and intent of this review is to confirm that the agency's internal controls ensure accurate status determinations on Inactivated/Terminated Accounts. This review will evaluate whether the agency follows its procedures to obtain necessary additional information and assess the accuracy of posting Status information to the employers' account records.

A universe consisting of 9,890 Inactivated/Terminated Determinations was obtained for the first quarter of 2017.

A sample of 60 cases was randomly selected for this review. The agency's internal controls confirmed the accuracy in the correct status determination and the accuracy in posting information to the employer's account record. All 60 cases passed the review.

Cashiering Review

The purpose and intent of this review is to measure timeliness in which states deposit contribution payments into the clearing account. A total of 547 remittances were pulled based on the number of trays received during the review period. The results of the estimation sample showed that 94.17% of the money was deposited within three (3) days. The percentage of Electronic Funds Transfers (EFT) was 18% for the second quarter of 2017. and the percentage of EFTs was 18.0%. The Summary Recap indicates that 96.34% of the deposits were made timely which does meet the percentage value (86.00%) needed to pass the Cashiering review.

A Structured Query Language (SQL) query was used to obtain deposit dates on all 547 checks that were pulled from July 28-August 3, 2017. Records reflect that on the first day, 527 checks were deposited, with deposits of zero checks on the second day, zero checks on the third day, and 20 checks deposited within four plus days.

Tax Performance System Annual Report

Report Delinquency Review

The purpose and intent of this review is to determine if the agency accurately identifies delinquent employer accounts and assure the delinquent employers are notified properly and that appropriate action is taken to resolve delinquencies.

The universe identified 2,021 delinquent employer accounts for the first quarter of 2017. The scope of the review focused on those employers who are currently delinquent for the first quarter.

A sample of 60 cases was pulled and reviewed for the Report Delinquency Review. All 60 cases passed the review.

Collections Review

The purpose and intent of this review is to assure accuracy is maintained in establishing collections and that account receivables are managed in accordance with SESA's established procedures.

The universe consisting of 4,429 potential collections cases was obtained for the 2017 Collections Review. The scope of the review focused on collection cases of \$100.00 or more, which are more than 30 days old.

The review consisted of 60 randomly selected cases. With guidance from ET Handbook 407, three cases were discarded as these three cases were not in collections status at the time of the review. All 60 cases passed the review.

Field Audit Review

The purpose and intent of this review is to assess the degree to which audits met the requirements of the Employment Security Manual and to assess the accuracy of posting the audit results in the agency's employer computer account record.

The scope of this review was to focus on the audits completed in the calendar year of 2017.

A universe consisting of 1,432 completed audits was obtained from the Tax Audit and Enforcement Branch. A sample of 60 cases was selected for this review; however, two of the cases failed to download into the KFACTS file. All 58 cases passed the review.

Tax Performance System Annual Report

Account Maintenance

Contribution Report Processing Review

The purpose and intent of this review is to assure the Contribution Report Processing function is accurately processing the quarterly contribution reports, to confirm that the agency maintains accurate quarterly contribution information and to determine that employers who do not file timely are being properly identified.

The universe identified 93,282 contributory employers for the first quarter of 2017 that were active on the date it was created.

A sample of 60 contribution reports was randomly selected for this review. All 60 cases passed the review.

Debit/Billings Review – Contributory Employers Review

The purpose and intent of this review was to assure accuracy in the establishment of employer underpayments (debits), to assure that the agency maintains employer debit information accurately and timely, to assure that debit memorandums or billing notices are issued accurately to employers for underpayments of UI Contributions due.

The scope of this review focused on debits for contributory employers established during the processing period, and which remain unpaid at the end of the processing period.

The sample identified a universe of 2,483 transaction file records. A sample of 60 cases were randomly selected for this review. All 60 cases passed the review.

Debit/Billings Review – Reimbursing Employers Review

The purpose and intent of this review was to ensure accuracy in the establishment of employer underpayments: to assure that the agency maintains employer debit information accurately and timely, and to assure that that the agency issues debit memorandums or billing notices to employers for underpayments of UI Contributions due.

The scope for reimbursing employers is for benefits paid during the selected time period which remain unpaid at the end of the processing period.

A universe of 436 records was created with 55 cases randomly selected for this review. All 55 cases passed the review.

Tax Performance System Annual Report

Credit/Refunds Review

The purpose and intent of this review is to assure the accuracy in the establishment of employer overpayments (credit/refunds) to assure that the agency maintains employer overpayment information accurately and timely and to assure that the agency accurately issues credit memorandums and/or refunds to employers for overpayments.

The scope of the review focused on the credits existing during the first quarter of 2017 that are still outstanding (not refunded or applied to a liability) on the date the universe was identified.

The universe identified 5,579 transaction records. 60 cases randomly selected for review. With guidance from ET Handbook 407, one case was discarded as it is considered not an acceptable case for review due to a “no” answer to an evaluative question. All 59 cases passed the review.

Benefit Charging Review

The purpose and intent of this review is to assure accuracy of benefit charges posted to the employer’s account, to ensure that the agency accurately maintains all the data used to determine benefit charges for an employer account and to assure that the agency accurately issues benefit charge statements to the employer.

The scope of this review focused on benefit charges or benefit credits posted to employer accounts during the first quarter of 2017.

A universe of 9,908 records was created with 60 cases randomly selected for this review. All 60 cases passed the review.

Tax Rate Review

The purpose and intent of this review is to ensure accuracy of the computation of the employers tax rate and to ensure that the agency maintains all data used in the computation of the employer tax rate.

The universe identified 68,626 active contributory employers who were experienced rated on the date this universe was identified. A sample of 60 cases was randomly selected for this review. All 60 cases passed the review.