

EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D.C. 20210	<b>CLASSIFICATION</b> UI
	<b>CORRESPONDENCE SYMBOL</b> OUI DU10
	<b>DATE</b> February 16, 2010

**ADVISORY:** UNEMPLOYMENT INSURANCE PROGRAM LETTER NO. 13-10

**TO:** STATE WORKFORCE AGENCIES

**FROM:** JANE OATES /s/  
Assistant Secretary

**SUBJECT:** Tax Performance System Handbook Updates

1. Purpose. To provide updated pages for the Unemployment Insurance (UI) Tax Performance System (TPS) Handbook, ET Handbook No. 407, 4<sup>th</sup> Edition.
2. References. ET Handbook No. 407, 4<sup>th</sup> Edition, November 20, 2003; ET Handbook No. 407, 4<sup>th</sup> Edition, Change 1, December 9, 2004; ET Handbook No. 407, 4<sup>th</sup> Edition, Change 2, July 31, 2006; ET Handbook No. 407, 4<sup>th</sup> Edition, Change 3, December 11, 2007; and Unemployment Insurance Program Letter No. 25-09.
3. Background. TPS is part of the comprehensive UI performance management system “UI Performs” and ET Handbook No. 407, Edition 4, provides standard instructions for operating TPS in each state. This advisory transmits a number of modifications, clarifications, and replacement pages for the Handbook. These changes will take effect January 1, 2010.
4. Handbook Modifications Summary.
  - Chapter II, General Procedures.
    - A notation was added to advise that TPS reviewers may require data dictionaries or other specifications from the Information Technology unit in order to identify and decipher source documents necessary for confirming accuracy of tax activities.
    - References regarding case replacement have been changed to case removal.
    - Instructions have been added to explain that a state’s failure to conduct a TPS review for one or more tax functions will require corrective action and will be added towards the count of failing tax functions. Therefore, when producing a State Quality Service Plan for 2011, action must be planned for any tax functions that were not examined during the calendar year (CY) 2009 TPS review period.
    - Footnotes have been added to the Program Review Finding Chart to accommodate the above changes.

<b>RESCISSIONS</b> None	<b>EXPIRATION DATE</b> Continuing
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- Chapter III, Status Determination.
  - To ensure that states have procedures to identify and investigate employers that may be manipulating experience rating systems (i.e., State Unemployment Tax Act (SUTA) dumping detection activity), questions have been added to the Systems Review section. TPS reviewers may begin to examine state procedures at any time during the 2010 CY, however the TPS SUTA dumping detection questions are presently under review and subject to change.
  - Sampling instructions have been changed to include employers that are registered via telephone.
- Chapter IV, Cashiering.
  - Text in sampling instructions has been modified to include references to electronic and paper documentation.
- Chapter V, Report Delinquency.
  - Sampling instructions have been altered to include references to electronic records.
- Chapter VI, Collections.
  - Sampling instructions have been altered to include references to case removal and to electronic records.
- Chapter VII, Field Audit.
  - Sampling period has been changed from three to four quarters to ensure that all audits are subject to potential TPS review. Due to TPS workload concerns, an option has been provided of selecting four CY quarters, or selecting the fourth quarter of the previous CY and the first three quarters of the CY under review. Should IT programming issues arise, this change may be delayed until the CY 2011 review of audits.
- Chapter VIII, Account Maintenance.
  - In the Report Processing section, a correction was made to the numbering of a Verification Source item.
  - Systems Review text in the Report Processing section was changed to add questions about internal controls which ensure that the agency's tax system can accept and process paper and electronically-transmitted employer data accurately and effectively.
  - Systems Review text was also modified to clarify that UI reports do not have to be sent to all employers, and that paper and electronic systems for capturing reported contribution and wage information are updated at the start of each filing period.
  - The Acceptance Sampling section was changed to clarify that if employer payment is received by the TPS review date, the accuracy of payment posting must be examined. Clarification was added to confirm that the payment can be applied to any quarter as per the state's procedures. Examples of acceptable source documents for confirming accurate posting of employer reports and payments have been added.

- In the Credits/Refunds and in Debits/Billings Acceptance Sampling sections, references have been added to electronic source documents.
  - In the Experience Rating Acceptance Sample section, an example has been updated and references added to electronic source documents.
5. OMB Approval. ET Handbook No. 407 has been approved by the Office of Management and Budget (OMB) in accordance with the Paperwork Reduction Act of 1995, OMB Approval No. 1205-0332, expiration date: June 30, 2012.
  6. Action Requested. Administrators are requested to distribute this advisory and the attached replacement pages to the TPS reviewer(s) and appropriate tax staff. These updates are also available electronically at: <http://wdr.doleta.gov/directives> under Employment and Training Handbooks.
  7. Handbook Maintenance. ET Handbook 407, 4<sup>th</sup> Edition, Change 4 should have the following pages removed and replaced with the attached pages.

<u>Remove Pages</u>	<u>Insert Pages</u>
Chapter II	
Pg. 19 R 04/03 and 20 R 04/03	Pg. 19 R 10/09 and 20 R 04/03
Pg. 31 and 32 blank	Pg 31 and 32 blank
Pg. 33 R 07/06 and 34 R 04/03	Pg. 33 R 07/06 and 34 R 10/09
Pg. 35 R 07/06 and 36 R 04/03	Pg. 35 R 10/09 and 36 R 04/03
Chapter III	
Pg. 47 R 04/03 and 48 blank	Pg. 47 R 10/09 and 48 R 10/09
Pg. 63 R 11/07 and 64 R 04/03	Pg. 63 R 10/09 and 64 R 04/03
Chapter IV	
Pg. 111 R 11/07 and 112 R 11/07	Pg. 111 R 11/07 and 112 R 10/09
Chapter V	
Pg. 61 R 04/03 and 62 R 04/03	Pg. 61 R 10/09 and 62 R 04/03
Chapter VI	
Pg. 65 R 11/04 and 66 R 04/03	Pg. 65 R 11/04 and 66 R 10/09
Pg. 67 R 07/06 and 68 R 04/03	Pg. 67 R 10/09 and 68 R 04/03
Chapter VII	
Pg. 57 R 04/03 and 58 R 07/06	Pg. 57 R 10/09 and 58 R 10/09
Chapter VIII	
Pg. 23 R 04/03 and 24 blank	Pg. 23 R 10/09 and 24 blank
Pg. 33 R 04/03 and 34 blank	Pg. 33 R 10/09 and 34 blank
Pg. 35 R 04/03 and 36 R 04/03	Pg. 35 R 10/09 and 36 R 04/03
Pg. 55 R 04/03 and 56 R 04/03	Pg. 55 R 10/09 and 56 R 10/09
Pg. 57 R 04/03 and 58 blank	Pg. 57 R 10/09 and 58 blank
Pg. 59 R 04/03 and 60 blank	Pg. 59 R 10/09 and 60 blank
Pg. 117 R 04/03 and 118 R 04/03	Pg. 117 R 10/09 and 118 R 10/09

Pg. 179 R 04/03 and 180 R 04/03  
Pg. 181 R 04/03 and 182 R 11/04  
Pg. 297 R 04/03 and 298 R 04/03

Pg. 179 R 04/03 and 180 R 10/09  
Pg. 181 R 10/09 and 182 R 11/04  
Pg. 297 R 10/09 and 298 R 10/09

8. Inquiries. Address all inquiries to the appropriate Regional Office.
9. Attachment. Replacement pages for Handbook 407, Edition 4, Change 4.