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UNEMPLOYMENT INSURANCE  
DATA VALIDATION MONITORING GUIDE

OFFICE OF UNEMPLOYMENT INSURANCE  
U.S. DEPARTMENT OF LABOR



**APPENDIX F      TAX MODULE 5 RESULTS TABLE**

**APPENDIX G      DOCUMENTATION AND ARCHIVING  
REQUIREMENTS**

## I. INTRODUCTION

### A. Background

The Data Validation (DV) program was established to measure the accuracy of the information states submit on Unemployment Insurance Required Reports (UIRR) that are required by the Secretary of Labor and approved by Office of Management and Budget (OMB).

DV has three major components: (a) validation of items reported on 11 UIRR (Modules 1, 2, and 3); (b) validation of two Benefits Timeliness and Quality (BTQ) quality samples and four Tax Performance System (TPS) acceptance samples (Module 4); and (c) validation of the count of Wage Items on the ETA 581 report (Module 5). Each module of the DV program represents a separate data validation process.

The components of DV are conducted as follows:

*(a) UIRR Validation.* This component comprises most validation activity, validating 334 UIRR cells. It validates reported counts by independently reconstructing the counts from individual transaction records that are tested for accuracy and carefully sorted according to relevant various characteristics to match the report cells. To determine how the records are to be sorted, states refer to Appendix A of Benefits and Tax sections of the UI DV Handbook (ETA 361), located on the DV Webpage (<http://www.ows.doleta.gov/dv/>) under *In this Section, Handbook and Reporting Instructions*. The reconstructed counts become the standard against which state report cells are evaluated.

States assemble extracted information or elements from their databases relating to all individual transactions of a particular type (called a Population) for the time period covered by the report cells of the same type. There are 21 populations of unique transaction types, 16 in Benefits, 5 for Tax, as demonstrated in Table 1.0 on page 5. Subsets of Populations are known as sub-populations. States use Record Layouts to identify the number and type of database elements that will be extracted. The Record Layouts are located on the DV Webpage (<http://www.ows.doleta.gov/dv/>). Many UIRR are validated in segments because they contain different transaction types, e.g., different portions of the ETA 5159 report are validated under Benefits Populations 1, 2, 3, 3a, and 4.

Table 1.0

<b>Overview of the Scope of UI Data Validation</b>				
Populations				What's Validated
Number	Type of Transaction	Number of State Database Elements in Extract File	Number of Report Cells	UI Required Reports
<b>BENEFITS</b>				
<b>1</b>	Weeks Claimed	9	9	5159
<b>2</b>	Final Payments	10	13	5159, 218
<b>3</b>	Initial Claims & Monetary Determinations	12	39	5159, 218, 586
<b>3a</b>	Additional Claims	10	6	5159
<b>4</b>	Payments	16	48	5159, 9050, 9051, 586
<b>5</b>	Nonmonetary Determinations	12	64	207, 9052, 9053
<b>6</b>	Appeals Filed, Lower	6	2	5130
<b>7</b>	Appeals Filed, Higher	6	2	5130
<b>8</b>	Appeals Decided, Lower	14	19	5130, 9054L
<b>9</b>	Appeals Decided, Higher	13	12	5130, 9054H
<b>10</b>	Appeals Case Aging, Lower	6	2	9055L
<b>11</b>	Appeals Case Aging, Higher	5	2	9055H
<b>12</b>	Overpayments Established by Cause	10	63	227
<b>13</b>	Overpayments Reconciliation	9	57	227
<b>14</b>	Age of Overpayments	10	24	227
<b>15</b>	Overpayments Established by Method	7	36	227
<b>Totals</b>		<b>155</b>	<b>398</b>	<b>11 Reports</b>
<b>TAX</b>				
<b>1</b>	Active Employers	16	2	581
<b>2</b>	Report Filing	10	6	581
<b>3</b>	Status Determinations	13	7	581
<b>4</b>	Accounts Receivable	13	10	581
<b>5</b>	Field Audits	20	11	581
<b>Totals</b>		<b>72</b>	<b>36</b>	<b>1 Report</b>

*\*The table reflects all Benefits and Tax populations including the population number and transaction type, the number of elements in a state's database for each transaction, the number of report cells from the UIRR, and the UIRR that relates to the population.*

Assembled extracts are contained in an extract file. There are 21 extract files that are created, one for each population, and each record from a population extract file can be assigned to only one subpopulation. (a) Module 1 - Report Validation (RV) is completed automatically when the extract file is processed by the DV software. RV assesses the accuracy of the counts reported on the UIRR. The software calculates and

retrieves all reported counts, and compares them to the counts from the extract file. DV software then processes the extracts, and draws samples so that the accuracy of the extract file and underlying database data can be assessed. This process is (a) Module 2 - Data Element Validation (DEV). DEV assesses whether the extract file is constructed properly from data elements that are consistent with Federal reporting requirements, and thus whether the extract file is producing validation counts that are the appropriate standard for evaluating report counts. DEV is accomplished through the examination of a small sample of transactions. There are four types of Benefit samples, and two types of Tax samples. The Benefit samples types include Random, Missing subpopulation, Outliers, and Minimum. The Tax samples types are Minimum and Data Element Sorts. Although states are required to complete Outliers, Missing Subpopulations, and Minimum samples as part of the DEV activity for Benefits, the results are not used to calculate the pass-fail rating.

During the operation of DEV, states use the (a) Module 3 document to obtain state-specific instructions. Module 3 directs state staff to the location of the data that are to be validated. It lists state system screens or documents, as well as the rules to validate the data.

A Benefits population passes validation when all DEV components (Random samples) pass, and all pass-fail groups identified for the RV of the population also pass. For example, DEV for Benefits Population 3 (Claims Filed) is based on three random samples, 300, 315, and 320, all of which must pass validation. For RV, the validated cells are grouped into nine Pass-Fail groups. All groups, 3.01, 3.02, 3.03, 3.04, 3.06, 3.07, 3.08, and 3.1 must pass for the population to pass validation; if even one group fails, the whole population fails. Appendix B of the Benefits section of ETA 361 provides additional information on the Benefits pass-fail groups that are used to determine a pass or fail result. The validation of Tax items is based on Minimum samples, Data Element Sorts, and RV; there are not multiple RV pass-fail groups for Tax. For a Tax population to pass validation all Minimum samples, Data Element Sorts, and RV items must pass.

RV and DEV work conjunctively; therefore, if one fails then the other also fails the validation process.

For additional information on UIRR Validation, refer to the related topics including, but not limited to, the sections on Modules 1, 2, and 3, in the Benefits and Tax sections of ETA 361.

(b) *Module 4 - Quality Sample Validation.* Module 4 examines whether the BTQ and TPS samples are (1) of the correct size, (2) drawn randomly, and (3) from the correct universe. Furthermore, the correctness of the sampling universe is assessed by whether or not it is within  $\pm 2\%$  of a benchmark count of the same type of transactions, which the

state reported on a UIRR. All of these Pass-Fail groups must pass for the quality sample to pass validation. For example, if the BTQ nonmonetary determinations sample is the right size, drawn randomly, and from the right universe, but the difference between the number of records in the universe and the number of records reported on the ETA 9052 report is 3%, then the quality sample would fail validation. For additional information, refer the *Module 4 Benefits and Tax* sections in ETA 361.

(c) *Module 5 - Wage Item Validation (WIV)*. Module 5 validates the number of Wage Items (a workload item used to allocate UI administrative funds) by recounting a small portion of the wage records submitted on employers' wage and contribution reports and comparing that recount with the count from the same wage records used as input for the total reported on the ETA 581 report. WIV passes if the count is within  $\pm 2\%$  of a benchmark count of the same type of transactions, which the state reported on the ETA 581.

DV is a cyclical program, and all states are required to validate UI data every three years, with the exception of data elements associated with Government Performance and Results Act (GPRA) measures. DV items that relate to GPRA are validated every year, as required by the Office of Inspector General (OIG).

States are required to validate data that are reported on UIRR during the Performance Year (PY), i.e., between April 1 of the previous year – March 31 of the current year. UI data from the PY are validated and submitted, through a series of DV summary/analytical reports, to the Employment and Training Administration (ETA), during the Validation Year (VY), i.e., between June 11 of previous year – June 10 of current year.

ETA tracks the status of states' DV items, during the VY, and subsequent to the end of the VY, and places them into several categories:

- A DV item that was submitted and passed validation in the current VY;
- A DV item that is due for submission in the current VY, because it relates to a GPRA measure;
- A DV item that is due for submission in the current VY, because it has been three years since the item was validated;
- A DV item that is due for submission in the current VY, because it failed during the previous VY;
- A DV item that is due for submission in the current VY because it was not submitted or the submitted information was incomplete the previous VY;

- A DV item that was due for submission in the current VY, but it was not submitted or the submitted information was incomplete;
- A DV item that was submitted in the current VY, but failed validation;
- A DV item that is not due for the current VY, because it passed validation within the last three years.

States can use the DV program to identify problems that may distort the data and use the findings to correct inaccurate reports.



## **B. Purpose**

DV program results do not generate information about whether states followed DV procedures correctly. To address this issue, ETA has created a monitoring process for Regional staff to follow to verify that states are properly implementing the DV program.

The purpose of the UI DV Monitoring Guide is to provide instructions to assess the precision by which states execute the DV process when a passing score is achieved. While much of the emphasis of the DV program is placed on failed or non-submitted DV items, the major risk in DV occurs when a state submits passing DV results that should have failed, or for which no supporting documentation can be provided.

Unlike failed DV submissions or non-submitted DV items, a system which examines the steps in the validation process for DV results that were rated as passing does not currently exist. States' validated items that receive a failed rating or items that were not submitted for validation must be addressed as part of the State Quality Service Plan (SQSP) process. Failed DV items or DV items that should have been validated but were not, must be addressed in a Corrective Action Plan (CAP). As part of the plan, states diagnose causes for failed DV items, set milestones for improvement, and project a schedule for submitting non-submitted DV items. Additionally, as part of Regional staff oversight responsibilities, technical assistance is provided and on-site visits are conducted as necessary.

The UI DV Monitoring Guide expands the scope of Regional staff oversight by concentrating on passing DV results. By completing monitoring tasks that are included in the guide, Regional staff will verify that states are in compliance with DV program requirements and procedures.

Some of the tasks for monitoring a state can be accomplished remotely, while others should be done through an on-site review at the state UI agency where the DV records and supporting documentation are maintained. To achieve the monitoring objective, Regional staff must supplement the information on DV summary reports by assessing a state's:

1. Data Validation Status;
2. Integrity of the DV Process; and,
3. DV Document Retention and Archiving Process.

By focusing on these critical areas, Regional staff can ascertain whether passing results have been properly documented, and, if necessary, provide or direct technical assistance to states whenever possible.

## II. ADMINISTERING THE MONITORING PROCESS

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### A. Overview

The DV monitoring process follows the same schedule of the DV program. States are monitored every three years, which comprises a monitoring cycle. Monitoring is conducted by Regional staff during the VY, with all monitoring activities completed by June 10.

During the monitoring period, Regional staff will focus on the most recently validated items that passed data validation, i.e. the DV items that passed between June 11 of the previous year and June 10 of the current year. If no passing results have been submitted during the current year, Regional staff will focus on examining passing DV results from prior VYs.

Regional staff will monitor each state in their region during the three-year monitoring cycle. Once a state has been monitored, it should not be monitored again for a period of three years.

### B. Data Validation Priorities

There are several types of UI data that are validated under the DV program. ETA organizes the data based on four DV program priorities. The program priorities are used to assist state and Regional staff in completing DV related tasks. DV program priorities are divided into the following categories:

**Priority I - GPRA:** UI data that are validated under this category are used to calculate whether GPRA goals and targets have been met each Fiscal Year (FY). In addition to being validated annually, GPRA populations must meet a higher standard to pass validation. GPRA related items are held to a  $\pm 1\%$  tolerance, while data used in UI Performs Core Measures, Secretary Standards, and Workload calculations are held to a tolerance of  $\pm 2\%$ . GPRA related data are of the highest priority.

**Priority II - Workload:** UI data that are validated under this category represent workload items reported by states on a variety of UIRRs. The workload items (counts) are used to allocate states' administrative resources dedicated to managing the UI program. Workload data items are given second-highest priority under the DV program.

**Priority III - Performance:** UI data that are validated under this category are used as part of the UI performance management system. The performance data are used to

calculate the measures included in UI Performs core measures and the Secretary's Standards. Performance data items are given third-highest priority under the DV program.

**Priority IV – Other:** UI data that are validated under this category represent a variety of areas of the UI program. *Other* UI items are validated as a general test of the accuracy of states' reported data, since it is essential that ETA is guided by accurate data in exercising its oversight responsibilities, especially where UI activities and performance among states are compared. *Other* data items are given fourth-highest priority under the DV program.

The following guidance outlines the specific DV items as they relate to each DV program priority:

**Priority I – GPRA**

- a. Benefits Population 4 – Payments: relates to the GPRA goal to *Make Timely Benefit Payments*.
- b. Benefits Population 12 – Overpayments Established: relates to the GPRA goal to *Detect Benefit Overpayments*.
- c. Tax Population 3 – Status Determinations: relates to the GPRA goal to *Establish Tax Accounts Promptly*.

**Priority II – Workload**

- a. Benefits Population 1 – Weeks Claimed: relates to Intrastate and Interstate weeks claimed reported on the ETA 5159 report.
- b. Benefits Population 2 – Final Payments: relates to final UI benefit payments reported on the ETA 218 and 5159 reports.
- c. Benefits Population 3 – Claims: relates to new intrastate, interstate liable, and interstate agent initial claims reported on the ETA 218, 586, and 5159 reports.
- d. Benefits Population 3a – Additional Claims: relates to additional initial claims reported on the ETA 5159 report.
- e. Benefits Population 5 – Nonmonetary Determinations/Redeterminations: relates to separation and nonseparation nonmonetary determinations and redeterminations reported on the ETA 207 and 9052 reports.

- f. Benefits Population 8 – Lower Authority Appeals (LAA) Decisions: relates to LAA decisions reported on the ETA 5130.
- g. Benefits Population 9 – Higher Authority Appeals (HAA) Decisions: relates to HAA decisions reported on the ETA 5130.
- h. Tax Population 1 – Active Employers: relates to employers currently registered and required to file contribution and wage reports, as reported by states on the ETA 581 report.
- i. Module 5 – Wage Item Validation (WIV): relates to records that represent an individual, his employer, and the individual’s earnings for a quarter reported on the ETA 581 report.

**Priority III – Performance**

- a. Benefits Population 10 – LAA Case Aging: relates to the measure that calculates the average age of LAA reported on the ETA 9055 report.
- b. Benefits Population 11 – HAA Case Aging: relates to the measure that calculates the average age of HAA reported on the ETA 9055 report.
- c. Module 4 – Benefits Quality Reviews for Nonmonetary Determinations and Appeals: relates to validating the samples used to measure the quality of nonseparation and separation determinations (reported on the ETA 9056 report) and lower authority appeals decisions (reported on the ETA 9057 report) using the sample universe benchmarks reported on the ETA 9052 and 9054L reports.
- d. Module 4 – Tax Performance System (TPS) Quality Review: relates to the measure that calculates the quality of status determinations and field audits reported on the ETA 581 report.

**Priority IV – Other**

- a. Benefits:
  - i. Population 6 – LAA Filed: relates to LAA filed reported on the ETA 5130 report.
  - ii. Population 7 – Higher Authority Appeals Filed: relates to HAA filed reported on the ETA 5130 report.
  - iii. Population 13 – Overpayments Reconciliation: relates to overpayments recovered and reconciled reported on the ETA 227 report.

- iv. Population 14 – Age of Overpayments: relates to overpayments received and removed from states records reported on the ETA 227 report.
  - v. Population 15 – Overpayments Established by Method: relates to the method states used to detect and establish overpayments for recovery reported on the ETA 227 report.
- b. Tax:
- i. Population 2 – Report Delinquency: relates to non-submitted employer contribution and wage reports reported on the ETA 581 report.
  - i. Population 4 – Accounts Receivable: relates to accounting control activities reported on the ETA 581 report.
  - ii. Population 5 – Field Audits: relates to systematic examinations of employer’s books and records using auditing standards and procedures reported on the ETA 581 report.

DV program priorities are essential to organizing and planning DV related activities. During a current VY, states are required to validate all failed, non-submitted, due, and GPRA items. ETA recommends that states use the DV program priorities to accomplish the validation requirements. The UI data items listed under each priority are of equal importance; therefore, states should concentrate on validating all items in a priority group, beginning with highest priority items and ending with the lowest priority items, until all items that require validation have been completed. States can determine the order in which data items under each priority are validated.

For DV monitoring, Regional staff will use the DV program priorities to select states for the monitoring activity.

### **C. State Selection**

The focus of DV monitoring is on DV items that passed validation during the most recent VY. Regional staff must consider the program priority associated with passing DV items to determine which states to monitor each year of the monitoring cycle. Regional staff should use the following criteria to select states for each year of the Monitoring Cycle:

1. Select states that passed DV for Benefits Population 4, 12, and/or Tax Population 3 (Priority I) during current VY (e.g. VY 2015), with states passing more than one of these populations ranked highest for selection; or,

2. If no states meet the criteria described under number 1, select states that passed DV for Benefits Population 4, 12, and/or Tax Population 3 during the last completed VY (e.g., VY 2014). States passing more than one of these populations should rank highest for selection; or,
3. If no states meet the criteria described under number 1 or 2, select states that passed DV for Benefits Populations 1, 2, 3, 3a, 5, 8, 9, and/or Tax Population 1, and Tax Module 5 (Priority II) during the current VY. States passing more than one of these populations/module should rank highest for selection; or,
4. If no states meet the criteria described under number 1 - 3, select states that passed DV for Benefits Populations 1, 2, 3, 3a, 5, 8, 9, and/or Tax Population 1, and Tax Module 5 during the last completed VY. States passing more than one of these populations/module should rank highest for selection; or,
5. If no states meet the criteria described under number 1 - 4, select states that passed DV for Benefits Populations 10, 11, Benefits Module 4, and/or Tax Module 4 (Priority III) during the current VY. States passing more than one of these populations or modules should rank highest for selection; or
6. If no states meet the criteria described under number 1 - 5, select states that passed DV for Benefits Populations 10, 11, Benefits Module 4, and/or Tax Module 4 during the last completed VY. States passing more than one of these populations or modules should rank highest for selection; or
7. If no states meet the criteria described under number 1 - 6, select states that passed DV for Benefits Populations 6, 7, 13, 14, 15 and/or Tax Populations 2, 4, and 5 during the current VY. States passing more than one of these populations should rank highest for selection.
8. If no states meet the criteria described under number 1 - 7, select states that passed DV for Benefits Populations 6, 7, 13, 14, 15 and/or Tax Populations 2, 4, and 5 during the last completed VY. States passing more than one of these populations should rank highest for selection.
9. If no states meet the criteria described under number 1 - 8. Regional staff should apply state selection criteria to the two previous VYs. For example, if no states in the region passed populations or modules in VY 2015 and VY 2014, select states that passed Priority I items in VY 2013 first, select states that passed Priority I in VY 2012 second, select states that passed Priority II items in VY 2013 third, etc.

*Note: States that were selected for the Introductory Monitoring Cycle will not be monitored again for three years. For example, if a state was monitored during the VY 2012, they will be*

monitored again in VY 2015. The state selection criteria above would apply to states that were not monitored during the introductory cycle.

Once it has been determined which states meet the selection criteria for the year monitored, Regional staff will decide the number of states that can be effectively reviewed. Since the number of states in each region varies, Regional staff should consider that all states in the region must be monitored within the three year cycle, and that the schedule becomes fixed once a state has been monitored. Table 1.1 (below) provides an example of the number of states that a region may select to accomplish monitoring requirements for the monitoring cycle.

Table 1.1

Region		Number of States per Region	Number of States to Monitor per Year		
			1 <sup>st</sup> Year of the cycle	2 <sup>nd</sup> Year of the cycle	3 <sup>rd</sup> Year of the cycle
1	Boston	10	3	3	4
2	Philadelphia	6	2	2	2
3	Atlanta	8	2	3	3
4	Dallas	11	3	4	4
5	Chicago	10	3	3	4
6	San Francisco	8	2	3	3

The state selection criteria are only used to determine which states to review each year of the monitoring cycle. Once a state is selected, all passing DV items must be monitored by Regional staff.

When selecting states for future monitoring cycles, the state selection criteria should be used, but the most recent VYs would apply.

#### **D. Monitoring Schedule**

States that were selected for a monitoring cycle must continue to be monitored in same order for all subsequent monitoring cycles, this establishes the monitoring schedule. (Note: This information also applies to states that were selected for the Introductory Monitoring Cycle.) For example, as shown in Table 1.2 and 1.3 on page 17, state A and state B were monitored during the first year of a monitoring cycle, and they will continue to be monitored the first year of every cycle. Regional staff must add remaining states in their region to the monitoring schedule so that each state in their assigned region is monitored every three years, as demonstrated in Table 1.3.



Table 1.2  
**DV Monitoring Schedule for Region AA**

<b>States Monitored in 1<sup>st</sup> Yr. (June 2014 - June 2015)</b>	<b>States Monitored in 2<sup>nd</sup> Yr. (June 2015 - June 2016)</b>	<b>States Monitored in 3<sup>rd</sup> Yr. (June 2016 - June 2017)</b>
State A	State D	State H
State B	State E	State I

Table 1.3  
**DV Monitoring Schedule for Region AA**

<b>States Monitored in 1<sup>st</sup> Yr. (June 2017 - June 2018)</b>	<b>States Monitored in 2<sup>nd</sup> Yr. (June 2018 - June 2019)</b>	<b>States Monitored in 3<sup>rd</sup> Yr. (June 2019 - June 2020)</b>
State A	State D	State H
State B	State E	State I
State C	State F	State J
--	State G	--

### III. OVERVIEW OF DATA VALIDATION (DV) MONITORING

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The following is an overview of the tasks and accompanying appendices that monitors must complete to determine if states have correctly implemented DV processes.

- **Task 1 - Assess Data Validation Status**

Task 1 prepares state and Regional staff for a DV monitoring visit. Monitors perform this task remotely, with the assistance of state validators.

Regional monitors prepare for the monitoring exercise by notifying the state of the plans for monitoring and taking an inventory of the status of DV items. The *Latest Submissions* table in Appendix A should be completed by the monitor and forwarded to the state being monitored before the on-site monitoring visit.

- **Task 2 - Assess Integrity of the DV Process**

Task 2 has instructions for verifying the results of passing DV items, and assessing the state's compliance with DV instructions. The steps in this task will be accomplished during the on-site monitoring visit.

- **Appendix A - Latest Submission Table**

Appendix A provides a table that will be used to complete an inventory of a state's DV items.

- **Appendix B - Data Element Sorts Template**

Appendix B provides a template that should be forwarded to the state, prior to the monitoring visit, to obtain state specific sorts codes.

- **Appendix C - Monitoring Results Table**

Appendix C provides a table that should be completed at the conclusion of the monitoring exercise to record the monitoring results for all DV items with the exception of Module 4 and Module 5.

- **Appendix D - Benefits Module 4 Results Table**

Appendix D provides a table that should be completed at the conclusion of the monitoring exercise to record the monitoring results for Benefits Module 4.

- **Appendix E - Tax Module 4 Results Table**

Appendix E provides a table that should be completed at the conclusion of the monitoring exercise to record the monitoring results for Tax Module 4.

- **Appendix F - Tax Module 5 Results Table**

Appendix F provides a table that should be completed at the conclusion of the monitoring exercise to record the monitoring results for Tax Module 5.

- **Appendix G - Documentation and Archiving Results**

Appendix G describes procedures for the proper retention and archiving of documents.

## IV. MONITORING TASKS

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### A. Overview

The UI data that are validated are wide-ranging; thus, the process by which the data are validated varies. The guide includes monitoring tasks that encompass diverse methods to examine the expanse of Benefits and Tax data that are validated. Some tasks can be completed remotely while others must be performed on-site. Regional staff that are designated as DV monitors must request the assistance of state validation staff to complete both the remote and on-site monitoring tasks.

The monitoring tasks have been sorted based on the characteristics of the various components of the DV process. Each task includes multiple steps that may be applicable to a DV item. For example: *Task 1, Step 1 and Step 2; Task 2, Steps 1, 3, and 4* are all applicable to Tax Population 1. To complete the monitoring activity, all monitoring tasks /steps should be completed for each DV item for which the task/step applies.

Many of the monitoring tasks require the monitor to review documents associated with the validation of UI data items. It is therefore essential for state technical staff to maintain records of completed validations. A document review will allow a Regional monitor to verify completed DV submission documents and evaluate the accuracy of a state's archiving and retention procedures. Document retention and archiving requirements are located under Appendix G. Although the primary focus of the monitoring activity is to evaluate DV items from the current VY, Regional monitors may, if time permits, request to examine supporting documents applicable to earlier DV submissions and/or other DV items that have not been scheduled for monitoring.

At the conclusion of each monitoring cycle, Regional monitors will record the outcome of the monitoring activities in a *Monitoring Results* table (Appendix C) and submit the table to the National Office (NO) no later than September 30. Monitors may also submit any other documents, tables, etc. that were used to arrive at the monitoring results.

Recording and maintaining the results of each cycle are essential, since the information will be vital to the development of the State Quality Service Plan (SQSP). Items that *passed* data validation, but *failed* as a result of the monitoring activity will be addressed during the SQSP process. Monitors may also discuss the results of monitoring activities with state staff during the on-site visit and/or incorporate the results in the SQSP planning process.

## **B. Preparation for Monitoring**

Before the monitoring function begins, Regional monitors should be familiar with the resources on the DV Webpage (<http://www.ows.doleta.gov/dv/>) including the Benefits and Tax handbooks, and the *Unemployment Insurance Data Validation Operations Guide* located under *In this Section, DV Advisories, UIPL 01-11*. The information in these resources will assist monitors in performing monitoring tasks.

The monitor should also verify that the state benefits and tax Module 3s have been certified and familiarize themselves with the instructions and the use of the Module 3s. The monitor can verify Module 3 certification and view current copies of each module from the Module 3 software located in the *Applications Menu* under *Data Validation* on the Office of Unemployment Insurance (OUI) Web page (<http://www.uis.doleta.gov/apps.php>). To comprehend the Module 3, a monitor should review the *Data Validation Module 3 Software, Regional Office Tutorial*, located on the DV Web page (<http://www.ows.doleta.gov/dv/>) under *In this Section, Software Tutorials, Regional Office Tutorial*. The *Regional Office Tutorial* contains information regarding Module 3's use, layout, field names and descriptions, etc. The purpose of the Module 3 review is not to check whether state data sources are accurate--few if any persons other than state reporting or validation staff have the knowledge to do that--but the monitor must be familiar with the state's Module 3.

To prepare for any task that relates to the investigation of the samples, the monitor should access the DV reports software, on the OUI Web page (<http://www.uis.doleta.gov/apps.php>), located in the *Applications Menu* under DV (*Data Validation*), *Data Validation Reports*, and review the results of samples that are planned for monitoring. The monitor should note the number of *Cases Reviewed* for each of the populations scheduled for the monitoring activity. This information will be necessary during the examination of the samples.

## **C. Monitoring Task Instructions**

### **TASK 1 - ASSESS DATA VALIDATION STATUS**

*Monitors should complete the steps in this task remotely and prior to the on-site monitoring visit.*

#### **Step 1 Examine the Status of All DV Items**

After the monitor has selected a state for monitoring, and before beginning the monitoring activity, the monitor should prepare an inventory of all of the state's DV report submissions to evaluate a state's progress in the submission and resolution of DV items. The monitor should:

1. Obtain the results for each DV item in the last 4 years including the current year, i.e. the past three Validation Years and current Validation Year (VY). For example, if the monitor selected a state for monitoring on June 14, 2012 (which is subsequent to the ending of VY 2011), the monitor would need to get results for VY 2012, which started June 11, 2011, and VYs 2009, 2010, and 2011 (which ended on June 10, 2011);
2. Access the DV reports software, located in the *Applications Menu* under *Data Validation* on the OUI Web page (<http://www.uis.doleta.gov/apps.php>), to obtain the results for all populations starting with VY 2010;
3. Access the DV summary status (reports) information (i.e., pass, fail, not submitted) for all populations and modules, which is available in spreadsheets located on the DV Web page (<http://oui.doleta.gov/dv>) under *In This Section, Results Due and Submitted*;
4. Contact NO staff to obtain information on a state's DV status prior to VY 2010, and detailed information on Module 4, and 5 submissions;
5. Record the inventory results in the *Latest Submissions* table located in Appendix A; and
6. Determine which, if any, extract files will be necessary for completing the monitoring activity.

Appendix A contains an example of a completed *Latest Submissions* table. Regional staff should retain completed tables for comparison to future monitoring cycle documents and SQSPs.

## **Step 2      Notify the State of the Monitoring Exercise**

After completing the inventory, and four to six weeks in advance of the on-site visit, the monitor should contact the state validation coordinator to advise of the plans for the monitoring activity, schedule the on-site visit, forward the *Latest Submissions* table for verification of the status of DV items (Appendix A), and forward the *Data Element Sorts* template (Appendix B). *Note: To determine whether Data Element Sorts is applicable to a state, the monitor should inquire about the state's practices for categorizing employer types and maintaining multiple state codes for the characteristics examined in sorts.* The monitor should inform the coordinator of the DV items being monitored, and inquire regarding the status of the extract files necessary for completing the monitoring exercise. To ensure that the extract files for items being monitored will be available for the on-site visit, the monitor should:



1. Request that extract file screen shots be made available; and,
2. If screen shots are unavailable, inquire if the extract file is still loaded; or,
3. If the file is not loaded and the state is not currently working on a different file, request that the state reload the extract file during the on-site visit. (If a state has loaded a new extract file and they attempt to re-load a previously loaded extract file, the work on the new file will be lost; additional information on loading and reloading an extract file is located in *Chapter 4 of the Unemployment Insurance Data Validation Operations Guide*); or,
4. If the state is currently working on a different file, request that the state encrypt the Social Security Numbers (SSN) and/or Employer Account Numbers (EANs) in the extract file and send it to the NO where it can be tested on the state “look-a-like” server. (If a state has loaded a new extract file, the alternative will be to send the old extract file to the NO where it can be tested for errors.) *Note: Regional monitors should inform the NO that a state’s extract file requires testing, and instruct state validation staff to send the extract file to the NO two to three weeks in advance of the on-site visit. Make sure the state encrypts SSNs or EANs before sending the file.*

The on-site visit must be scheduled based on the availability of all state staff that are critical to the validation process. State validation staff will need to answer questions and address issues raised during the review. Critical state staff include validators, programmers, and program staff involved in the validation. The state should designate a lead contact that will be present during the entire review to help the Regional monitor access and analyze DV documentation. There may be separate state contacts to facilitate tax and benefit reviews. The on-site review should be scheduled to last four to four and a half days.

## **TASK 2 - INTEGRITY OF THE DV PROCESS**

*The steps included in this task can be accomplished on-site during the monitoring visit.*

### **Step 1          Examine the Extract File**

To assess a state’s benefits or tax population’s RV results, the monitor must review the extract file for errors. Three types of error conditions may occur when the extract file is loaded: Syntax errors, Parsing Errors, and Duplicate Records. Additional information regarding the error types is located in *Chapter 5 of the Unemployment Insurance Data Validation Operations Guide*.

Errors are displayed on a number of the DV software screens including *Import Messages*, *Errors*, and *Duplicate Detection Report*. The *Import Messages* screen displays all the records and errors in the extract file. The *Errors* screen displays only the records that contain errors along with an error message for each record. All errors are displayed on this screen including those that are a result of duplicate records in the extract file. The *Duplicate Detection Report* screen only displays errors resulting from duplicate records. If no errors are displayed on the *Import Messages* screen it will reflect that there were zero errors. If the file contains no errors, *Errors* or *Duplicate Detection Report* screens display a “No Rows Found” message in red. States should print and retain copies of the various error screen printouts. It may be necessary for monitors to exam error screens as part of the monitoring activity.

Errors in the extract file may result from (a) incorrectly built records in the extract file that represent countable transactions, and (b) records in the extract file that do not represent countable transactions. State validators should accurately rebuild incorrectly built, countable records, and the extract files should be reloaded to ensure that a proper validation count results and that all countable records are available to be sampled. For example, if a record in the extract file contains a Syntax error, such as an alpha value in a numeric field, the state validator should correct the error and extract file should be reloaded. Records in the extract file that do not represent countable transactions should be removed from the file; however, if they are not removed the software will not include them in the validation counts or any samples. For example, if for Benefits Population 12, the “Established Date” for an Overpayment is outside of the Report Quarter being validated it would not be a countable transaction.

Monitors will require assistance and supporting documents from state validation staff to evaluate the state’s management of errors contained in the extract file. If there are any errors of type (a) the extract file would fail the monitoring exercise, since the state should have rebuilt the extract file to correct this type of error. If there are any errors of type (b) removed from the extract file the state must provide documentation to support that the errors were not countable records. For example, if the state validator removed type (b) errors from the extract file, supporting documentation may include the extract file (or a screen shot) that was initially loaded and contained errors, and the extract file (or a screen shot) that was subsequently loaded and no longer contained the errors. This is to ensure that the state has not removed countable transactions to reduce a validation count to the level of a reported count. The record could be a notation in the comments section of the DV summary reports when the state’s DV results were transmitted.

To examine the extract file, the monitor should:

1. Review extract file screen shots (*Import Messages* screen, *Errors* screen, and/or *Duplicate Detection Report* screen) for errors; or,

2. Review loaded extract file for errors (*Import Messages* screen, *Errors* screen, and/or *Duplicate Detection Report* screen); or,
3. Reload extract file (instructions for loading extract file are located in the *Unemployment Insurance Data Validation Operations Guide - Chapter 4*) and review for errors (*Import Messages* screen, *Errors* screen, and/or *Duplicate Detection Report* screen); or,
4. Review extract file test results from the NO for errors; and,
  - a. If no errors exist, the extract file passed the monitoring activity.
  - b. If errors exist, determine whether the errors are of type (a) or type (b).
  - c. If the file contains type (a) errors it failed the monitoring activity.
  - d. If the file contained type (b) errors that were removed, but no supporting documents can be located to demonstrate that they were truly type (b) and not type (a), it failed the monitoring activity.
5. Record the results of the extract file examination in the *Monitoring Results* table (Appendix C).

If the extract file passed monitoring, the monitor should proceed to complete other tasks/steps applicable to the benefits or tax population being monitored.

If the extract file failed monitoring, it is not necessary to complete the other monitoring tasks/steps relating to that particular benefits or tax population. For example, if the extract file for Tax Population 1 failed the monitoring exercise, it is not necessary for the monitor to complete Task 2, Steps 1, 3, and 4. Errors in the extract file render a state's passing RV results invalid, which means the population fails the monitoring activity overall.

## **Step 2      Examine the Benefits Random Samples**

Random samples are used to validate the most important UI transaction types. There are 17 random samples of 100 or 200 records associated with the benefits populations. State validators initially review 30 (of the 100) or 60 (of the 200) records. Samples pass validation at the initial stage (first tier) if the first 30 or 60 cases reviewed contain zero errors. Samples pass at the second tier if the rest of the sample has 9 or fewer errors for samples of size 100 and 16 or fewer errors for samples of size 200. These decision rules assume that the population error rate is less than or equal to five

percent ( $\leq 5\%$ ). Additional information regarding the procedures for completing random sampling is located in *Appendix B* of ETA 361.

After state validation staff load extract files into the DV software, the software automatically selects samples and displays them on the *Samples* screen. The *Samples* screen displays the sample type (Random, Missing, Outliers, or Minimum), the sample identification number (e.g., 100), and the sample description (e.g., Intrastate Weeks Claimed). State validation staff should print and retain copies of *Samples* screens; they can be used to verify that a sample was randomly selected. Additional information regarding the various sample types is located in *Appendix B* of ETA 361, and *Chapter 9* of the *Unemployment Insurance Data Validation Operations Guide*.

The random samples demonstrate whether or not a benefit population extract file is built from proper data by examining whether the values in the fields of the sample records are consistent with the rules/reporting definitions and documents located in a state's Module 3. Module 3 rules and instructions refer state validators to documents, screens and/or case files necessary to complete the validation comparison. As the validator examines each field, he/she indicates that the field either passed or failed validation. Before a validator can submit a benefits population random sample result, each sample must be completed (e.g., for Population 1, random samples 100 and 110), and each random sample must pass validation before the population can pass DV.

The DV software includes a *Sample Validation* screen that displays the sampled records that are to be investigated. The sample number and description are displayed at the top of the screen (e.g., Population 1, 100 (Intrastate Weeks Claimed) – Random). The *Sample Validation* screen is also the electronic worksheet that state validation staff use to record and transmit the results of their sample investigations to the NO. State validators are to print and retain copies of worksheets for future auditing purposes, as well as for the monitoring activity. In addition to the *Sample Validation* screen, validators may print the *Data Element Validation Report* screen, which provides summary information about completed sample investigations for a given population. It provides, for example, the number of cases in error and the derived percent of errors established through the sample investigation process. For the monitoring activity, state validators may provide monitors with other documents, in addition to the *Sample Validation* and *Data Element Validation Report* screens, to substantiate the sample validation results. Other supporting documents may include, but are not limited to printouts of documents referred to in Module 3, printouts of screens from the states' database, and paper files.

To examine the integrity of random samples, Regional monitors must review subsamples of the random samples and evaluate their accuracy. The universe for the subsample is the random sample that passed validation. For example, if 30 cases (first tier) were reviewed and passed the validation test, the subsample would be selected from those 30 cases, or if 100 cases were reviewed before the sample passed, then the

universe for the subsample would consist of the same 100 cases. To determine the size of the subsample, monitors should use Table 1.4 (below).

Table 1.4

DV Random Sample Size	Regional Monitoring Subsample*
3 - 25	3
26 - 50	5
51 - 90	6
91 - 150	7
151 - 280	10

\* Subsample sizes are based on an Acceptable Quality Level (AQL) of 96 percent (*Zero Acceptance Number Sampling Plans*, 4th edition, ASQC Quality Press).

Subsamples will be selected at random. Instructions for the random selection of the subsample will be provided by the NO.

The investigation of the random samples is essential to determine whether the samples were thoroughly investigated and properly coded (pass or fail), based on the validation rules. To examine random samples, Regional monitors should conduct the review as follows:

1. Request that the state validators retrieve:
  - a. copies of all the electronic passing random sample worksheets; and,
  - b. the screen shots and other documentation that substantiate the pass or fail codes for the records randomly selected for the monitoring samples.
    1. **If no worksheets or documentation can be located the sample failed the monitoring activity.**
2. Review screen shots for verification that sample was randomly selected.
  1. **If the sample was not randomly selected the sample failed the monitoring activity.**
3. Refer to the *Sample Validation* screen screenshots, *Table 1.4*, and instructions for random selection of the subsamples (provided by the NO), to draw the subsample.

4. Review the coding (pass or fail) of the records selected for the monitoring subsample and, if necessary, request assistance from the state validators to resolve any issues that are identified.
5. Review relevant Module 3 sections as necessary.
6. **If no discrepancies are found in the monitoring subsample, the sample results submitted by the state validator are valid.**
7. **If any record selected for the monitoring sample was coded improperly by the state validator (i.e., it was coded as passed, but should have been coded as failed), the sample results submitted by the state validator are invalid.**
8. Record the results of the subsamples in the *Monitoring Results* table (Appendix C).

### **Step 3      Examine the Tax Minimum Samples**

In Tax, DEV comprises two validation tests: Minimum samples and Data Element Sorts. The investigation of Tax minimum samples is used to establish that the information in individual records is accurate and conforms to federal reporting requirements. State validation staff examine two individual records per sub-population to determine whether the right transactions are being counted. Regional monitors must assess whether the sampling process was properly executed and documented, and verify that supporting documents (e.g., screen shots, worksheets, etc.) were retained and appropriately archived.

To initiate the minimum sampling process, the state validator loads the extract file, and the sample type, and description are displayed on the *Samples* screen. Since the *Samples* screen provides proof of the sample specifications, a validator may print and retain a copy of the *Samples* screen for auditing and monitoring activities.

Minimum sample validation is used to determine whether the values in the fields of the sample records are consistent with the rules/reporting definitions and documents located in a state's Module 3. Module 3 rules and instructions may refer state validators to documents, screens and/or case files to complete the validation comparison. As the validator examines each field, he/she indicates that the field either passed or failed validation, and records the information on the electronic worksheet or *Sample Validation* screen. State validation staff must print and retain a copy of the *Sample Validation* screen for auditing and monitoring activities.

In addition to the *Sample Validation* screen, validators may print and retain a copy of the *Data Element Validation Report* screen, which provides summary information about

completed sample investigations for a given population. Both the *Sample Validation* and *Data Element Validation Report* screens can be examined by monitors to verify pass or fail minimum sample results.

During monitoring, state validators may provide monitors with other documents to substantiate the sample validation results. Other supporting documents may include, but are not limited to printouts of documents referred to in Module 3, printouts of screens from the states' database, and paper files.

To accomplish the task of examining tax minimum samples, monitors should:

1. Request that the state validators retrieve:
  - a. copies of all the electronic passing minimum sample worksheets; and,
  - b. the screen shots and any other documentation that substantiates the coding (pass or fail) for passing samples.
2. **If no worksheets or documentation can be located the sample failed the monitoring activity.**
3. Review the coding (pass or fail) of one case, and if necessary request the assistance of the state validator.
4. Review relevant Module 3 sections as necessary.
5. If no discrepancies are located, review the next population.
  - i. **If discrepancies are located in the sample, it failed the monitoring activity.**
6. Record the results in the *Monitoring Results* table (Appendix C).

#### **Step 4      Examine the Tax Data Element Sorts**

Data Element Sorts validation must be conducted when states have multiple state-specific codes from which the single generic code in the extract file (e.g., "N" - new, "S" - successor, "I" - inactive, or "T" - terminated, for status determination types) should be derived. The Data Element Sorts test is also necessary when the state uses the prefix, suffix, or range values of the EAN to identify the employer type (contributory or reimbursing). In states that do not have multiple codes, or assign employers to certain EAN ranges, data element sorts validation is not applicable and Data Element Sorts items are identified as *N/A*.

In Data Element Sorts validation, the validation software sorts the records in the extract file to facilitate the identification of state-specific-codes that are not acceptable matches for the generic codes. State validation staff examine sorted transactions for incorrect state-specific-codes, and record the number of errors found on the *Data Element Sorts* screen. From the *Data Element Sorts* screen, state validators select the “sort number” to view the total number of errors. If a state uses multiple codes to assign transactions, selecting the “sort number” will display the *Frequency Distribution* screen. From that screen, state validators add up all of the errors that are to be recorded on the *Data Element Sorts* screen. If a state uses specific ranges of EANs, selecting the “sort number” will display the *Query* screen. From the query screen, state validators can, for example, enter a starting EAN and an ending EAN to locate all employers that fall within that sequence. All the records are retrieved from the query, are compared to the number of records located on the *Data Element Sorts* screens, and the difference between the two represents the number of EAN sorts errors. Additional information regarding the execution of Data Element Sorts is located in *Chapter 10* of the *Unemployment Insurance Data Validation Operations Guide*.

Regional monitors must determine whether Data Element Sorts validation was completed based on the data element sorts criteria, and verify the passing results. To accomplish this monitoring task, the monitor should refer to the *Data Element Sorts* template (distributed to the state for completion prior to the on-site visit), which should contain a list of state-specific-codes. In addition to referring to the template, the monitor must assess the validity of the extract file by completing Step 1, under Task 2. If the extract passes the monitoring, Regional monitors should do the following:

1. For every population being monitored, and for which the state submitted passing sorts results:
  - a. If the state submitted results indicating that the sort was applicable, use the DV software to select the applicable sort (validator assistance may be required for this).
    - Verify that the sort passed by examining the sort distribution results on the *Frequency Distribution* screen, or,
    - By repeating the EAN query (validator assistance may be required for this).
  - b. If the state selected N/A for the sort(s) verify with the validators that the sort was inapplicable in the state.
2. Record the results in *Monitoring Results* table (Appendix C).



## Step 5      Examine the Module 4 Validations of BTQ Sampling Process

The BTQ program evaluates the quality and timeliness of nonmonetary determination and lower authority appeals records. Quarterly reviews are conducted by state staff, with the assistance of Federal staff, to examine the characteristics of randomly sampled records. Module 4 validation is used to examine the BTQ sampling process. States can validate the BTQ quality review samples for any quarter that falls within the PY. A properly selected sample is: (a) drawn from the correct universe, (b) the correct size, and (c) randomly selected. If the sample is not of the correct size or is not random, a new sample is drawn until these criteria are met.

The total count of nonmonetary determinations on the ETA 9052, and the total count of lower authority appeals on the ETA 9054L (less appeals decided without a hearing) represent the universe from which the sample is derived. States check the accuracy of the sample universe when the ETA 9052 and 9054L counts are available by comparing the reported counts to the sampling universe identified in the state's database. For the quarter validated, the number of determinations in the sample universe for nonmonetary determinations must be within  $\pm 2\%$  of the sum of all total counts in the ETA 9052, and the number of determinations in the sample universe for lower authority appeals must be within  $\pm 2\%$  of the sum of all counts in the ETA 9054L after adjustment. Before those numbers are compared, Population 5 - Nonmonetary Determinations and Redeterminations, and Population 8 - Appeals Decisions, Lower Authority, should pass RV to ensure that the reported counts are accurate.

The size of the BTQ sample (50 separation and 50 nonseparation, or 30 separation and 30 nonseparation nonmonetary determinations; or 20 or 40 appeals cases) is determined by the total count of nonmonetary determinations on the ETA 9052, and the total count of lower authority appeals on the ETA 9054L, the prior calendar year. After the sample is selected from the sample universe, state staff complete tasks and transmit information associated with the BTQ quality review using the Sun system database. The Sun system provides and retains information regarding the appropriate specifications for a quarterly sample including the correct sample size. The *Nonmonetary Determination Quarterly Scores* screen displays the correct sample size for nonmonetary determinations, and *Lower Authority Appeals Quarterly Scores* screen displays the correct sample size for lower authority appeals. State staff should print and retain copies of these screens as verification of the sample size. These screens can be used by the monitor to evaluate the accuracy of the sample size. The fields "Required Sample Size" indicates the required size of the sample for the quarter based on BTQ rules, and the field "Cases Completed," indicates the size of the sample actually completed.

In addition to reviewing Sun system screen printouts to assess the accuracy of the BTQ sample size, Regional monitors should review Module 4 universe extracts and worksheets showing universe count comparisons. State staff must ensure that Module

4 extracts and worksheets are available for the monitor's review. Since the results of Benefits Populations 5 and 8 are critical to ensuring the integrity of the sampling universe, monitors must also verify that they passed the monitoring exercise.

The monitor must ensure that the sampling process was properly executed and documented, and that benchmark counts, and any adjustment calculations, were retained and appropriately archived. State staff should be able to produce information regarding benchmark counts and adjustment calculations during the on-site review. Additional information regarding benchmark counts and adjustment calculations is located in the *Module 4* section of HB 361.

Monitors must also determine whether the sample was randomly selected by comparing the states procedures to the sample selection steps for nonmonetary determinations, and lower authority appeals. To complete the comparison for nonmonetary determinations, the monitor should refer to Appendix A of *ET Handbook 301, UI Performs: Benefits Timeliness and Quality Nonmonetary Determinations Quality Review* located at the link - [http://wdr.doleta.gov/directives/corr\\_doc.cfm?DOCN=2110](http://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=2110). To complete the comparison for lower authority appeals, the monitor should refer to Appendix A of *ET Handbook 382, 3<sup>rd</sup> Edition, Handbook for Measuring Unemployment Insurance Lower Authority Appeals Quality* located at the link - [http://wdr.doleta.gov/directives/corr\\_doc.cfm?DOCN=3049](http://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=3049). State should have written procedures that reflect the method that is applied for random sample selection that monitors can compare to the guidance in Handbook 301 and 382.

To examine BTQ quality review samples, monitors should conduct the review as follows:

1. Obtain Module 4 submitted results from NO;
2. For passing Module 4 validations;
  - a. Verify the method used for random selection of the nonmonetary determination and lower authority appeals samples, and ensure samples were randomly selected (the state should have written procedures that reflect the method that is applied for random sample selection);
    - i. **If documentation of random selection can not be located, the sample failed the monitoring activity.**
    - ii. **If the monitor concludes that the sample was not randomly selected, the sample failed the monitoring activity.**

- b. Verify that the nonmonetary determination and lower authority appeals sample sizes are correct;
    - i. If the monitor concludes that the sample size was incorrect, the sample failed the monitoring activity.**
  - c. Verify whether Population 5 passed Report Validation;
  - d. Verify whether Population 8 passed Report Validation;
  - e. Review documentation of the comparison between the size of the universe file and the benchmark count from the ETA 9052 or 9054L reports;
  - f. Record (A) the size of the universe file and (B) the benchmark count in the *Benefits Module 4 Results* table (Appendix D), and record the percentage variance between the two  $[(B - A)/A \times 100]$ ;
  - g. Review documentation for any adjustments made to the nonmonetary determination sample size when the sample size is increased to make up for cases not scored because case materials were not found in the previous quarter;
  - h. Review documentation for any adjustments made to the appeals universe to ensure proper comparison with the 9054L count; and,
  - i. Review documentation and verify that all transactions in the universe are for the indicated reporting period and that the reporting period falls within April 1 of the previous year and March 31 of the current year.
3. Record the results in the *Benefits Module 4 Results* table (Appendix D).

## **Step 6 Examine the Module 4 Validation of TPS Sampling Process**

There are four Module 4, TPS acceptance samples: three Status Determination samples and one Field Audit sample. A properly selected sample is drawn randomly from the correct universe. To validate the Module 4 samples, state validators review how the sample is selected and compare the universe from which the sample was drawn to the count of transactions on the ETA 581 report. The universe count must be within  $\pm 2\%$  of the sum of all total counts on the 581 report.

States have two options for randomly selecting Module 4 samples: conventional interval sample and a sampling utility program. Specific instructions on the random selection of

the TPS sample are located in *Chapter 4* of the *ET Handbook 407, 4<sup>th</sup> Edition, Tax Performance System Handbook*

([http://wdr.doleta.gov/directives/corr\\_doc.cfm?DOCN=2237](http://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=2237)). If a state validator concludes that a sample was not randomly selected it would fail Module 4 validation. For the monitoring activity, state staff should have written procedures that reflect the method that is applied for random sample selection that monitors can use to determine whether a random sample was drawn, and how it was drawn. Written procedures can be compared to the sample randomization instructions in ETA 407.

Regional monitors must assess whether the sampling process was properly executed and documented, and verify that Module 4 universe extracts and worksheets showing count comparisons, sample sizes, benchmark counts, and any adjustment calculations, were retained and appropriately archived. Additional information regarding Module 4 validation is located in the *Module 4 Tax* section of ETA 361.

To accomplish the task of examining TPS acceptable samples, monitors should conduct the review as follows:

1. Obtain the sample results from state validators or NO.
2. For passing Module 4 validations:
  - a. Verify the method used for random selection and ensure samples were randomly selected (review written procedures that reflect the method that is applied for random sample selection);
  - b. Review documentation of the comparison between the size of the universe file and the benchmark counts from the ETA 581 report;
  - c. Review documentation for any adjustments made to the Inactivations/Terminations universe to ensure proper comparison with the 581 count; and
  - d. Record (A) the size of the universe file and (B) the benchmark counts in the *Tax Module 4 Results* table (Appendix D), and record the percentage variance between the two  $[(B - A)/A \times 100]$ .
3. **If documentation of random selection can not be located, the sample failed the monitoring activity.**
4. **If the monitor concludes that the sample was not randomly selected, the sample failed the monitoring activity.**

5. Record the results in *Tax Module 4 Results* table (Appendix E).

## **Step 7      Examine Module 5, Wage Item Validation (WIV)**

Each quarter, employers submit wage reports to states using different modes of transmission, such as paper records or as computerized files stored on magnetic tapes, diskettes, CD-ROMS, or as files transmitted over the Internet. A wage report lists an individual's earnings in covered employment, and each record is known as a wage record. States typically batch wage reports received, by mode, and into groups, to process them, and to organize their accounting records.

Since states do not have access to employer's original wage records, Module 5 - WIV is a method by which a small sample of employer reported wage items, which have been previously processed by the state, are recounted. WIV verifies that wage item transactions processed in the report quarter are accurately reported on the ETA 581. State validators ensure that every wage item in the sample is counted, and that the count does not include corrections, incomplete wage records, and duplicate records. Additional information regarding corrections, incomplete wage records, and duplicate records is located in the *Module 5 Tax* section of ETA 361.

To complete WIV, state validators must first identify the mode of data capture (e.g., fax, electronic file, etc.), and enter it on the *Wage Item Validation* screen/worksheet, in the DV software. After identifying the mode, or modes the validator must select a sample of 150 records from each mode, which will be investigated in two stages. During Stage 1, 50 records are investigated, and if Stage 2 is necessary, an additional 100 records are investigated. For the Stage 1 records, the validator enters the number of wage items included on the ETA 581, for the batch being examined, and manually recounts the number of wage items in each batch, for each mode, using the Federal definition for a countable wage item. Each countable entry must include an Employee Identifier (Name or SSN), Employer Identifier (Name or EAN), and a wage dollar amount. If the difference between the count and the ETA 581 count is greater than or equal to 1, Stage 2 records must be validated. If the difference in the count is "0" at Stage 1, then the mode passes validation. When Stage 2 is required, a state validator would follow the same steps for validation, and the results of Stage 1 and 2 are combined. The mode passes if the full sample of 150 records contains no more than 6 errors. WIV results are entered on the *Wage Item Validation* screen/worksheet, which the state validator should print and retain a copy for auditing and monitoring activities. Additional information regarding validation steps is located in the *Module 5 Tax* section of ETA 361.

Regional monitors should determine whether each sample was validated in accordance with the instructions in the Tax section of ETA 361. To accomplish this task, Regional monitors will examine Module 5 samples that passed validation. For example, if 50

records (Stage 1) were reviewed and passed the validation test, the monitor should examine 3 records from the sample of 50 records, or if 150 records were reviewed before the sample passed, the monitor should examine 5 records from the sample of 150 records. To further evaluate the integrity of the Module 5 samples, monitors must examine WIV worksheets (such as the *Wage Item Validation* screen), screen shots, and other documentation (such as printouts of screens from the states' database, and paper files), which will also allow the monitor to verify the existence of completed DV submission documents, and evaluate the accuracy of a state's archiving procedures.

To examine WIV samples, Regional monitors should conduct the review as follows:

1. Request that the state validators retrieve:
  - a. copies of the electronic passing wage item worksheets; and,
  - b. the screen shots and any other documentation that substantiates the coding for passing samples.
2. **If no worksheets or documentation can be located, the sample failed the monitoring activity.**
3. For every wage item sample that passed validation:
  - a. Review 3 records from the Stage 1 sample of 50 records; or,
  - b. Review 5 records from the Stage 2 sample of 150 records;
  - c. Verify that each record contains the Employee Identifier, Employer Identifier, and Wage dollar amount greater than zero (>0).
4. Record the results in *Tax Module 5 Results* table (Appendix F).

APPENDIX A  
Benefits and Tax  
LATEST SUBMISSIONS TABLE

## APPENDIX A: Latest Submissions Table

**Latest Submissions Table.** The table below should be used to complete an inventory of the status of a state's DV items. A monitor should provide the appropriate response in each column based on the status of each DV item

State: \_\_\_\_\_

Date: \_\_\_\_\_

Monitor: \_\_\_\_\_

DV Item	Description	Validation Year (VY)	Score	Submission Date	Reporting Period
1	Weeks Claimed				
2	Final Payments				
3	Initial Claims & Monetary Determinations				
3a	Additional Claims				
4	Payments				
5	Nonmonetary Determinations/ Redeterminations				
6	Lower Authority Appeals Filed				
7	Higher Authority Appeals Filed				
8	Lower Authority Appeals Decisions				
9	Higher Authority Appeals Decisions				



	<b>10</b>	Lower Authority Appeals Case Aging					
	<b>11</b>	Higher Authority Appeals Case Aging					
	<b>12</b>	Overpayments Established					
	<b>13</b>	Overpayments Reconciliation					
	<b>14</b>	Age of Overpayments					
	<b>BTQ1.Sep</b>	Separations (Pop 5)					
	<b>BTQ2.NS</b>	Non-Separations (Pop 5)					
	<b>BTQ3.App</b>	Lower Authority Appeals (Pop 8)					
	<b>Tax</b>	<b>1</b>	Active Employers				
		<b>2</b>	Report Filing				
<b>3</b>		Status Determinations					
<b>4</b>		Accounts Receivable					
<b>5</b>		Field Audits					
<b>TPS1.New</b>		New Status Determinations					
<b>TPS2.Suc</b>		Successor Status Determinations					
<b>TPS3.IT</b>		Inactivations/ Terminations Status Determinations					
<b>TPS4.FA</b>		Field Audits					
<b>Module 5</b>		Wage Items					

## APPENDIX A: Latest Submissions Table

**Latest Submissions Table Example.** The table below is an example of a completed Latest Submissions table.

State: ST  
 Date: 6/20/2011  
 Monitor: Jane Smith

DV Item	Description	Validation Year (VY)	Score	Submission Date	Reporting Period
1	Weeks Claimed	2009	PASS		
2	Final Payments	2009	PASS		
3	Initial Claims & Monetary Determinations	2011	PASS	4/28/2011	1/1/2011-3/31/2011
3a	Additional Claims	2010	PASS	12/30/2009	7/1/2009-9/30/2009
4	Payments	2011	PASS	5/4/2011	1/1/2011-3/31/2011
5	Nonmonetary Determinations/ Redeterminations	2011	FAIL	5/10/2011	1/1/2011-3/31/2011
6	Lower Authority Appeals Filed	2010	PASS	1/13/2010	12/1/2009-12/31/2009
7	Higher Authority Appeals Filed	2010	PASS	1/14/2010	12/1/2009-12/31/2009
8	Lower Authority Appeals Decisions	2012	PASS	5/19/2011	4/1/2011-4/30/2011
9	Higher Authority Appeals Decisions	2012	PASS	5/13/2011	4/1/2011-4/30/2011
10	Lower Authority Appeals Case Aging	2012	PASS	5/12/2011	4/1/2011-4/30/2011

	<b>11</b>	Higher Authority Appeals Case Aging	2012	PASS	5/12/2011	4/1/2011-4/30/2011	
	<b>12</b>	Overpayments Established	2011	FAIL	5/12/2011	4/1/2011-6/30/2011	
	<b>13</b>	Overpayments Reconciliation	2011	FAIL	5/25/2011	1/1/2011-3/31/2011	
	<b>14</b>	Age of Overpayments	2011	FAIL	5/25/2011	1/1/2011-3/31/2011	
	<b>BTQ1.Sep</b>	Separations (Pop 5)	2011	PASS			
	<b>BTQ2.NS</b>	Non-Separations (Pop 5)	2011	FAIL			
	<b>BTQ3.App</b>	Lower Authority Appeals (Pop 8)	2011	FAIL			
	<b>Tax</b>	<b>1</b>	Active Employers	2009	PASS		
		<b>2</b>	Report Filing	2010	PASS	4/21/2010	10/1/2009-12/31/2009
		<b>3</b>	Status Determinations	2011	PASS	5/16/2011	10/1/2010-12/31/2010
<b>4</b>		Accounts Receivable	2011	PASS	5/17/2011	1/1/2011-3/31/2011	
<b>5</b>		Field Audits	2009	PASS			
<b>TPS1.New</b>		New Status Determinations		*NS			
<b>TPS2.Suc</b>		Successor Status Determinations		NS			
<b>TPS3.IT</b>		Inactivations/ Terminations Status Determinations		NS			
<b>TPS4.FA</b>		Field Audits	2009	PASS			
<b>Module 5</b>		Wage Items	2011	PASS			

\* "NS" represents DV items that were not submitted.

APPENDIX B  
Tax  
DATA ELEMENT SORTS TEMPLATE

## APPENDIX B: Data Element Sorts Template

**Data Element Sorts Template.** The template below should be used by the Regional monitor to obtain the sort codes specific to the state being monitored. The state specific codes will assist the monitor in the completion of Task 2, Step 4 *Examine Tax Data Element Sorts*. The template should be forwarded to the state prior to the on-site monitoring visit.

The generic *Sort Codes* in the template include, “C” for contributory, “R” for reimbursing, “N” for new, “S” for successor, “I” for inactivation, “T” for termination, “E” for established, “L” for liquidated, and “U” for uncollectible.

Population	Sort	Test Data Element	Sort Code	State Specific Codes
1	S1.1	EAN	C	
1	S1.2	EAN	R	
1	S1.3	Employer Status Indicator	C + R	
1	S1.4	Employer Type Indicator	C	
1	S1.5	Employer Type Indicator	R	
2	S2.1	EAN	C	
2	S2.2	EAN	R	
2	S2.3	Employer Type Indicator	C	
2	S2.4	Employer Type Indicator	R	
3	S3.1	Status Determination Type	N	
3	S3.2	Status Determination Type	S	
3	S3.3	Status Determination Type	I	
3	S3.4	Status Determination Type	T	
4	S4.1	Transaction Type Indicator	E	
4	S4.2	Transaction Type Indicator	L	
4	S4.3	Transaction Type Indicator	U	

APPENDIX C  
Benefits  
MONITORING RESULTS TABLE

### APPENDIX C: Monitoring Results Table

**Monitoring Results Table.** The table below should be used by a Regional monitor at the completion of the monitoring exercise to record the results of each DV item monitored, with the exception of Benefits and Tax Module 4 and Tax Module 5. A monitor should select the appropriate response for each column. The comments section should be used as necessary, including describing any discrepancies and plans for providing technical assistance.

State: \_\_\_\_\_  
 Date: \_\_\_\_\_  
 Monitor: \_\_\_\_\_

Priority	DV Passed	Monitored	DV Item		Report Validation (RV)					Data Element Validation (DEV)				Monitoring Results		Comments			
	Check if Yes	Check if Yes			Documentation is Available		Used a Valid Reporting Period		Extract File Has No Errors		Type	Number	Documentation is Available		Subsample Has No Erroneous Scores		DV Item Passed Monitoring		
					Yes	No	Yes	No	Yes	No			Yes	No	Yes		No	Yes	No
I			Benefits	4							Random	400							
											Random	420							
											Random	435							

		Benefits	12							Random	1200								
		Tax	3							Minimum	10200								
				Sort	3.1														
				Sort	3.2														
				Sort	3.3														
				Sort	3.4														
II		Benefits	1							Random	100								
				Random	110														
		Benefits	2							Random	200								
		Benefits	3							Random	300								
				Random	315														
				Random	320														
		Benefits	3a							Random	350								
		Benefits	5							Random	500								
				Random	520														
		Benefits	8							Random	800								



		Benefits	9							Random	900								
		Tax	1							Minimum	10000								
				Sort	1.1														
				Sort	1.2														
				Sort	1.3														
				Sort	1.4														
		Tax	Module 5							Wage Items									
III		Benefits	10																
		Benefits	11																
		Benefits	BTQ1.Sep							BTQ	1								
		Benefits	BTQ2.NS							BTQ	2								
		Benefits	BTQ3.App							BTQ	3								
		Tax	TPS1.New							TPS	1								
		Tax	TPS2.Suc							TPS	2								
		Tax	TPS3.IT							TPS	3								
	Tax	TPS4.FA							TPS	4									
IV		Benefits	6																
		Benefits	7																
		Benefits	13							Random	1300								

		Benefits	14							Random	1400								
		Tax	2							Minimum	10100								
				Sort	2.1														
				Sort	2.2														
				Sort	2.3														
		Tax	4							Sort	2.4								
				Minimum	10300														
				Sort	4.1														
		Tax	5							Sort	4.2								
				Sort	4.3														
		Tax	5							Minimum	10400								

### APPENDIX C: Monitoring Results Table

**Monitoring Results Table Example.** The table below is an example of a completed Latest Submissions table.

State: ST  
 Date: 6/20/2011  
 Monitor: Jane Smith

Priority	DV Passed	Monitored	DV Item		Report Validation (RV)					Data Element Validation (DEV)				Monitoring Results		Comments			
	Check if Yes	Check if Yes			Documentation is Available		Used a Valid Reporting Period		Extract File Has No Errors		Type	Number	Documentation is Available		Subsample Has No Erroneous Scores		DV Item Passed Monitoring		
					Yes	No	Yes	No	Yes	No			Yes	No	Yes		No	Yes	No
1	✓	✓	Benefits	4	✓		✓		✓		Random	400	✓		✓				
											Random	420	✓				✓		
											Random	435	✓						
			Benefits	12							Random	1200							
✓	✓	Tax	3	✓						Minimum	10200		✓				✓	No screen shots found	
									Sort	3.1	✓								

											Sort	3.2	√						
											Sort	3.3	√						
											Sort	3.4	√						

APPENDIX D  
Benefits  
BENEFITS MODULE 4 RESULTS TABLE

**APPENDIX D: Benefits Module 4 Results Table**

**Benefits Module 4.** In addition to DV reports validation, states must also validate-- although in a simpler way--six quality reports (called Module 4 validations) on a 3-year cycle. The table below should be completed by the Regional monitor to reflect the monitoring activity results for Benefits Module 4. A monitor should provide the appropriate response in each column, i.e., "P" for items that passed, "Y" for yes and "N" for no. The comments section should be used as necessary, including describing any plans for providing technical assistance.

<b>State:</b>		<b>Status of Benefits Module 4 Validation for VY__</b>				<b>Date:</b>		
		<b>Priority III Items</b>						
	<i>Quality Sample</i>	<b>Nonmonetary Determinations</b>				<b>Appeals</b>		
	<i>Sample Type</i>	Separations P <input type="checkbox"/>		Nonseparations P <input type="checkbox"/>		Lower Authority P <input type="checkbox"/>		
<b>Sample Size</b>	<i>Checked required Sample Size</i>	Y <input type="checkbox"/> N <input type="checkbox"/>		Y <input type="checkbox"/> N <input type="checkbox"/>		N/A		
<b>Sample Selection</b>	<i>Obtained Sampling Universe File</i>	Y <input type="checkbox"/> N <input type="checkbox"/>		Y <input type="checkbox"/> N <input type="checkbox"/>		Y <input type="checkbox"/> N <input type="checkbox"/>		
	<i>Tested Sample Randomness</i>	Y <input type="checkbox"/> N <input type="checkbox"/>		Y <input type="checkbox"/> N <input type="checkbox"/>		Y <input type="checkbox"/> N <input type="checkbox"/>		
<b>Sample Universe</b>	<i>Tested Accuracy of Sample Size</i>	Y <input type="checkbox"/> N <input type="checkbox"/>		Y <input type="checkbox"/> N <input type="checkbox"/>		Y <input type="checkbox"/> N <input type="checkbox"/>		
	<i>Obtained Report Counts used for Comparison</i>	Y <input type="checkbox"/> N <input type="checkbox"/>		Y <input type="checkbox"/> N <input type="checkbox"/>		Y <input type="checkbox"/> N <input type="checkbox"/>		
	<i>Compared Sampling Frame Counts with Report Benchmark Counts</i>		Y <input type="checkbox"/> N <input type="checkbox"/>		Y <input type="checkbox"/> N <input type="checkbox"/>		Y <input type="checkbox"/> N <input type="checkbox"/>	
		9052 Report Count		____(A)	9052 Report Count		____(A)	
		Sampling Frame Count		____(B)	Sampling Frame Count		____(B)	
Variance: (B-A) / A x 100			____%	Variance: (B-A) / A x 100		____%		

	<i>Verified adjustments to Sampling Frame or Report Counts to Conduct Comparison</i>	N/A	N/A	Y <input type="checkbox"/> N <input type="checkbox"/> N/A <input type="checkbox"/>
	<i>Comments</i>			

APPENDIX E  
Tax  
TAX MODULE 4 RESULTS TABLE



### APPENDIX E: Tax Module 4 Results Table

**Tax Module 4.** In addition to DV reports validation, states must also validate--although in a simpler way--six quality reports (called Module 4 validations) on a 3-year cycle. The table below should be completed by the Regional monitor to reflect the monitoring exercise results for Tax Module 4. A monitor should provide the appropriate response in each column, i.e., "P" for items that passed, "Y" for yes and "N" for no. The comments section should be used as necessary, including describing any plans for providing technical assistance

<b>State:</b>	<b>Status of Tax Module 4 Validation for VY ____</b>						<b>Date:</b>		
<b>Priority III Items</b>									
	<b>Quality Samples</b>								
	<i><b>Sample Type</b></i>	New Status Determinations		Successor Status Determinations		Inactivations/ Terminations Status Determinations		Field Audits	
		P <input type="checkbox"/>		P <input type="checkbox"/>		P <input type="checkbox"/>		P <input type="checkbox"/>	
<i><b>Sample Selection</b></i>	<i>Obtained Sampling Universe File</i>	Y <input type="checkbox"/>	N <input type="checkbox"/>	Y <input type="checkbox"/>	N <input type="checkbox"/>	Y <input type="checkbox"/>	N <input type="checkbox"/>	Y <input type="checkbox"/>	N <input type="checkbox"/>
	<i>Tested Sample Randomness</i>	Y <input type="checkbox"/>	N <input type="checkbox"/>	Y <input type="checkbox"/>	N <input type="checkbox"/>	Y <input type="checkbox"/>	N <input type="checkbox"/>	Y <input type="checkbox"/>	N <input type="checkbox"/>
<i><b>Sample Universe</b></i>	<i>Tested Accuracy of Sample Size</i>	Y <input type="checkbox"/>	N <input type="checkbox"/>	Y <input type="checkbox"/>	N <input type="checkbox"/>	Y <input type="checkbox"/>	N <input type="checkbox"/>	Y <input type="checkbox"/>	N <input type="checkbox"/>
	<i>Obtained Report Counts used for Comparison</i>	Y <input type="checkbox"/>	N <input type="checkbox"/>	Y <input type="checkbox"/>	N <input type="checkbox"/>	Y <input type="checkbox"/>	N <input type="checkbox"/>	Y <input type="checkbox"/>	N <input type="checkbox"/>
	<i>Compared Sampling Frame Counts with Report Benchmark Counts</i>	Y <input type="checkbox"/>	N <input type="checkbox"/>	Y <input type="checkbox"/>	N <input type="checkbox"/>	Y <input type="checkbox"/>	N <input type="checkbox"/>	Y <input type="checkbox"/>	N <input type="checkbox"/>
		Benchmark Report Count	____ (A)	Benchmark Report Count	____ (A)	Benchmark Report Count	____ (A)	Benchmark Report Count	____ (A)
		Sampling Frame Count	____ (B)	Sampling Frame Count	____ (B)	Sampling Frame Count	____ (B)	Sampling Frame Count	____ (B)

		Variance: (B - A) / A x 100	_____ %	Variance: (B - A) / A x 100	_____ %	Variance: (B - A) / A x 100	_____ %	Variance: (B - A) / A x 100	_____ %
	<i>Verified adjustments to Sampling Frame or Report Counts to Conduct Comparison</i>	N/A		N/A		Y <input type="checkbox"/> N <input type="checkbox"/>		N/A	
	<i>Comments</i>								

APPENDIX F  
Tax  
TAX MODULE 5 RESULTS TABLE

### APPENDIX F: Tax Module 5 Results Table

**Tax Module 5.** The table below should be completed by the Regional monitor to reflect the monitoring activity results for Tax Module 5. A monitor should select the appropriate response in each column, i.e., “Y” for yes and “N” for no. The comments section should be used as necessary, including describing any discrepancies or plans for providing technical assistance. If no Stage 2 records were required, no response should be selected for those columns.

<i>Mode</i>	<i>Obtained Sample Wage Records for Each Mode</i>		<i>Investigated Stage 1 Sample and took Validation Count</i>		<i>Compared with Number Counted in Database</i>		<i>Investigated Stage 2 Wage Records and took Validation Count (if needed)</i>		<i>Compared with Number Counted in Database</i>		<i>Comments</i>
	Y	N	Y	N	Y	N	Y	N	Y	N	
1-	Y	N	Y	N	Y	N	Y	N	Y	N	
2-	Y	N	Y	N	Y	N	Y	N	Y	N	
3-	Y	N	Y	N	Y	N	Y	N	Y	N	
4-	Y	N	Y	N	Y	N	Y	N	Y	N	
5-	Y	N	Y	N	Y	N	Y	N	Y	N	
6-	Y	N	Y	N	Y	N	Y	N	Y	N	

APPENDIX G  
*Benefits and Tax*  
DOCUMENTATION AND ARCHIVING REQUIREMENTS

## APPENDIX G: Documentation and Archiving Requirements

### RV Documentation Requirements.

DV retention guidelines require that documents related to validated items should be retained for at least 3 years. Additionally, the OIG requires retention of documentation for auditing purposes. Therefore, Regional monitors must verify the existence of DEV worksheets, extract files, and supporting documentation (such as tax or benefit system screens and/or paper files). Regional monitors must also confirm that all relevant DV materials are being maintained, and evaluate the accuracy of a state's archiving procedures. The monitor's findings may be recorded in the results tables located in Appendix.

The RV process is automated so that results are generated by the DV software once the extract file for a given population is loaded to the system. If the reported counts being validated do not change, every time a given extract file is loaded, the RV results will be identical. Extract files are labeled by the DV software during input processing. Thus, RV results can be linked to a specific extract file.

State technical staff should archive extract files used to produce validation results that have been submitted to the NO. This must be done outside the DV software, since loading a new file will erase any file resident in the application. State staff should also use the *Save As* function to archive screen shots of the submitted RV results in case report counts are changed after validation results have been submitted.

### DEV Requirements.

DEV requires the investigation of records included in a given extract file to verify their contents. The DEV process for Benefits populations requires 17 random samples to be investigated; Tax requires five Minimum samples to be investigated. These samples are drawn from the extract files by the software, but each sample is newly drawn with each load of an extract file. Validation of Tax populations 1 - 4 also requires Data Element Sorts validation.

Because the cases in each sample are redrawn each time the extract file is loaded, copies of the sample worksheets and the supporting documentation must be retained in case of a monitoring review or an audit. Summary results and investigated records should be maintained at the state level for

validations submitted to the NO. This should be done outside the software (using the *Save As* function).

Sample investigations are typically conducted using printouts of records included in the samples. These printouts can be retained to satisfy the requirement to document the investigation of samples. Other electronic files, including the results of Tax Data Element Sorts, can be saved outside the application.