

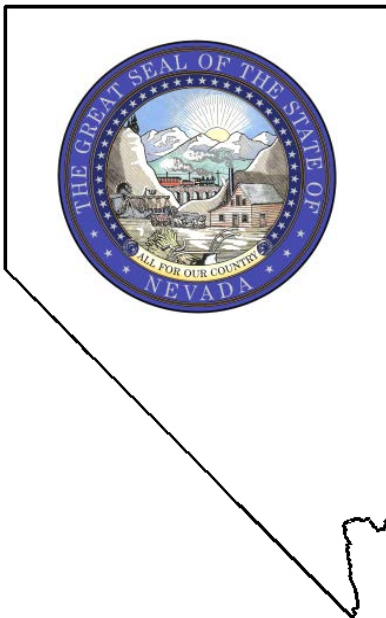
STATE OF NEVADA

Performance Audit

Department of Employment,
Training and Rehabilitation

Employment Security Division

2020



Legislative Auditor
Carson City, Nevada

Audit Highlights



Highlights of performance audit report on the Employment Security Division released on March 29, 2021.

Legislative Auditor report # LA22-05.

Background

The Employment Security Division (Division) is a division of the Department of Employment, Training and Rehabilitation. The 1937 Nevada State Legislature enacted the Unemployment Compensation Law requiring the compulsory setting aside of financial reserves to provide temporary partial replacement of income to unemployed workers. The Division's mission is to empower a vibrant labor market in Nevada by creating business and worker connections with high-quality demand-driven services.

The Division is responsible for the administration of the Unemployment Insurance program and numerous state and federally funded workforce investment programs that seek to connect employers with a skilled and qualified workforce.

In fiscal year 2019, the Division had three budget accounts with revenues and expenditures of over \$93 million. The Division is primarily funded through federal grants and allowances, which amounted to 69.5% of revenues in fiscal year 2019. The Division headquarters is located in Carson City, with a Southern Nevada office in Las Vegas and career centers located in Elko, Ely, Fallon, Henderson, North Las Vegas, Reno, Sparks, and Winnemucca.

Purpose of Audit

The purpose of this audit was to evaluate certain controls over the collection of unemployment taxes from employers. The scope of our audit included a review of tax overpayments and refunds during calendar years 2018 and 2019. We also reviewed past due state unemployment tax receivables as of November 30, 2018, and related collection activities during prior periods.

Audit Recommendations

This audit report contains 11 recommendations to improve administrative controls over overpayment activities and collection of delinquent state unemployment taxes.

The Division accepted the 11 recommendations.

Recommendation Status

The Division's 60-day plan for corrective action is due on June 22, 2021. In addition, the 6-month report on the status of audit recommendations is due on December 22, 2021.

Employment Security Division

Department of Employment, Training and Rehabilitation

Summary

The Employment Security Division (Division) did not effectively administer certain aspects of Nevada's state unemployment taxes (SUTA) from employers. Employer accounts with overpayments totaling over \$25 million are being treated inconsistently, with some overpayments rolling forward and others being removed from accounts after 3 years. Additionally, the Division could improve collection of past due SUTA from employers. We found Division collection activities were often untimely and monthly collection reports were incomplete, incorrect, or not used effectively. Furthermore, the Division does not always document collection activities completed on accounts and does not use the Debt Offset Program to assist in the collection of delinquent SUTA. With over \$26 million in outstanding SUTA as of November 2018, enhancements to the Division's collection process should be made.

Key Findings

The Division's refund practices result in inequitable refund conditions for Nevada employers. The UINV system expires some account overpayments after 3 years, consistent with statute and previous processes, while others roll forward each quarter. Active employer accounts are not subject to credit expiration and employers may be allowed to use or request a refund indefinitely, even though statute requires refunds be requested by employers no later than 3 years after the overpayment was made. The Division did not process overpayments in this manner until the UINV system was implemented. In October 2018, almost 17,000 employer accounts had over \$25 million in overpayments. (page 6)

The Division can improve the effectiveness of its operations and administrative controls over the collection of accounts receivable. Collection activities on delinquent SUTA employer accounts were not always performed, and sometimes the Division did not perform any collection activities when employers failed to pay taxes due. As of November 2018, there were over \$26 million in outstanding SUTA due from over 10,000 employer accounts. (page 7)

The Division has not established guidelines for the timing of collection activities, other than system generated employer billing statements. Standard collection activities include sending billing statements, conducting warning calls, issuing pre-demand and demand letters, entering into payment agreements, and generating judgements and notices to withhold. Inconsistent and inadequate collection processes lead to a wide variation between accounts as to when collection activities occur. Inconsistent collection activity persists because the Division has not determined which collection activities are most successful nor does it prioritize accounts based on payment history, industry, amount, age, or account type, to maximize limited resources. (page 9)

Reports used by the Division's collection unit are not always complete, which delays recoveries. System support staff were not aware of report deficiencies to correct the errors. Additionally, an accounts receivable aging report is not generated by the UINV system. If reports used by the Division are not accurate or reliable, employer accounts may not be detected, collection activities may not begin timely, and delinquent accounts may remain deficient indefinitely. (page 13)

Collection documents are not consistently scanned into UINV by the Division. UINV is the system of record and should be used to track completed collection activities. However, we found documents were often not in the system because policies and procedures have not been properly developed to ensure collections activities are completely documented. (page 14)

The Division is not using the statutorily authorized Debt Offset Program offered by the State Controller to assist in the collection of delinquent SUTA. Debts can be submitted to the Controller exclusively for the offset program. If the Division does not utilize all the collection tools available to it, the probability of collecting delinquent SUTA decreases. (page 15)

Employer accounts with returned billing statements that do not have forwarding addresses are not placed on account hold by the Division. The Division sends approximately 25,000 monthly statements to all employers with any non-zero balance on their account. Account holds suspend mail notifications including monthly statements. This would eliminate mailing of undeliverable statements and reduce some postage costs. (page 15)

STATE OF NEVADA
LEGISLATIVE COUNSEL BUREAU

CARSON CITY OFFICE
LEGISLATIVE BUILDING
401 S. CARSON STREET
CARSON CITY, NEVADA 89701
(775) 684-6800



LAS VEGAS OFFICE
GRANT SAWYER STATE OFFICE BUILDING
555 E. WASHINGTON AVENUE, SUITE 4400
LAS VEGAS, NEVADA 89101
(702) 486-2800

Legislative Commission
Legislative Building
Carson City, Nevada

This report contains the findings, conclusions, and recommendations from our performance audit of the Department of Employment, Training and Rehabilitation, Employment Security Division. This audit was conducted pursuant to the ongoing program of the Legislative Auditor as authorized by the Legislative Commission. The purpose of legislative audits is to improve state government by providing the Legislature, state officials, and Nevada citizens with independent and reliable information about the operations of state agencies, programs, activities, and functions.

The scope of this audit included certain processes associated with employer-paid unemployment taxes but did not address unemployment benefits. In cooperation with the Department, we postponed the release of the audit report to allow the agency to dedicate its resources toward COVID-19 pandemic relief.

This report includes 11 recommendations to improve operating and administrative controls over overpayment activities and collection of past due state unemployment taxes. We are available to discuss these recommendations or any other items in the report with any legislative committees, individual legislators, or other state officials.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Daniel L. Crossman'.

Daniel L. Crossman, CPA
Legislative Auditor

March 22, 2021
Carson City, Nevada

Employment Security Division Table of Contents

- Introduction 1
 - Background..... 1
 - Scope and Objective 5
- Unemployment Tax Practices Not Always Equitable 6
 - Refund Practices Are Inconsistent 6
 - Collection Activities Need Improvement 7
 - Incomplete Accounts Receivable Reports 13
 - Collection Activity Not Always Documented 14
 - State Controller’s Debt Offset Program Not Used..... 15
 - Statements Sent to Incorrect Addresses 15
- Appendices
 - A. Select Nevada Revised Statutes for Unemployment Insurance Contributions and Collections..... 17
 - B. Audit Methodology..... 19
 - C. Response From the Employment Security Division 22

Introduction

Background

The Employment Security Division (Division) is a division of the Department of Employment, Training and Rehabilitation. The 1937 Nevada State Legislature enacted the Unemployment Compensation Law requiring the compulsory setting aside of financial reserves to provide temporary partial replacement of income to unemployed workers. The Division's mission is to empower a vibrant labor market in Nevada by creating business and worker connections with high-quality demand-driven services. To support its mission, the Division administers programs that promptly pay unemployment benefits, administer an effective tax system, and improve the employment stability of those collecting unemployment insurance.

The Division is responsible for the administration of the Unemployment Insurance (UI) program and numerous state and federally funded workforce investment programs that seek to connect employers with a skilled and qualified workforce.

The Division's programs include:

- Unemployment Insurance - Contributions Activity:
UI contributions are part of the UI program, a joint state and federal insurance system. It administers the collection of state employment payroll taxes from businesses to fund UI benefits for eligible unemployed job seekers.
- Unemployment Insurance - Benefits Activity:
UI benefits is part of the UI program that administers benefits and temporary wage replacement to eligible Nevadans, financed through employer payroll taxes. The program ensures timely and proper payment to qualified job seekers, who are unemployed through no fault of their own, by administering claims intake, eligibility

adjudications, appeals, payment, fraud detection, investigation, and quality control activities.

- Workforce Development:

Provides comprehensive employment training and services to Nevada businesses and workers. Services include a combination of community support, job training, and education that position an individual for success in the workforce. It includes engagement activities to connect businesses to a qualified workforce and develop employment opportunities for individuals.

The Division headquarters is located in Carson City, with a Southern Nevada office in Las Vegas. It also has career centers located in Elko, Ely, Fallon, Henderson, North Las Vegas, Reno, Sparks, and Winnemucca.

Budget and Staffing

In fiscal year 2019, the Division had three budget accounts with revenues and expenditures of over \$93 million. The Division is primarily funded through federal grants and allowances, which amounted to 69.5% of revenues in fiscal year 2019. Exhibit 1 shows the Division's revenues and expenditures related to the three operating accounts. As of June 2019, the Division had 569 authorized positions, of which 440 were filled.

**Revenues and Expenditures – Operating Budget Accounts
Fiscal Year 2019**
Exhibit 1

Revenues	Workforce Development	Employment Security Special Fund	Unemployment Insurance	Totals
Federal Funds: Cost Allowances	\$ 11,438,142	\$ -	\$22,353,596	\$ 33,791,738
Federal Funds: Grants	30,907,431	-	-	30,907,431
Beginning Cash	15,667,357	7,183,897	860	22,852,114
Wage Assessment	16,135,060	-	-	16,135,060
Other ⁽¹⁾	817,967	4,815,806	618,376	6,252,149
Transfers	-	-	4,063,576	4,063,576
Bond Program	-	-	588,371	588,371
Total Revenues	\$ 74,965,957	\$11,999,703	\$27,624,779	\$114,590,439
Expenditures				
Grants	\$ 40,453,730	\$ -	\$ -	\$ 40,453,730
Personnel	14,422,817	-	16,859,687	31,282,504
Cost Allocation	4,589,812	11,339	7,527,500	12,128,651
Operating ⁽²⁾	2,757,636	243,955	2,856,892	5,858,483
Other ⁽³⁾	1,064,468	553,123	287,216	1,904,807
Transfers	-	1,465,602	-	1,465,602
Total Expenditures	\$ 63,288,463	\$ 2,274,019	\$27,531,295	\$ 93,093,777
Differences	11,677,494	9,725,684	93,484	21,496,662
Balance Forward to Fiscal Year 2020	\$(11,677,494)	\$(9,725,684)	\$ (93,484)	\$(21,496,662)

Source: State accounting system.

⁽¹⁾ Other revenues include filing fees, contract service charges, penalties, prior year refunds, excess property sales, and other receipts.⁽²⁾ Operating includes equipment, maintenance, and utilities.⁽³⁾ Other expenditures include travel, information services, training, UI bond administration, and individual plan funding.

Unemployment Insurance Contributions

The UI contributions unit administers the employer tax system that encompasses tax rate setting, billing, collection, audit, investigation, and records maintenance processes to ensure an effective and fair tax system and a fiscally sound Unemployment Trust Fund. The Division accomplishes the administration of UI contributions through the use of an UI online operating system (UINV). The UI contributions unit began using UINV in October 2015 after replacing its more than 30-year-old legacy UI application.

State Unemployment Tax Act Employer Rates

Most employing units that have more than \$225 in wages during any calendar quarter must register with the Division and pay taxes on those wages. Total gross wages are reportable on a quarterly

basis. Tax rates for new businesses are 2.95% of wages paid to each employee up to the taxable wage limit of 66.67% of the average annual wage paid to Nevada workers. An experience rating system administered by the Division allows for a reduction in the percentage charged over time. There is an additional 0.05% tax for the Career Enhancement Program, which provides training to foster job creation, increase skill sets of the general workforce, and minimize unemployment costs for employers.

Unemployment Trust Fund

The Division collects state unemployment taxes from employers and deposits collections in the Unemployment Trust Fund (Trust Fund). These funds can only be used to pay unemployment benefits to eligible Nevadans. Administrative funding to operate the state program is provided by the Federal Unemployment Tax, through the U.S. Department of Labor, and is allocated at the federal level each year based on the state's economic and unemployment condition relative to other states. States generally receive less funding as economic conditions improve and claim workloads decrease.

The Trust Fund allows the state's UI program the ability to better endure the cyclical nature of the economy and pay benefits to eligible unemployed Nevada workers. The Trust Fund is stabilized by building reserves in times of relative economic prosperity, through employers' contributions, and then using those reserves in times of economic downturn, when contributions generally decrease and unemployment insurance claims are more prevalent.

According to the Division, Nevada's Trust Fund started calendar year 2019 with \$1.49 billion and ended with a balance of over \$1.94 billion. Funding sources for the Trust Fund included taxes collected from employers and interest earned. In calendar year 2019, UI tax contributions totaled \$685 million. Funding uses for calendar year 2019 included \$272.8 million in benefit payments, for a net contribution of \$412.2 million. Subsequent to our audit, the effects of the COVID-19 pandemic significantly depleted the Trust Fund balance.

Scope and Objective

The scope of our audit included a review of tax overpayments and refunds during calendar years 2018 and 2019. We also reviewed past due state unemployment tax receivables as of November 30, 2018, and related collection activities during prior periods. Our audit objective was to:

- Evaluate certain controls over the collection of unemployment taxes from employers.

This audit is part of the ongoing program of the Legislative Auditor as authorized by the Legislative Commission, and was made pursuant to the provisions of Nevada Revised Statutes (NRS) 218G.010 to 218G.350. The Legislative Auditor conducts audits as part of the Legislature's oversight responsibility for public programs. The purpose of legislative audits is to improve state government by providing the Legislature, state officials, and Nevada citizens with independent and reliable information about the operations of state agencies, programs, activities, and functions.

Unemployment Tax Practices Not Always Equitable

The Employment Security Division (Division) did not effectively administer certain aspects of Nevada's state unemployment taxes (SUTA) from employers. Employer accounts with overpayments totaling over \$25 million are being treated inconsistently, with some overpayments rolling forward and others being removed from accounts after 3 years. Additionally, the Division could improve collection of past due SUTA from employers. We found Division collection activities were often untimely and monthly collection reports were incomplete, incorrect, or not used effectively. Furthermore, the Division does not always document collection activities completed on accounts and does not use the Debt Offset Program to assist in the collection of delinquent SUTA. With over \$26 million in outstanding SUTA as of November 2018, enhancements to the Division's collection process should be made.

Refund Practices Are Inconsistent

The Division's refund practices result in inequitable refund conditions for Nevada employers. The UINV system expires some account overpayments after 3 years, consistent with statute and previous processes, while others roll forward each quarter. Active employer accounts are not subject to credit expiration and employers may be allowed to use or request a refund indefinitely, even though statute requires refunds be requested by employers no later than 3 years after the overpayment was made. The Division did not process overpayments in this manner until the UINV system was implemented. In October 2018, almost 17,000 employer accounts had over \$25 million in overpayments.

The UINV system automatically adjusts new quarterly contribution payments due by rolling overpayments forward and applying them first, before applying payments made by taxpayers. As a result of this automatic system process, new in the UINV system,

management has reinterpreted statute and indicates the rolling forward of overpayments represents a new credit each quarter. This contradicts previous Division processes and may violate statute (see Appendix A) by allowing automatic adjustments to employer accounts without the employer's request. Under these new conditions, active employers can also seek a refund for overpayments indefinitely since overpayments are generated anew each quarter.

However, not all employer accounts are processed the same. For instance, in the first quarter of 2019, almost \$42,000 in expired overpayments were purged from active employer accounts, while others rolled forward. Also, overpayments related to inactive employer accounts expire and refunds are denied, in accordance with how ESD has historically processed overpayments and interpreted statutes. The Division could not explain why the UNIV system processed overpayment credits differently, including why some were automatically purged while others rolled forward.

Prior to October 2018, requests for refund of overpayments older than 3 years were not honored by the Division. If the Division refunds or applies overpayment credits generated more than 3 years prior, employers will be receiving funds that may not be allowed by statute.

Inadequate notice to employers of expiring credit balances further contributes to this issue, since employer billing statements do not communicate when an overpayment originated or when it will expire. As a result, employers may not request action related to overpayments on accounts. If the Division continues to roll forward overpayments on active accounts indefinitely, it could unnecessarily reduce the funds available to support eligible UI claimants.

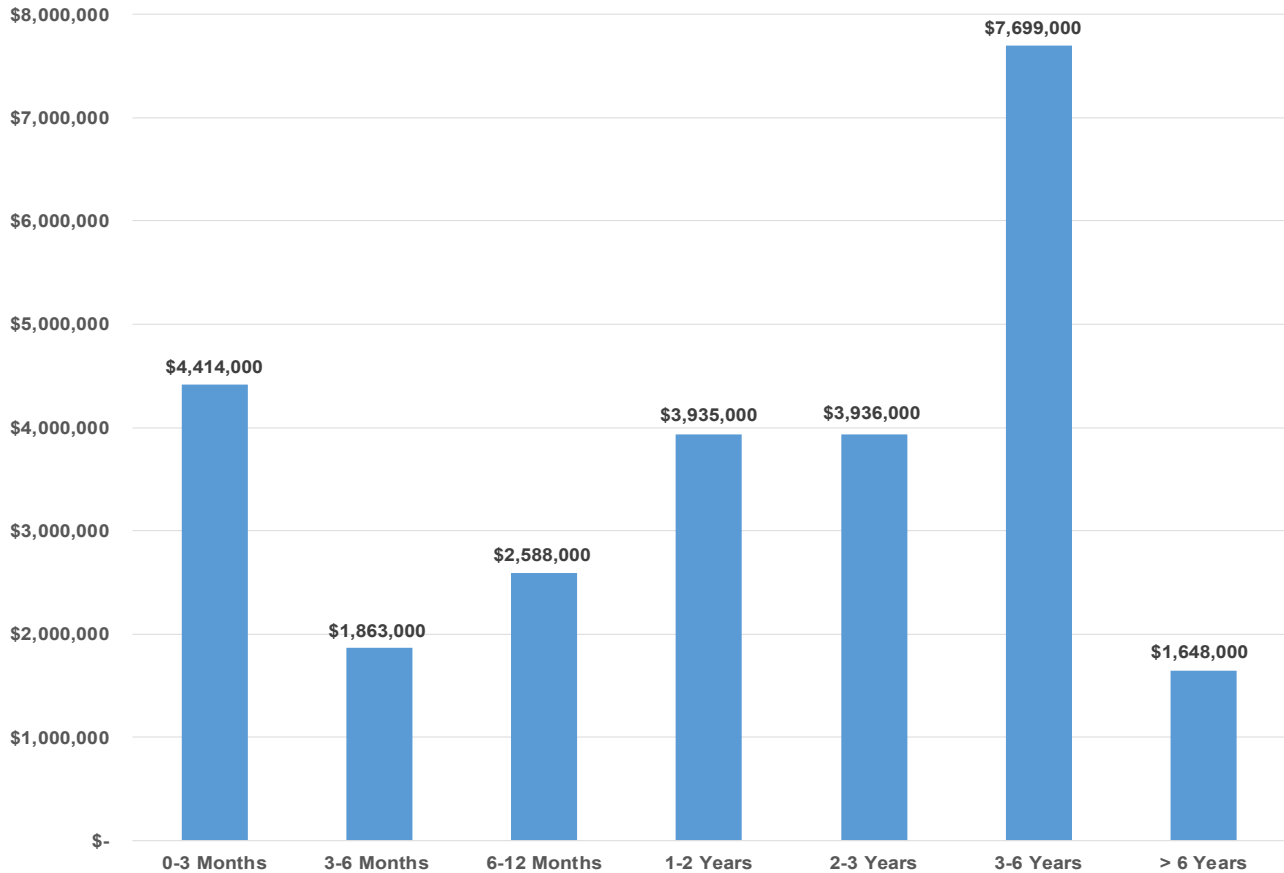
Collection Activities Need Improvement

The Division can improve the effectiveness of its operations and administrative controls over the collection of accounts receivable. Timely collection activities on delinquent SUTA employer accounts were not always performed, and sometimes the Division did not perform any collection activities when employers failed to pay taxes due. As of November 2018, there were over \$26 million in

outstanding SUTA due from over 10,000 employer accounts. Exhibit 2 details the outstanding SUTA amounts from employers by aged delinquency.

**State Unemployment Tax Delinquent Amounts By Age
As of November 30, 2018**

Exhibit 2



Source: Auditor prepared from November 30, 2018, Division accounts receivable report. Amounts rounded to the nearest thousand.

Our review of employer accounts included 131 accounts with over \$1.18 million in delinquent SUTA and other fees. For 20.6% of employer accounts reviewed, no collection activity was documented. Some of these accounts were not old, but collection activities are often most successful when deployed early. The first collection activity performed by the Division was, on average, over 1 year (384 days) after the first delinquent quarter. Exhibit 3 details collection activity information for three of the five employer types reviewed.

Collection Activity Status From Sampled Accounts

Exhibit 3

Employer Account Type	Accounts Tested	Accounts With No Collection Activity	Accounts With Collection Activity	Average Time for First Collection Activity ⁽²⁾
Active	52	13 25.0%	39 75.0%	0.9 year
Inactive	45	4 8.9%	41 91.1%	1.3 years
Small Balance ⁽¹⁾	20	10 50.0%	10 50.0%	0.9 year
Totals	117	27 23.1%	90 76.9%	

Source: Auditor derived from a review of Division records.

⁽¹⁾ Small Balance employers are those employers whose outstanding delinquent account balances were between \$501-\$1,000.

⁽²⁾ Excluding system generated billing statements.

The Division has not established guidelines for the timing of collection activities, other than system generated employer billing statements. Standard collection activities include sending billing statements, conducting warning calls, issuing pre-demand and demand letters, entering into payment agreements, and generating judgments and notices to withhold. Inconsistent and inadequate collection processes lead to a wide variation between accounts as to when collection activities occur. For example, our review found a judgement was filed for one employer with outstanding debt of \$51,000 almost 850 days after taxes were due, but another employer with a \$1,800 debt had a judgment filed almost 250 days sooner.

Inconsistent collection activity persists because the Division has not determined which collection activities are most successful nor does it prioritize accounts based on payment history, industry, amount, age, or account type, to maximize limited resources. If the Division does not prioritize accounts, or implement consistent collection practices, employers are not treated consistently and debts age and become more difficult to collect.

Management stated every delinquent account is unique and therefore timelines are not possible to implement or follow. While we agree each case may be unique, our review of accounts found significant variation in actions taken by the Division without any reasoning for the disparities noted. Improvements can be made by implementing timelines and consistent operating practices, to increase efficiency and utilize resources on those debts and activities most likely to result in recovery. This would enhance

equity among employers and help ensure an adequate UI system is maintained for Nevada.

Demand Letters and Judgments

The Division is not consistently issuing demand letters or filing judgments with county offices. Recorded judgments extend the collection timeframe from 3 to 6 years after a payment becomes delinquent. NRS allows the Division to file a summary judgment when delinquent employers are uncooperative. An employer must be given 15 days notice prior to a judgment being filed, with a demand letter sent by certified mail. Our sample testing identified demand letters were sent on average almost 2 years from the first outstanding quarter.

Moreover, Division policies and procedures state judgments should be obtained within 60 days from the date the demand letter was issued, although our testing identified longer time frames occurred.

- For active employer accounts, the time from when the demand letter was sent to the time a judgment was filed was an average of 95 days, with a minimum of 17 days and up to 688 days.
- For inactive employer accounts, the time from when the demand letter was sent to the time a judgment was filed was an average of 52 days, with a minimum of 19 days and up to 209 days.

The Division only has 3 years to file a judgment; otherwise, statute precludes additional efforts to collect debts. We found judgments were often filed late, which increases the chance they may not meet the statutorily authorized timeframe. Exhibit 4 provides further details on the timeframes found during our testing regarding when judgments are filed.

Judgments Filed by the Division for Select Accounts**Exhibit 4**

Employer	Total Amount Due	Quarter Taxes Due	Date Judgment Filed	Days to File Judgment
Employer A	\$ 7,108	10/30/2015	10/09/2018	1,075
Employer B	51,563	10/30/2015	02/21/2018	845
Employer C	27,269	07/30/2016	11/14/2018	837
Employer D	11,542	04/30/2016	07/24/2018	815
Employer E	14,125	04/30/2016	07/24/2018	815
Employer F	6,026	04/30/2016	07/10/2018	801
Employer G	7,932	01/30/2016	03/29/2018	789
Employer H	2,774	06/30/2016	06/26/2018	726
Employer I	15,298	07/30/2016	07/03/2018	703
Employer J	4,536	11/10/2016	07/10/2018	607

Source: Auditor prepared from a review of Division records.

Notice to Withhold

Notice to withhold were not always used as a priority collection tool. The notice to withhold is a powerful collection tool available to capture delinquent funds from uncooperative employers, and should be utilized sooner in the collection process. The notice to withhold can capture delinquent SUTA from employers' bank accounts, but if used too late in the process, an employer's bank account may be closed.

- For 10 of 52 (19.2%) active employer accounts the Division completed the withhold in 219 days, on average, after taxes were due. In seven (70.0%) of those instances amounts were recovered.
- For 17 of 45 (37.8%) inactive employer accounts the Division completed the withhold in 149 days, on average, after taxes were due. In four (23.5%) of those instances amounts were recovered.

The Division does not have policies detailing the progression or timeframes in which collection activities should occur. However, the Division should use the notice to withhold sooner in the collection process, as it is often more successful than other collection activities. Deploying this activity sooner, especially when employers are unresponsive, can increase the probability of collecting outstanding SUTA amounts.

Payment Agreements

The Division does not have sufficient policies regarding the use and renegotiation of payment agreements. Payment agreements utilize significant resources and do not always yield results, and the Division often negotiates payment agreements before performing a notice to withhold. Yet, policies and procedures do not detail the conditions under which an employer would qualify for an agreement or a renegotiation. In one case, an employer with over \$20,000 in delinquent SUTA defaulted on two payment agreements within a 4-month period. The Division collected a portion of the outstanding balance using other collection activities, but not until 9 months after defaulting on the first two payment agreements. Despite the failed payment agreements, the Division then entered into a third unsuccessful payment agreement in an attempt to collect the remaining balance.

Perpetually uncooperative employers may not be good candidates for payment agreements when other collection activities may yield better results. Our review of payment agreements found they are often renegotiated once a default occurs instead of progressing to other collection activities. Additionally, payment agreements take a significant amount of collection examiners' time to monitor, negotiate, and process. Our review found 12 of 23 (52.2%) accounts with payment agreements showed multiple payment plans or significant contact and discussion with employers who did not comply, or were uncooperative. If payment agreements are not complied with, other collection tools should be employed sooner.

Policies and procedures include payment agreement terms and acceptance, but do not specify actions to be taken when default occurs, or how many defaults are acceptable. The Division should focus its efforts on the most successful collection activities to utilize resources efficiently and to increase recoveries.

Incomplete Accounts Receivable Reports

Reports used by the Division's collection unit are not always complete, which delays recoveries. System support staff were not aware of report deficiencies to correct the errors. Additionally, an accounts receivable aging report is not generated by the UINV system. If reports used by the Division are not accurate or reliable, then delinquent employer accounts may not be detected, collection activities may not begin timely, and delinquent accounts may remain deficient indefinitely.

Because accounts receivable reports are not generated, the Division's collection unit does not always know all employers with delinquent SUTA, or the age of the overdue balance. When accounts are over 90 days past due, the risk of not collecting the debt increases significantly.

SUTA Non-Filer Reports

Collection unit staff can benefit from receiving information regarding employers who are late filing SUTA tax returns and related payment. Currently, collection unit staff do not receive timely information regarding delinquent filers, which hinders the unit's ability to proactively engage in early collection efforts. Delinquent employers who failed to file tax returns do not always show on receivable reports since accounts do not show a balance due. However, tax liabilities typically exist regardless of whether employers file tax returns. Generally, collection efforts are most productive on recent debts and engaging delinquent employers early in the process may prevent the need for more time consuming activities later.

Other Division units generate reports regarding employers who are delinquent in filing SUTA tax returns and payments. These reports are provided to the federal government and employers are sent automated system generated reminder letters to file returns. However, delinquent filer reports are not provided to the collections unit. Providing delinquent filer reports to collection unit staff and coordinating activities between Division units can help prioritize accounts and focus collection efforts on those accounts where payment is most likely.

Collection Reports

Monthly collection reports generated the first day of each month by the UINV system are not always complete; multiple staff indicated delinquent accounts often do not appear one month, but will appear or reappear the following month even though a balance was due during both months. These system generated reports are used by the Division to begin collection activities. A breakdown in communication between collection management and system support staff prevented the report from being corrected, since system support staff were not told of the report errors.

Additionally, the UINV system does not produce an aging receivables report for delinquent SUTA employers. The Office of the State Controller recommends agencies identify overdue balances in an aged trial balance of accounts receivable, to help ensure timely collection efforts and activities. An aging report could assist the Division in prioritizing delinquent accounts, but has not been requested by collection unit management or staff.

Collection Activity Not Always Documented

Collection documents are not consistently scanned into UINV by the Division. UINV is the system of record and should be used to track completed collection activities. However, we found documents were often not in the system because policies and procedures have not been properly developed to ensure collection activities are completely documented.

Collection staff should enter notes and scan collection documents into the UINV system that have been sent to delinquent employers. Our testing showed a total of 99 of 178 (55.6%) collection documents were not scanned into UINV. Staff indicated they do not immediately scan in documents as activities are completed because they wait to scan them all in at once. This could result in duplication of effort from inaccurate and incomplete records of activities performed. Moreover, if documents are not scanned, supervisors cannot review or verify collection activities and the agency may not have the appropriate evidence to proceed with certain collection activities in the future.

**State Controller's
Debt Offset
Program Not
Used**

The Division is not using the statutorily authorized Debt Offset Program offered by the State Controller to assist in the collection of delinquent SUTA. Division management was not aware that the Controller's offset program could be utilized at any time, including beyond 60 days of delinquency. Debts can be submitted to the Controller exclusively for the offset program. If the Division does not utilize all the collection tools available to it, the probability of collecting delinquent SUTA decreases.

This program provides state agencies with the capability of recovering debt by intercepting payments made from the State to vendors. Per NRS 353C.190, the Controller may offset debt with the amount owed to the debtor by any state agency, regardless of whether the agency, which owes the vendor, is the same agency to which the vendor owes the debt. Our review of 131 delinquent employer accounts found 19 were also registered state vendors. Of the \$216,000 that employers owed the Division in SUTA, \$14,000 (6.5%) could have been intercepted, as payment from the State was made during the same period that the employers' accounts were delinquent.

**Statements Sent
to Incorrect
Addresses**

Employer accounts with returned statements that do not have forwarding addresses are not placed on account hold by the Division. The Division sends approximately 25,000 monthly statements to all employers with any non-zero balance on their account, costing over \$10,000 a month in postage. Account holds suspend mail notifications including monthly statements. This would eliminate mailing of undeliverable statements and reduce some postage costs.

Our review of inactive employer accounts identified 38 (84.4%) of 45 inactive employers are still receiving monthly statements. Moreover, 15 of 38 (39.5%) statements mailed were returned and the employer's current mailing address was not updated with a valid address. Division staff receiving returned mail should notify collection staff who can place account holds until addresses can be identified and corrected, saving the State unnecessary postage.

Recommendations

1. Consult with legal counsel regarding the perpetual roll forward of overpayments and clarify whether current practice complies with statute.
2. Ensure the UINV system administers overpayments consistently across employer account types in accordance with NRS 612.655.
3. Enhance the notification process of overpayments to employers on billing statements including actions required by employers to apply credits or request refunds.
4. Develop policies and procedures prioritizing debts and establish timelines for specific collection activities.
5. Establish written policies and procedures for payment agreements to specify which employers qualify for plans and the number of defaults allowed before initiating the next level of collection activity.
6. Work with system support staff to correct erroneous collection reports.
7. Create an aged account receivables report.
8. Utilize the non-filers report to assist in prioritizing accounts and collection activities.
9. Establish formal policies and procedures for recording collection activities in the UINV system. Include procedures for documenting the collection process in system notes and scanning collection documents.
10. Develop policies and procedures to identify employers with delinquent accounts who are current state vendors and use the Controller's Debt Offset Program for possible payment interception.
11. Develop a process to identify and correct address errors, and establish account holds when otherwise applicable.

Appendix A

Select Nevada Revised Statutes for Unemployment Insurance Contributions and Collections

NRS 612.630 Summary judgment: Filing certificate; where to be filed; contents; entry of judgment.

1. In addition to or independently of the remedy by civil action provided in NRS 612.625, the Administrator, or the Administrator's authorized representative, after giving to any employer who defaults in any payment of contributions, interest or forfeit provided by this chapter 15 days' notice by registered or certified mail, addressed to the employer's last known place of business or address, may file in the office of the clerk of the district court in the county in which the employer has his or her principal place of business, or if there is no such principal place of business, then in Carson City, a certificate, which need not be verified, but which must specify the amount of contribution, interest and forfeit due, the name and last known place of business of the employer liable for the same, and which must contain a statement that the Division has complied with all the provisions of this chapter in relation to the computation and levy of the contribution, together with the request that judgment be entered for the State of Nevada, and against the employer named, in the amount of the contribution, interest and forfeit set forth in the certificate.

2. Within the 15-day period, the employer may pay the amount specified in such notice, under protest, to the Administrator, and thereupon has the right to initiate, within 60 days following such payment, and to maintain his or her action against the Division for a refund of all or any part of any such amount and to recover so much thereof as may have been erroneously assessed or paid. Such an action by the employer must be commenced and maintained in the district court in the county wherein is located the principal place of business of the employer. In the event of entry of judgment for the employer, the Division shall promptly refund such sum without interest as may be determined by the court.

3. If no such payment under protest is made as provided in subsection 2, upon filing the certificate as provided in subsection 1, the clerk of the district court shall immediately enter a judgment in favor of the Division and against the employer in the amount of the contributions, interest and forfeit set forth in the certificate.

[Part 14:129:1937; A 1939, 115; 1941, 412; 1945, 299; 1949, 257; 1951, 351; 1955, 698] — (NRS A 1959, 110; 1969, 95, 312; 1993, 1845; 2013, 100)

NRS 612.635 Judgments: Recording of abstract or copy; liens; priorities; execution.

1. An abstract of a judgment entered pursuant to NRS 612.630 or a copy thereof may be recorded with the county recorder of any county in the State of Nevada, and from the time of the recording the amount of the contribution, interest and forfeit therein set forth constitutes a lien upon all the real and personal property of the employer in such county, owned by the employer or which the employer may afterward acquire, which lien has the force, effect and priority of a judgment lien.

2. Execution must issue upon such a judgment upon request of the Administrator or the Administrator's authorized representative in the same manner as execution may issue upon other civil judgments, and sales must be held under such execution as upon other executions upon civil judgments.

[Part 14:129:1937; A 1939, 115; 1941, 412; 1945, 299; 1949, 257; 1951, 351; 1955, 698] — (NRS A 1993, 1846)

Appendix A

Select Nevada Revised Statutes for Unemployment Insurance Contributions and Collections (continued)

NRS 612.655 Refunds and adjustments.

1. Where a payment of contributions, forfeit or interest has been erroneously collected, an employer may, not later than 3 years after the date on which such payments became due, make application for an adjustment thereof in connection with subsequent contributions, forfeit or interest payments or for a refund. All such adjustments or refunds will be made without interest. An adjustment or refund will not be made in any case with respect to contributions on wages which have been included in the determination of an eligible claim for benefits, unless it is shown to the satisfaction of the Administrator that such determination was due entirely to the fault or mistake of the Division.

2. Refunds of interest and forfeit collected under NRS 612.618 to 612.675, inclusive, 612.7102 to 612.7116, inclusive, and 612.740 and paid into the Employment Security Fund established by NRS 612.615 must be made only from the Employment Security Fund.

[Part 14:129:1937; A 1939, 115; 1941, 412; 1945, 299; 1949, 257; 1951, 351; 1955, 698] — (NRS A 1993, 1846; 2013, 1973)

NRS 612.660 Arbitrary assessments upon failure of employer to file report or upon filing of incorrect or insufficient report.

If an employer neglects or refuses to make and file any report of wages and contributions as required by this chapter or by any regulation of the Administrator, or if any report which has been filed is deemed by the Administrator to be incorrect or insufficient, and if, within 7 days after the Administrator has given written notice by mail to the employer to file a sufficient report, the employer fails to file such report, the Administrator may make an estimate based upon any information in his or her possession of the amount of wages paid or payable by the employer for the period or periods in respect to which the employer has failed to report, which estimate is prima facie correct, and upon the basis of such estimated amount shall compute and assess the contribution payable by the employer, together with all forfeit and interest which may have accrued for the period covered by the assessment.

[Part 14 1/2:129:1937; added 1939, 115; renumbered 14.1:129:1937 and A 1941, 412; A 1949, 257; 1955, 698] — (NRS A 1993, 1847)

NRS 612.665 Notice of arbitrary assessment: Contents; finality of assessment.

1. Upon the levy of any assessment as provided in NRS 612.660, the Administrator shall forthwith give written notice thereof by mail to the employer at the employer's last known address. The notice must:

- (a) Contain the amount of the assessment and forfeit, if there be any.
- (b) Advise the employer of the right to petition for readjustment thereof as provided in this chapter.

2. The assessment becomes final, and the amount of contribution and forfeit therein specified becomes due and payable, 15 days after the date of mailing such notice, except as otherwise provided in this chapter.

3. An assessment which has become final is subject to the same interest as provided in NRS 612.620 for other unpaid contributions.

[Part 14 1/2:129:1937; added 1939, 115; renumbered 14.1:129:1937 and A 1941, 412; A 1949, 257; 1955, 698] — (NRS A 1993, 1847)

Appendix B

Audit Methodology

To gain an understanding of the Employment Security Division (Division), we interviewed staff and reviewed statutes, regulations, and policies and procedures significant to its operations. We also reviewed financial information, prior audit reports, budgets, legislative committee minutes, and other information describing the Division's activities. Furthermore, we documented and assessed internal controls over the Division's regulatory oversight duties, which include the collection of State Unemployment Taxes (SUTA) and in particular, the collection process for delinquent SUTA employer accounts and the overpayment return process for employers. To obtain a better understanding of the Division's collection process, we discussed with collection management and staff key collection activities, software, and written guidance covering these areas.

We interviewed staff and management, requested policies and procedures for overpayment refunds, and obtained a list from UINV of all employer's accounts with overpayment balances. We requested lists of expired overpayments and of refunds issued and processed from January 2018 through January 2019, and compared the lists to identify accounts that may have had expired overpayments refunded. Of 15 accounts identified on both lists, we judgmentally selected 5 of the accounts with the highest balances to verify the accuracy of the refund processing. We analyzed a historical record of expired overpayments from 2016 to 2018. We isolated the historical values of expired overpayments associated with active accounts and summed the values to obtain our estimate of the potential impact of approving future overpayment refunds.

To determine if the Division performed timely collection activities, we acquired two accounts receivable lists for historical outstanding balances through November 30, 2018. To verify the

completeness of each list we judgmentally selected 25 employer records from the online operating system, UINV, and traced the hardcopy quarterly tax report to the information stored in UINV. We determined the data stored in the UINV system to be complete and reliable. We also discussed reports used by collection staff to determine if report results contained all delinquent employer accounts and were used to begin collection activity. We randomly selected and reviewed 131 delinquent employer accounts for collection activity: 52 active accounts, 45 inactive accounts, 6 involuntary terminations, 8 void and transfers, and 20 small balance accounts, from a population of 10,129 total accounts.

We reviewed the UINV system to determine whether the collection activities were performed as described by staff and outlined in current policies and procedures. We reviewed when collection activities were completed to determine if they were performed timely, and whether documents were scanned into the UINV system. To confirm instances where no collection activities were identified, we discussed our results with staff. We also verified employers' first employer billing statement (statement) and last statement, and determined if the employer's address was up to date or if statements were being returned to the Division. We contacted three other states for collections best practice comparisons.

To identify if any delinquent employers were also state vendors, we compared delinquent employer lists to the state vendor listing, and documented if the employer received payments from the State. We also contacted the State Controller's Office to determine if vendor debt offset interception was possible, and what it would require to establish this process.

We used nonstatistical audit sampling for our audit work, which was the most appropriate and cost-effective method for concluding on our audit objective. Based on our professional judgment, review of authoritative sampling guidance, and careful consideration of underlying statistical concepts, we believe that nonstatistical sampling provided sufficient, appropriate audit evidence to support the conclusions in our report. For these tests,

we did not project the findings to the population. Our samples included both randomly and judgmentally selected items.

Our audit work was conducted from July 2018 to August 2019. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

In accordance with NRS 218G.230, we furnished a copy of our preliminary report to the Administrator of the Employment Security Division. On March 9, 2021, we met with agency officials to discuss the results of the audit and requested a written response to the preliminary report. That response is contained in Appendix C, which begins on page 22.

Contributors to this report included:

A. Lilliana Camacho-Polkow, CIA, MBA
Deputy Legislative Auditor

Dameon Meeks, MBA
Deputy Legislative Auditor

Jeffrey Mullen, MAcc
Deputy Legislative Auditor

Jane Giovacchini, MS
Audit Supervisor

Shannon Riedel, CPA
Chief Deputy Legislative Auditor

Appendix C

Response From the Employment Security Division

STEVE SISOLAK
GOVERNOR



OFFICE OF THE DIRECTOR

ELISA CAFFERATA
DIRECTOR

JENNY CASSELMAN
DEPUTY DIRECTOR

CHRISTOPHER SEWELL
CHIEF OPERATING OFFICER

March 19, 2021

Dan Crossman, CPA, Legislative Auditor
Legislative Counsel Bureau, Legislative Building
401 S Carson Street
Carson City, Nevada 89701

Subject: Response to Draft Audit Report Dated February 24, 2021

Dear Mr. Crossman:

The Department of Employment, Training and Rehabilitation's (DETR), Employment Security Division (ESD) received the February 24, 2021 Legislative Counsel Bureau (LCB) draft audit report, which contained eleven (11) principal findings. Upon the latest review, DETR management accepts all eleven recommendations per the attached response. A number of corrective actions have been implemented since the end of the audit (in mid-2019) and it is anticipated that more will be done before the six-month update.

If you have any questions regarding this response, please contact me at (775) 684-3911 or Duane Anderson, Chief Auditor at (775) 684-3903.

Sincerely,

A handwritten signature in blue ink, appearing to read "Elisa Cafferata".

Elisa Cafferata, Director, DETR

cc: Jenny Casselman, Deputy Director
Christopher Sewell, Chief Operating Officer
Lynda Parven, Administrator, ESD
Nancy St. Clair, Deputy Administrator, ESD
Edgar Roberts, Chief of ESD Contributions
JoAnne Wiley, ESD Manager III
Duane Anderson, Chief Auditor

March 19, 2021

Employment Security Division's Response to Audit Recommendations

1. *Consult with legal counsel regarding the perpetual roll forward of overpayments and clarify whether current practice complies with statute.*

Contributions accepts the finding. DETR legal counsel is in the beginning stages of amending NRS 612.655 to remove the 3-year limitation, amendment to review was received by Contributions on Monday, March 1, 2021 and additional verbiage was submitted to legal counsel on March 3, 2021 to separate the Refund and Adjustments in the proposed amendment to the Legislature.

2. *Ensure the UINV system administers overpayments consistently across employer account types in accordance with NRS 612.655.*

Contributions accepts the finding and has implemented the following: A response was submitted to DETR Management intended for LCB on May 21, 2020 and again on January 4, 2021 concerning this finding. The inequities that were created by the ESD policy created in October 2018 were clarified with the updated April 2019 Guidelines Manual and Desk Instruction "Refund Processing". This provided the clarification for the refund portion of the prior policy regarding the 3-year rule as well as laying out the criteria between inactive/active accounts. It also takes into consideration the system limitation due to Batch Job 8044 Process Credit ETPM (Purge job) specifications and clarifies the 3-year rule which was established in Supplemental Specification (SS2701) Validate Refund Eligibility. With the potential changes to NRS 612.655 this legislative session, additional amendments will be made to the April 2019 Guideline to remove the 3-year rule for Adjustments.

3. *Enhance the notification process of overpayments to employers on billing statements including actions required by employers to apply credits or request refunds.*

Contributions accepts the finding and will implement the following: Verbiage change can be reviewed for the Employer Billing Statement once there is a final determination on the verbiage changes to NRS 612.655. There is currently a Credit section on the back of the billing statement which states: Credits are the result of overpayments. Please deduct any credit from the amount due on future payments until the entire amount is used. You may request a refund online at <http://ui.nv.gov/ess> through Employer Self Service. The request must be made no later than three years after the date in which the payment resulting in an overpayment became due. A refund will not be made with respect to payments that have been included in the determination of an eligible claim for benefits unless and until it is shown to the satisfaction of the administrator that such a determination was due entirely to the fault or mistake of the Employment Security Division (NRS 612.655).

March 19, 2021

4. *Develop policies and procedures prioritizing debt and establish timelines for specific collection activities.*

Contributions accepts the finding that the provided policies, procedures and desk instructions for prioritizing debt and establishing timelines for specific collection activities were deficient to the auditors' standards or expectations. Revised policies and desk instructions were implemented to address the deficiencies in these two areas of concern. The desk instructions have been continually updated to enhance the steps for prioritizing debt and defining timelines and/or due dates within the individual desk instructions. The Collections team has endeavored to insert, everywhere feasible, priority guidelines and concrete timeliness requirements for each desk instruction and will continue to improve the set of desk instructions. The desk instruction titled "Initiating Collections Activities" now clearly defines initial contact timeliness and debt prioritization, the critical starting point of activities to pursue overdue receivables. Selecting one, or more, of the remainder of the collection actions would be determined by the outcome of the initial contact attempt. Once the next action has been determined, the commencement date of the action and other timelines contained in its desk instructions are applied. Collections will continue to refine and update the timeliness and priority factors of each desk instruction.

5. *Establish Written policies and procedures for payment agreements to specify which employers qualify for plans and the number of defaults allowed before initiating the next level of collection activity.*

Contributions accepts the finding that these details were not in the policies, procedures and desk instructions reviewed during the audit period. Updated policies, procedures and desk instructions for payment agreements were provided to the auditors. The Collections team began working to improve and amend the desk instructions to clarify qualifications for payment agreements and address handling defaults on agreements. The details of the desk instructions do not specify who may, or may not, qualify for a payment agreement, or how many agreements may be offered; but the desk instructions have been revised to establish provisions for employers with poor payment histories or past defaults. Current desk instructions recognize that some employers' past records may indicate that their payment agreements must be backed up by a summary judgment filed with the District Court as a surety if they default. All payment agreements that are set for more than four installments also must have a summary judgment filed, but not recorded. Some employers run into extenuating circumstances and need their payment agreement renegotiated, such as occurred while businesses were impacted by the Covid-19 pandemic. In an effort to work with employers in obtaining payment of their debt, the desk instructions will show negotiating payment agreements, backed by the filing of summary judgments, if they lapse in paying. Contributions will continue to update and refine the payment agreement instructions.

6. *Work with system support staff to correct erroneous collection reports.*

Contributions accepts the finding that Contributions should work with the system support staff to correct erroneous collection reports. Contributions is willing to work with system staff to correct the five erroneous collections reports. The first critical requirement is to have all the collections

March 19, 2021

processes functioning correctly within some operating system, so data may be captured for the reports. The Collections team identified this preliminary need and continues to stress the need with IT staff and system support staff. The Collections team is willing and waiting to work with IT and system support staff to build the Collections system correctly and obtain accurate reports.

7. *Create an aged account receivables report.*

Contributions accepts the finding. The Collections team shared with the auditors that the aging reports produced by the operating system are available; they aren't as helpful to staff performing collection activities as the monthly report produced from a query to IT staff. The query has a data field indicating the oldest debt quarter for use when prioritizing initial contact with employers, and the query also contains other data not found on the aging report, making it more useable for staff. ESD and Contributions management utilize the UIRR ETA-581 Contributions Operations report because it produces aging data in conformity with the US Department of Labor (USDOL) definitions and requirements; the operating system's aging reports do not. As the data for creating the ETA-581 comes from the same operating system, Contributions suggests that a query of that data used for the ETA-581 could produce a better aged account receivables report. Investigation by the IT staff support group into creating an upgrade to the existing aged account receivables report from such a query for management use is recommended. Contributions will continue to urge creation of a usable aged account receivables report.

8. *Utilize the non-filer report to assist in prioritizing accounts and collection activities.*

Contributions accepts the finding to utilize the non-filer report to assist in prioritizing accounts and collection activities. The worth of using a non-filer report for collection activities and prioritizing accounts was discussed with the LCB auditors. To clarify, the Collections team believes the non-filer report itself would not provide information regarding accounts receivable amounts since it is a report of those employers who failed to file their required quarterly tax reports, not who failed to pay for the quarter.

9. *Establish formal policies and procedures for recording collection activities in the UINV system. Include procedures for documenting the collection process in system notes and scanning documents.*

Contributions accepts the finding that formal policies and procedures for recording collection activities in the operating system. This concern was discussed with the LCB auditors during their audit and Contributions has since updated the individual collection activity desk instructions to require imaging of documents at specific incremental steps in the collection activity processes. In addition, the desk instructions continue to require staff to note all collection activities on each account's "Manage Notes" screen in the operating system and on the examiner's spreadsheet of assigned accounts.

10. *Develop formal policies and procedures to identify employers with delinquent accounts who are current state vendors and use the Controller's Debt Offset Program for possible payment interception.*

March 19, 2021

Contributions accepts the finding that policies and procedures to identify delinquent accounts who are State vendors and use the Controller's Debt Offset Program. This concern was mutually voiced by Collections staff and auditors during discussions because Contributions had access to State vendor lists in the past until changes were made in the Controller's Office debt collecting processes. Currently, Collections staff use the updated Notice to Withhold desk instructions to pursue collection actions with county governments, banking institutions and general contractors when an employer is found to be a vendor or client. Contributions will continue to work with ESD management staff to secure an agreement with the Controller's Office. Collections will be able to apply our existing desk instructions to intercept State vendor payments.

11. *Develop a process to identify and correct address errors, and establish account holds when otherwise applicable.*

Contributions accepts the finding and has implemented the following: Updates were provided to DETR Management intended for LCB on May 21, 2020 and then updated on January 4, 2021. The Contributions Program Support Unit has implemented several procedures to reduce printing and postage costs. In August 2019 the unit began placing Employer Holds on the accounts that were returned in the mail, a note is also placed to advise staff there is an alert on the account. This hold prevents all correspondence from being mailed until the account is reviewed to verify if the business is still operating or a new address is found. Staff researches the account, including performing skip-tracing, internet review and preparing a checklist for an examiner to review for adjustments. This could result in either suspending the account as it is no longer active or updating the address.

Desk instruction titled "Address validation phone call" was implemented in August 2019 to validate mailing addresses with every phone call that each unit receives. This has assisted with ensuring the proper address is on file.

Additional steps were implemented in March 2020 to assist in reducing printing and postage costs. Employer billing statements were not mailed and are only available to all employers thru their individual online employer self-service account. In order to provide employers with due process, a hard copy billing statement is mailed once per quarter.

Attachments are located at: S:\contributions\Collections\Policies, Procedures and Precedents\Desk Instructions.

Employment Security Division's Response to Audit Recommendations

<u>Recommendations</u>	<u>Accepted</u>	<u>Rejected</u>
1. Consult with legal counsel regarding the perpetual roll forward of overpayments and clarify whether current practice complies with statute	<u>X</u>	<u> </u>
2. Ensure the UINV system administers overpayments consistently across employer account types in accordance with NRS 612.655	<u>X</u>	<u> </u>
3. Enhance the notification process of overpayments to employers on billing statements including actions required by employers to apply credits or request refunds	<u>X</u>	<u> </u>
4. Develop policies and procedures prioritizing debts and establish timelines for specific collection activities	<u>X</u>	<u> </u>
5. Establish written policies and procedures for payment agreements to specify which employers qualify for plans and the number of defaults allowed before initiating the next level of collection activity	<u>X</u>	<u> </u>
6. Work with system support staff to correct erroneous collection reports	<u>X</u>	<u> </u>
7. Create an aged account receivables report	<u>X</u>	<u> </u>
8. Utilize the non-filers report to assist in prioritizing accounts and collection activities	<u>X</u>	<u> </u>
9. Establish formal policies and procedures for recording collection activities in the UINV system. Include procedures for documenting the collection process in system notes and scanning collection documents	<u>X</u>	<u> </u>
10. Develop policies and procedures to identify employers with delinquent accounts who are current state vendors and use the Controller's Debt Offset Program for possible payment interception	<u>X</u>	<u> </u>
11. Develop a process to identify and correct address errors, and establish account holds when otherwise applicable	<u>X</u>	<u> </u>
TOTALS	<u>11</u>	<u> </u>