

APPENDIX C

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Active Employer.

1. An employing unit (single or multiple) that has been determined liable for the payment of contributions or payment in lieu of contributions (reimbursements) and is currently registered and required to file reports by virtue of having met the statutory or elective coverage provisions of the State unemployment compensation law. (ETA Glossary)
2. An "employer" (single or multi-unit) under the State unemployment compensation law, currently registered and required to file reports, who has paid and reported wages during one or more of eight consecutive calendar quarters which include the quarter being reported. (ETA 581)

Account.

See Employer Account and Employer Master File.

Account Maintenance Unit.

The unit of a State agency's contribution operation responsible for establishing and maintaining up-to-date records of individual employer account transactions.

Accounts Receivable/Receivables.

Contributory employers: past due (unpaid) contributions (State unemployment taxes), not including penalty and interest, which were due and payable with the employer's contribution report and/or the result of audit differences. Receivables include assessments and final assessments which are legally collectible and enforceable.

Reimbursing employers: past due (unpaid) amounts for reimbursable benefit payments that were charged and billed to reimbursing employers.

See also Amount Determined Receivable.

Accuracy.

The condition or state of being correct and free from error or defect; exactness, preciseness.

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Additional Credit Allowance.

A credit against the Federal Unemployment Tax Act (FUTA) liability equal to the amount, if any, by which the contributions payable by an employer under State law are less than the contributions payable at the lesser of the maximum State rate or 5.4 percent. (ETA Glossary)

Adjusted Contribution Rate.

Rates of contribution that differ from the standard contribution rate, computed for individual employers under the experience-rating provisions of a State unemployment compensation law. (ESM Glossary)

Administrative Agency.

A governmental body charged with administering and implementing particular legislation.

Agent.

One who is authorized to act on behalf of another person or organization in transactions with other parties.

Aggregate Estimate.

An estimated amount of contributions due for a number of delinquent reports which is not based on the sum of individual estimates. Such estimates may be computed by multiplying the number of delinquent reports by an average factor for employers in the State (average employer tax rate, average taxable payroll), and though not usually inflated, is less reliable than individual estimates. See Individual Estimate.

Allocation of Payment.

The policy or procedure used to determine the application of an employer's remittance to his account.

Amount Determined Receivable.

The amount of (unpaid) contributions initially determined to be past due during the report quarter based on delinquent contribution reports received, audit findings, legally enforceable estimates and assessments and final assessments. For

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reimbursing employers, the amount of (unpaid) reimbursements initially determined to be past due

during the report quarter. All such receivables are included even though, later in the same quarter, they may be paid or otherwise liquidated or declared uncollectible. See also Accounts Receivable/Receivables.

Appeal.

To apply for review of a case to a higher court or higher administrative level.

Assessment (Report Delinquency).

A monetary liability established administratively in lieu of a delinquent report, usually based on an estimate and charged to an employer account with the expectation that it will be paid by the employer. An assessment is a receivable only if it is legally collectible and enforceable. See also Estimate, Final Assessment and Jeopardy Assessment.

Assessment (Collection).

A legal claim for unpaid taxes recorded against an employer's property. Assessments may be used either in lieu of tax liens or in conjunction with tax liens as a means of initiating enforced collection action. See also Lien, Final Assessment.

Attachment.

The seizure of an employer's property by legal authority in order to secure payment of unpaid contributions.

Audit.

A systematic examination of a subject employer's books and records, using generally accepted auditing standards and procedures, covering a specified period of time during which the employer is liable for reporting under the State unemployment compensation law. (ETA 581) See also Change Audit, Large Employer Audit.

Audit Change.

The amount of under-reported contributions, total wages and taxable wages plus the amount of over-reported contributions, total wages and taxable wages discovered

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through audits (i.e., the total of all debits plus all credits without regard to net amounts).

Audit Penetration Rate.

The number of audits conducted during a fiscal year (FY) expressed as a percentage of the contributory employer population at the end of the immediately preceding FY.

Audit Report.

The record of an audit which contains work papers, evidence, adjustment reports, findings and conclusions.

Audit Selection Process.

A systematic method (automated or manual) of selecting subject employers for audit which should include indices that reflect potential noncompliance and the results of prior audits and adjudicated determinations.

Audit Trail.

A system procedure or internal control to insure that significant events are documented and readily available for examination. An audit trail provides the ability to track the record of transactions back to their source.

Bankrupt.

Being subject to, or under, legal process because of insolvency; one unable to satisfy any just claims made upon him.

Bankruptcy.

The legal process in which an employer, upon his application or that of his creditors, is adjudged insolvent by a court and whose property is administered for and the proceeds distributed among his creditors. The employer may then be discharged from liability for unpaid balances of some debts.

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Base Period.

A past period of time from which a claimant's benefits are determined, based on wages earned in covered employment.

Base Period Employer(s).

The employer(s) who paid wages to a claimant during his/her base period.

Benefit Account.

An account in the State unemployment fund in which is recorded, (1) benefit checks (warrants) issued, (2) amounts withdrawn from the State 's account in the Unemployment Trust Fund, and (3) adjustments.

Benefit Charges.

Charges against an employer's account for benefits paid based on unemployment claims filed by former workers having earned wages from employment provided by the employer.

Benefit Payment Account.

A demand (or NOW) account in a bank into which funds withdrawn from the UTF are deposited to cover benefit checks/warrants issued (presented for payment).

Billing (to a reimbursing employer).

A statement of benefit payments to former employees for which reimbursement is due.

Blocked Claims.

1. Delayed benefit payment claims for which there are insufficient or missing wage credits because of the employer's failure to file or filing incorrect contribution and/or related wage reports.
2. A benefit claim which cannot be paid in the proper amount, because the State agency's records do not show wages which the claimant allegedly earned.

Bond.

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A sum of money submitted to the State agency by an employer as security against future non-payment of taxes.

Books of Original Entry.

Same as Original Record of Entry.

Cash Disbursement Journal.

A record of cash disbursements identified by the transaction date, amount disbursed, explanation for disbursement, and the effect of the disbursement (debit/credit) on applicable accounts.

Cashiering.

The process of receiving, accounting for, and depositing to the clearing account, monies paid to the SESA.

Cashiering Unit.

The unit in a State agency's contribution operation responsible for receiving, processing, safeguarding, and depositing to the clearing account all contributions and other remittances for the State unemployment fund, including related interest and penalty.

Certification For Additional Credit Allowance.

To the Secretary of the Treasury. The certification by the Secretary of Labor to the Secretary of the Treasury on October 31 for the 12-month period ending on that date listing those States under whose unemployment compensation laws reduced rates were allowable with respect to such year only in accordance with the conditions for additional tax credit established by the Federal Unemployment Tax Act. (ETA Glossary)

To a State. The certification by the Secretary of Labor to a State that the provisions of its unemployment compensation law for reduced employer contribution rates are

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in accordance with the conditions for additional allowance established by the Federal Unemployment Tax Act. (ETA Glossary)

Certification of Approval to the Secretary of the Treasury.

The certification by the Secretary of Labor on October 31 of each taxable year listing those States whose unemployment compensation laws and administration have, during the year, met the conditions for tax credit to employers established by the Federal Unemployment Tax Act. (ETA Glossary)

Change Audit.

An audit resulting in the discovery of wages or taxes not previously reported or reported incorrectly by the employer. See also Audit. (ETA 581, ES Manual)

Chart of Accounts.

A list of accounts, by major account categories (assets, liabilities, owner's equity, etc.), arranged according to a numeric system that identifies the account and allows transactions to be easily recorded. The accounts on this list are found within the general ledger.

Check.

A draft drawn upon a bank and payable on demand, signed by the maker or drawer, containing an unconditional promise to pay a certain sum of money to the order of the payee.

Check Register.

A record of checks issued in sequential order and where each check is identified by the date written, amount, and payee.

Check Stub.

A detachable portion of a check which identifies the basis for payment, the amount, date and payee.

Clearing Account.

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An account in the State unemployment fund in which is recorded all contributions or other items received in the fund pending transfer to the Unemployment Trust Fund, to special accounts and refunds of amounts erroneously paid.

Clearing (Depository) Account.

An account in a commercial bank into which all remittances received are deposited pending clearance and transfer to the UTF, to special accounts and refunds of amounts erroneously paid.

Collections.

The process of securing payment of employer accounts receivable. See also Remittances.

Collections Unit.

The unit in the State agency's contribution operation responsible for securing payment of employer accounts receivable.

Common Law.

Principles and rules of action based on usage and customs or court decisions, as distinct from statute law, which are recognized and enforced by courts.

Compensating Control.

An alternative method or procedure to an official TPS control which provides the same level of assurance that a function is being executed in accordance with applicable laws, policies, and/or regulations. The existence, effectiveness, and use of a compensating control must be verified and approved by the Regional Office staff.

Completeness.

The state of having included or considered all the essential parts related to a specific function in its review.

Compliance (as in Employer Compliance).

Fulfilling the taxing and reporting requirements of the State unemployment compensation law applicable to employers, e.g. employment, wages and liability for contributions.

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Computed Measures.

Specific indicators of timeliness and completeness quality provided to aid the TPS reviewer in the final evaluation of State tax operations.

Conclusion(s).

An expression in the audit report of the auditor's opinion regarding the employer's compliance with the State UI law. See also Audit Report, Findings.

Contingent Receivable.

An amount of contributions due which has been estimated as a reasonable value for delinquent reports or any other undetermined employer receivable. Such amounts are not legally due but may be collectable.

Contributions.

1. The amount of State unemployment taxes, including voluntary payments, paid or payable by an employer based on the taxable wages paid to an employee. (ETA 581)

2. Taxes, including voluntary contributions and special assessments, paid by subject employers into a State unemployment fund. (ETA Glossary)

Contribution Report.

An employer's quarterly report of total and taxable wages and the amount of contributions due a State unemployment fund. (ETA Glossary)

Contributory Employer.

An employer who is required by the State unemployment compensation law to pay contributions into the State unemployment fund. Certain classes of employers are not required to pay contributions, but may elect to do so. (ETA Glossary, ETA 581) See also Reimbursing Employer.

Controls.

Methods and/or procedures to assure that functions are executed in accordance with applicable laws, policies, and/or regulations.

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Corporation.

An artificial person or legal entity created by or under the authority of law, composed, in some instances of a single person and his successors, but ordinarily consisting of an association of numerous individuals.

Covered Employer.

An employer who provides employment as defined in a State unemployment compensation law, or Federal employment as defined in Chapter 85, Title 5, United States Code. See also Subject Employer.

Covered Employment.

1. Employment as defined in a State unemployment compensation law, performed for a subject employer, or Federal employment as defined in Chapter 85, Title 5, United States Code. (ETA Glossary)
2. Employment as defined in the State unemployment compensation law which is subject to contributions or reimbursement.

Coverage Determination.

1. A determination as to whether services performed for an employer constitutes employment as defined under a State unemployment compensation law. (ETA Glossary)
2. A determination as to whether an employing unit is a subject employer and whether services performed for it constitutes employment as defined under a State unemployment compensation law. See also Status Determination. (ESM Glossary)

Credit Allowance.

Credit allowed an employer against the Federal unemployment tax for contributions paid into a State unemployment fund, currently limited to 5.4%.

Credit Memorandum.

A notice to the employer of contributions, interest or penalty overpaid. (ETA Glossary)

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Cut-off Date.

See Delinquency Cut-off Date.

Data Element.

A single unique item of information, such as an employer account number or an employer name.

Debit Memorandum.

A notice to the employer of contributions or reimbursement, interest or penalty due.

Declared Uncollectible (Writeoff).

A receivable amount for which all reasonable collection efforts have been exhausted and which has been officially authorized for removal from accounts receivable and transferred to suspense (no further action to be taken). (ETA 581)

Delinquency Cut-off Date.

The date on which employers who have not submitted contribution and wage reports for a specific quarter are identified and notified of such by the mailing of first delinquency notices. (ETA 581)

Delinquent Contribution Report.

A report that is not received from the subject employer by the due date.

Delinquent Date (for employer contribution reports).

The day following the due date of a report.

Delinquent Report.

See Delinquent Contribution Report.

Deposited Items.

Remittances which have been credited to the clearing account.

Determination Date (for purposes of Status Computed Measures).

The date on which the status information for a specific employer is entered in the SESA's automated system.

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Due Date (for employer contribution reports).

The date after which the State can impose penalty and/or interest, whichever is first applicable.

EDP Detail General Ledger.

The records resulting from the automated maintenance of business transactions by computer. This ledger replaces a manually posted general ledger.

Employer.

An employing unit which has one or more persons working for wages or salary. See also Active Employer, Inactive Employer, Liable Employer, Newly Established Account, and Subject Employer.

Employer Account.

A record of all employer transactions, e.g. status, experience rate computation, contributions or payments in lieu of contributions, report delinquency.

Employer Accounting. Same as Account Maintenance Unit.

Employer Account Number.

A unique identification number assigned by State agencies to subject employer accounts to control reporting and accounting functions. Not compatible with the Federal Employer Identification Number (FEIN) assigned by the Internal Revenue Service for Federal reporting and control purposes. (ETA Glossary)

Employer Master File.

A file or series of files which provide all pertinent status and financial data with respect to each employer, such as; employer account number, experience rate, receipt and non-receipt of contribution reports, taxable payroll by years, amounts due (type and date), amounts paid (type and date), amounts of underpayments and overpayments, and special items.

Employing Unit.

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An individual or organization which employs one or more workers. (ESM Glossary)
See also Employer.

Employment Security Law.

A body of law which establishes a free public employment service, or a system of unemployment insurance, or both, and which may also establish other systems compensating for wage loss, such as temporary disability insurance. (ETA & ESM Glossaries)

Encumbrance.

A claim, lien, charge, or liability attached to and binding real property, as accrued and unpaid taxes.

Estimate.

A calculation of contributions due for which a quarterly contribution report has not yet been received. Estimates are usually based on past experience of an employer's account, and may be a "best reasonable calculation". An estimate may or may not be legally collectible and enforceable under the State unemployment compensation law. See also Assessment, Final Assessment. (ETA 581)

Evidence.

The data and information an auditor obtains during the performance of an audit to document findings and support conclusions. See also Audit Report, Conclusion(s), Findings.

Excess Wages.

That part of total wages which is in excess of wages taxable under the State unemployment compensation law.

Excluded (Exempt) Employment.

Services which are excluded from employment as defined in a State unemployment compensation law. (ESM Glossary)

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Exemplary Practice.

A State-developed method/procedure, not included in the TPS Handbook, which has proven to be an effective control and is currently in use by the State, which the reviewer believes would benefit other States and should be considered for technical assistance.

Exempt Wages.

Wages earned in performance of services which are excluded from employment as defined in the State unemployment compensation law.

Experience Rate.

A rate of contribution that differs from the standard contribution rate, computed for an individual employer under the experience-rating provisions of a State unemployment compensation law. See also Standard Contribution Rate. (ETA Glossary)

Experience Rate Schedule.

A table or series of tables of employer contribution rates. In most States, the level of the balance in the State's unemployment fund, as measured at a prescribed time each year, determines what adjustment to the schedule or which one of two or more schedules will be applicable for the following rate year.

Experience-Rating.

A method for determining the contribution (tax) rates of individual employers on the basis of the factors specified in the State unemployment compensation law for measuring employers' experience with respect to unemployment. The four general experience-rating formulas are benefit-ratio, benefit-wage-ratio, payroll-decline, and reserve-ratio. A few States have combinations of the four formulas.

Benefit-Ratio Formula.

An experience-rating formula which measures an employer's experience with unemployment as the ratio of the amount of benefit payments to former

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workers to payrolls. The ratio is the index for tax rate variation. Rates are further varied by the inclusion of three or more schedules, effective under specified State fund conditions. States may consider additional factors in assigning the final tax rate.

Benefit-Wage-Ratio Formula.

An experience-rating formula which measures an employer's relative experience with unemployment by the separations of workers which result in benefit payments. The separations, weighted with the wages earned by the workers with each base-period employer, are recorded for each employer's experience as benefit wages. Only one separation per beneficiary per benefit year is recorded for any one employer. The index to establish the relative experience of each employer is the ratio of that employer's benefit wages to total taxable wages. Individual tax rates are determined by multiplying the employer's experience factor by a State experience factor, limited by a minimum and a maximum.

Payroll-Decline.

An experience-rating formula which measures experience with unemployment by the decline in an employer's payroll from quarter to quarter or from year to year. The declines are expressed as a percentage of payrolls in the preceding period, so that experience of employers with large and small payrolls may be compared. Employers may then be arrayed and grouped on the basis of the calculated percentages and assigned tax rates according to a specified schedule.

Reserve-Ratio Formula.

An experience-rating formula which measures experience with unemployment in terms of an employer's payroll, contributions, and benefits paid to former workers. The amount of benefit payments is subtracted from contributions and the resulting difference is divided by the payroll to determine the size of the balance relative to the potential liability for benefits

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inherent in wage payments. Tax rates are assigned according to a schedule of rates for specified ranges of reserve ratios. States vary in the number of years considered in calculating the amount of payroll, contributions and benefit payments when applying this formula.

NOTE: The experience-rating provisions of State laws vary greatly and the number of variations increase with each legislative year. Consult the Comparison of State Unemployment Insurance Laws for a detailed explanation of the general formulas and current State experience-rating provisions.

Experience-Rating Account.

An employer account which is maintained by the State agency for the purpose of determining the contribution rate of the employer. (ETA Glossary)

Experience-Rating Computation Date.

1. Under a pooled fund law, the date as of which employers' experience with respect to unemployment or unemployment risk is measured for the purpose of determining contribution rates; or, under a reserve account law, the date as of which the balances in employers' reserve accounts are determined for the purpose of rate computation. (ESM Glossary)

2. The date as of which employers' experience is measured for the purpose of determining contribution rates, in most States, July 1. (ETA Glossary)

Experience-Rating Effective Date.

The date on which newly computed contribution rates become effective, in most States, six months after the experience-rating computation date or January 1.

External Control.

A factor, beyond the agency's purview, which mandates certain actions and/or influences the agency's contribution operation, such as a State law, regulation or policy. See also Internal Control.

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Fair Labor Standards Act.

A Federal Act which set a minimum standard wage and a maximum work week of 40 hours in industries engaged in interstate commerce. Such Act also prohibited the labor of children under 16 in most employments, and under 18 in dangerous occupations. The Act created the Wage and Hour Division in the Department of Labor.

Federal Employer Identification Number (FEIN).

The identification number assigned to employers by the Internal Revenue Service to control reporting and accounting functions. Not compatible with the employer account number assigned by State agencies. (ETA Glossary)

Federal Unemployment Tax.

The excise tax imposed by the Federal Unemployment Tax Act on employers with respect to having individuals in their employ. (ETA Glossary)

Federal Unemployment Tax Act (FUTA).

Chapter 23 of the U.S. Internal Revenue Code (Sections 3301-3311). (ETA Glossary)

Field Audit. Same as Audit.

Field Audit Unit.

1. The unit of a State agency's contribution operation which conducts audits of employers' records in conjunction with and supplemental to employer status and collection field investigations.
2. A SESA organizational unit responsible for conducting audits.

Field Auditor.

An agency representative who prepares for and conducts audits of employers' records or other investigations as directed.

File.

A set of records, such as employer master file. See also Data, Record, Employer Master File.

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Final Assessment.

Same as Assessment but requires completion of some due process (e.g., employer notification and expiration of an appeal period) to be legally collectible under the State unemployment compensation law. See also Assessment. (ETA 581)

Financial Examination/Investigation.

An examination of the books and records of an employing unit to determine the correct financial liability, if any, and the proper amount of contributions, interest, and penalty paid or payable. (ESM Glossary) NOTE: A financial examination may be recorded as an audit only if it satisfies the requirements in the definition of "Audit".

Findings.

The logical pulling together of information to arrive at conclusions about matters which were analyzed or evaluated (e.g., a response to a test). Findings are the basis for conclusions. See also Audit Report, Conclusion(s).

FUTA Credit.

A credit employers may take against their Federal Unemployment Tax liability for required contributions made to a State unemployment fund. See also Credit Allowance.

Garnishment.

A statutory or court proceeding whereby an employer's property, money, or credits are applied to payment of his debts (unpaid taxes).

General Journal.

A book of original entry where both the debits and credits of all transactions, that occur daily, are consecutively recorded. Entries in the general journal are then posted to individual accounts as found in the general ledger.

General Ledger.

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An account book of secondary or final entry, containing a summary of all accounts and to which information is posted from the general journal, a special journal, or a combination journal. A general ledger may serve as a summary record of debit and credit transactions previously recorded in various journals.

General Partnership.

A partnership of two or more persons who associate to carry on business as co-owners for profit and each of whom is personally liable for all debts of the partnership.

Gross Payroll.

Same as Total Payroll, Total Wages.

Gross Payroll Audited.

The amount of total wages discovered and verified by audit. The amount reported as gross payroll audited must be consistent with and directly related to the number of quarters which were actually reviewed in a manner which meets the test for the definition of an audit (i.e., if 8 quarters resulted in differences but only 4 quarters were actually audited, then only the total wages related to the 4 quarters are to be reported.)

Hidden Wages.

Payments for personal service which an employer does not acknowledge to be reportable payroll, but is determined by the auditor to meet the definition of wages.

Inactive Employer.

An employer who : 1) has notified the agency it is no longer paying wages and has been granted permission to suspend filing of quarterly reports, inactive status to be effective on the day after the last day of the quarter in which wages were last paid, or 2) has been administratively granted permission to suspend filing quarterly reports by reason of no longer paying wages, inactive status to be effective on the day after the last day of the quarter in which permission to suspend filing of reports was issued, or 3) without notification to the agency or prior to administrative action by the agency, has filed quarterly reports in eight consecutive quarters showing no wages paid. The effective date is the day after the last day of the eighth quarter for which "no wages" reports were filed. (ETA 581)

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Individual Earnings Record.

A chronological detail of wages paid to a specific employee. The statement should include the employee's name and Social Security number, the applicable pay period, the amount of gross and net wages, deductions, and a listing of quarterly and year-to-date totals.

Individual Estimate.

An estimated amount of contributions due based on an individual employer's account history and characteristics, e.g., historical patterns, tax rate, number of employees, taxable payroll, etc. The amount may be inflated.

Industry Code.

The number which identifies the major industry or group of industries in an industrial classification system. (ETA Glossary) See Standard Industrial Code (SIC).

Industry Description.

The description of the activities included in an industry which is identified by a code and title in an industrial classification system. (ETA Glossary) See Standard Industrial Code (SIC).

Industry Title.

The title given to an industry which has been defined and given an industry code in an industrial classification system. (ETA Glossary) See Standard Industrial Code (SIC).

Ineligible Experience-Rated Account.

An employer account which has had an insufficient period of experience as of the computation date to qualify for an experience-rating computation. (ETA Glossary)

Insolvent.

Same as Bankrupt.

Internal Control.

An in-house procedure established by the State agency as a test or verification that a specific process or function is correct and proper. See also External Control.

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Investigation.

See Financial Examination.

Jeopardy Assessment.

An assessment to expedite collection of unemployment taxes when time is of essence. Generally, such an assessment is issued in cases of employer insolvency and/or knowledge of an employer's intentions of leaving the state without payment of tax liability. Issuance results in the tax liability becoming immediately due and payable, with appeal rights forfeited until the amount due has been paid or a security deposited.

Known Receivable.

A receivable amount (excluding interest and penalty) which is recorded on an individual employer's account and for which the State agency has the right to initiate collection and enforcement activity. Such amounts are legally due and collectable.

Large Employer Audit.

An audit of an employing unit reporting: 1) wages paid to 100 or more individuals during a calendar year, or 2) at least \$1,000,000 in taxable payroll for the calendar year preceding the first quarter being audited. See also Audit. (ETA 581, ES Manual)

Levy.

The obtaining of money by legal process.

Liable Employer.

A subject employer who must fulfill the reporting and taxing requirements of the State unemployment compensation law.

Liability Date.

The date on which an employing unit meets the State law definition of employer. See also Subject Date.

Liability Report.

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Same as Status Report.

Liability Unit.

Same as Status Determination Unit.

Lien.

Notice of a legal claim recorded against an employer's property.

Liquidated Amount.

An amount received or an adjustment which cancels a previously established receivable. (ETA 581)

Liquidation.

The settling of financial affairs of a business or individual by turning to cash all assets for distribution to creditors, heirs, etc.

Limited Partnership.

A partnership documented by an instrument in writing and recorded with the appropriate official. A partnership of one or more general partners, jointly and severally responsible as ordinary partners, and by whom the business is conducted, and one or more special partners, contributing in cash payments a specific sum as capital to common stock, and who are not liable for debts of the partnership beyond the fund so contributed.

Master Vendor File.

A comprehensive record of contractors doing business with an employer. A master vendor file may be used to identify misclassified workers and hidden wages.

Misclassified Worker.

A person performing service for another who is improperly classified as an employee, self-employed, an independent contractor, or as the employee of someone else.

Moratorium.

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A term designating suspension of all or of certain legal remedies against debtors, sometimes authorized by law, during financial distress, as appeal cases.

Negative Balance.

Under the reserve-ratio experience-rating formula, a reserve account in which the amount of benefit charges exceed the amount of contributions credited.

Newly Established Account.

An account for an employing unit initially meeting the definition of "EMPLOYER" in the State unemployment compensation law or a previously terminated employing unit which again meets the definition of employer. (ETA 581) NOTE: This term does not include the accounts of successors who have not previously been registered as employers.

Non-covered employment.

Same as Excluded Employment.

Non-charging of Benefits.

The omission of benefit charges to a specific employer account to relieve the employer of charges for unemployment under circumstances defined in the State unemployment compensation law.

Non-liable Employer.

An employing unit which does not meet the reporting and taxing requirements of the State unemployment compensation law.

Non-subject Employer.

An employing unit which has been determined by SESA investigation as not meeting the requirements for coverage under the State unemployment compensation law.

Non-taxable Wages.

See Excess Wages, Exempt Wages.

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Non-wage Payments.

Any remuneration for service provided by an employer which is not included in "wages" as defined in the State's UI law or the Federal Unemployment Tax Act.

Normal Credit Allowance.

A credit against the employer's tax liability under the Federal Unemployment Tax Act for contributions paid by the employer to a State unemployment fund. (ETA Glossary)

Obstructed Claim.

Same as Blocked Claim.

Original Record of Entry.

A summary record of transactions based on information derived from individual source documents. Examples include individual earnings records, payroll journals, check registers, accounts payable journals, and sales journals.

Partial Successor.

An employing unit which acquired a portion of an organization, trade or business from another employer. See also Successor.

Past Due Contributions.

Contributions which are not paid on or before the due date.

Past Due Reimbursements.

Payments in lieu of contributions (reimbursements) which are not paid on or before a specific due date established by the State agency.

Partially Pooled Account.

An account maintained within a State unemployment fund from which benefits are payable to a claimant whose employer's reserve account is exhausted or is otherwise

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unavailable. Such an account is maintained only in those States whose unemployment law provides for separate employer reserve accounts. (ETA Glossary)

Partnership.

A voluntary contract between two or more persons to place their money, effects, labor, and skill, or some or all of them, in lawful commerce or business, with the understanding that there shall be a proportional sharing of the profits and losses between them.

Payments in Lieu of Contributions.

Amounts paid into a State unemployment fund by reimbursing employers which equal the amount of unemployment benefits charged against their accounts.

Payroll Register.

A record of payroll information for a specific pay period which summarizes the number of employees (by name and Social Security number), days worked, total hours worked, gross wages, net wages, deductions, check numbers, etc.

Payroll Summary.

An aggregate record of payroll earnings records for all employees by payroll period and/or time frequency, e.g.; weekly, monthly, quarterly, year-to-date.

Penalty Tax Rate.

An increase in an employer's contribution rate for failure to comply with requirements of the State unemployment compensation law.

Petty Cash.

A cash fund set aside to meet incidental cash expenditures. The petty cash account contains a record of the beginning balance in the fund, deposits, and documentation of disbursements made (amount, date, cash receipt slip, sales slip, invoice).

Phone Power Unit.

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One or more staff persons specifically assigned to secure information and/or delinquent reports and past due contributions through the use of the telephone. Automated telephone dialing techniques may or may not be employed.

Pooled Account.

A fund in which all contributions are mingled and undivided and from which benefits are payable to all eligible claimants. (ETA Glossary)

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Posted Items.

Contribution reports, remittances and other documents for which transactions have been entered into the agency's contribution system and are available for application by interested parties.

Preceding Quarter.

The quarter preceding the report period.

Predecessor.

An employing unit whose organization, trade, or business, in whole or in part, has been acquired by another employer. See also Successor.

Preferred Creditor.

A creditor with preferential right to payment over other creditors.

Promptly.

Performing a specific function quickly or as soon as is reasonably possible.

Proof of Credit.

A certification to the Internal Revenue Service of the amount of taxable wages reported and contributions paid to the State unemployment fund by a subject employer during a calendar year. (ETA Glossary)

Property.

Everything which is the subject of ownership, everything that has an exchangeable value or which goes to make up wealth or estate.

Quality Assurance (System).

A periodic review to measure the performance of a function at a point where errors are most likely to occur. An individual or team within or outside of the unit being covered may conduct the review and make recommendations for improvements where warranted.

Quarter Ending Date (QED).

GLOSSARY

The last day of a calendar quarter, i.e., March 31, June 30, September 30, and December 31.

Reactivated Account.

An account for a previously inactivated or terminated employing unit which again meets the definition of employer in the State unemployment compensation law.

Reconciliation.

A comparison of two or more items and the identification and resolution of any differences.

Record.

A set of data pertaining to a particular entity, e.g. employer. See also Data.

Received Items.

Employer contribution reports, remittances, and other documents which have been submitted to the agency and are under the agency's control.

Reduced Contribution Rate.

Rates of contribution less than the standard contribution rate, computed for individual employers under the experience-rating provisions of a State unemployment compensation law. (ESM Glossary)

Reimbursements.

Same as Payments in Lieu of Contributions.

Reimbursing Employer.

Certain nonprofit organizations, State or local government and political subdivisions which elect or are required to pay into the State unemployment fund a sum in lieu of contributions as provided in the State unemployment compensation law (usually an amount equal to unemployment benefits drawn against such an employer account). (ETA Glossary, ETA 581)

Reimbursing Employer Account.

GLOSSARY

An account maintained for a reimbursing nonprofit organization, State or local government, or political subdivision for the purpose of determining the amount of reimbursement to the State unemployment fund. (ETA Glossary)

Remittances.

All monies received by the State agency from employers including contributions, related interest and penalty and payments in lieu of contributions.

Report Cutoff Date.

Same as Delinquency Cutoff Date.

Report Delinquency.

A delinquent report that has not been resolved.

Report Delinquency Unit.

The unit of a State agency's contribution operation responsible for identifying subject employers delinquent in complying with the reporting provisions of the State unemployment compensation law and activities related to securing such reports.

Report Period/Reporting Period.

A calendar year quarter (3 months) referenced on ETA/UI reports covering SESA activities and transactions occurring within the quarter.

Reserve Account.

A separate account maintained in a State unemployment fund with respect to a subject employer to which are credited contributions paid by such employer and from which are payable all and only those benefits which are based on services performed for such employer. (ETA Glossary)

Resolved Report Delinquency.

A delinquent contribution report that is secured, or cleared by a determination of non-liability or closed by a final assessment of tax that is legally due and collectible. See also Estimate, Assessment, Final Assessment.

Secure/Secured Contribution Report.

GLOSSARY

A contribution report which was filed timely or a delinquent contribution report which was filed as a result of the State agency's report delinquency procedures. This excludes report delinquencies which were resolved by the issuance of an assessment or estimate.

Size of Firm Provision.

The provision of a State unemployment compensation law or the Federal Unemployment Tax Act which specifies the minimum number of employees and/or the minimum period of employment or minimum payroll which an employing unit must have before it is liable as a subject employer. (ETA Glossary)

Source Document (Audit).

The record of an initial activity or transaction. Examples of source documents may include a time card, a canceled check or check stub, a petty cash voucher or a purchase/sales record.

Special Tax Rate.

A rate assigned to an employer account that did not result directly from a computation method under regular experience-rating provisions of the State unemployment compensation law. (ETA Glossary)

Standard Contribution Rate.

The basic rate of contribution from which variations are computed under the experience-rating provisions of a State unemployment compensation law. (ETA Glossary) See also Experience Rate.

Standard Industrial Classification (SIC).

A system used in assigning code numbers to employer and/or establishments, based on the nature of their activities, in order that data reported by them may be grouped into industries and combination of industries for purposes of analysis and publication. See also Industry Code, Industry Description, and Industry Title.

State Unemployment Fund.

GLOSSARY

A special fund established under a State unemployment compensation law for the receipt of contributions and the payment of unemployment compensation benefits. Included in this fund are monies in the benefit payment account, clearing account, and the State's account in the Unemployment Trust Fund. See also Benefit Payment Account, Clearing Account, and Unemployment Trust Fund Account.

Status Determination.

Any recorded administrative action that establishes, modifies, changes, inactivates or terminates an employing unit's liability as an employer under the State unemployment compensation law. (ETA 581)

GLOSSARY

Status Determination Unit.

The unit of a State agency's contribution operation responsible for all activities necessary to determine the taxable or nontaxable status of employing units, inactivate or terminate the taxable status of employers no longer subject to the taxing provisions of the State law and detect applications for status determination by fictitious employers.

Status Report.

A report required of employing units giving the information on which the State agency bases its determination as to whether or not the unit is subject. (ETA Glossary)

Statute of Limitations.

A statute prescribing limitations to the right of action on certain described causes of action or criminal prosecutions.

Stayed Accounts.

Accounts which are excluded from collection activities because of legal requirements.

Subject Date.

In some States, same as Liability Date. In other States, the date on which an employer becomes covered under the State unemployment compensation law but has not yet become liable for payment of contributions.

Subject Employer.

An employing unit which meets the requirements for coverage under the State unemployment compensation law. See also Covered Employer.

Subject Wages.

Same as Wages.

Subpoena.

An order by a court or administrative agency directing a person to appear as a witness.

GLOSSARY

GLOSSARY

Subpoena Duces Tecum.

An order by a court or administrative agency directing a person to appear as a witness and produce designated documents or other evidence.

Subsidiary Ledger.

An account book, separate from the general ledger, which contains detailed transactions related to a specific account. Examples of a subsidiary ledger include the accounts receivable ledger, the accounts payable ledger, and the payroll ledger.

Successor.

An employing unit which has acquired the organization, trade, or business, in whole or in part, of another employer, declared subject as of the day on which it meets the requirement of the State unemployment compensation law for successorship. See also Predecessor (ETA Glossary, ETA 581)

Suspense.

The reduction of accounts receivable by amounts which have been declared uncollectible and for which no further collection efforts will be taken.

Suspense Account.

An account of transactions (payments received, etc.) for which the proper application is undetermined.

Tax.

Same as Contribution.

Taxable Payroll.

That part of the total payroll which is subject to the contribution provisions of the State unemployment compensation law. (ETA Glossary)

Taxable Wages.

That portion of an individual's total wages during a calendar year determined taxable for UI purposes in accordance with the taxable wage base provisions of the State unemployment compensation law. See Wage Base. (ETA Glossary)

GLOSSARY

Test (Audit).

A procedure used to validate the reliability of evidence supporting findings and conclusions affecting employer compliance UI laws, regulations, and policies. Examples of tests are procedures: to authenticate a payroll system from source documents to accounting records and through to the employer's contribution report; and also various tests to search for misclassified workers and hidden wages.

Time Lapse (for purposes of Status Computed Measures).

The exact number of days from the end of the quarter in which an employer became liable to the determination date. See also Determination Date.

Timely.

Performing a specific function within an established period of time.

Termination.

The status determination of an employer who has ceased furnishing employment in the State or who may or may not have previously been granted permission to suspend filing quarterly reports (made inactive) but has requested and been granted termination of coverage or has administratively been granted termination of coverage by reason of not meeting the definition of "EMPLOYER" in the State unemployment compensation law. (ETA 581)

Tolerance.

A schedule of monetary deviations from a standard established by the State for auditor guidance in determining the need and scope of an extension. Tolerance definitions may be based on a percentage of taxable payroll or contributions. Variances may be allowed for size of payroll and/or tax rate. If an auditor elects to disregard a tolerance, an explanation should be included in the audit report.

Total Payroll.

The total amount of wages paid to workers for services performed during the period covered by the report. See also Total Wages.

GLOSSARY

Total Receivables.

The combined total of known receivables and contingent receivables, excluding penalty and interest.

Total Wages.

All wages or remuneration paid to workers on all payrolls subject to unemployment taxes. (ETA Glossary) See also Total Payroll.

Transfer of Experience.

The transfer of the experience record of a predecessor employer to a successor employer who, through purchase or otherwise, acquires the predecessor's business in full or in part. In partial transfers, only that part of the predecessor's record which pertains to the acquired portion of the business may be transferred to the successor.

UI Audit Objective.

To ensure compliance with State UI laws.

Uncollectible.

See Declared Uncollectible.

Unemployment Compensation Law (UC Law).

A body of law which establishes a system of unemployment insurance and specifies; the types of workers and employers covered, the methods of financing the program, the benefits that are payable, the conditions to be met for payment, and the administrative organizations established to execute the program.

Unemployment Insurance Law (UI Law).

Same as Unemployment Compensation Law.

Unemployment Tax.

Same as Tax, see also Contributions.

GLOSSARY

Unemployment Trust Fund Account.

1. An account maintained in a State unemployment fund in which are recorded amounts transferred to and from the Unemployment Trust Fund in the United States Treasury and the amount of interest earned on the account. (ESM Glossary)
2. The State's account in the Unemployment Trust Fund maintained by the U.S. Treasurer in which are deposited contributions and other amounts transferred from the clearing account and the interest earned thereon and from which funds are transferred to the benefit payment account for payment of benefits.

Verification Source.

A document, method, procedure, or control used to validate positive answers to the evaluative questions of the Systems Review. Examples of verification sources are manuals, instructions, or other written procedures; direct observation of a control in operation or clear indications of a control being applied; and postings and notations, such as sign-offs.

Voluntary Contributions.

Voluntary payments made by a subject employer and credited to the employer's experience rating account in order to obtain a more favorable experience rate. (ETA Glossary)

Voluntary Election.

1. A request filed by an employing unit for approval by a state agency to elect coverage of services which are not covered or are otherwise excluded from coverage under the State unemployment compensation law. (ETA Glossary)
2. A request filed with a State agency by an employing unit to cover services performed for it which would not otherwise be covered by the unemployment compensation law, and the acceptance of such by the agency. (ESM Glossary)

Wages.

Payment for services rendered which meets the definition of "wages" as defined in the State's unemployment compensation law and/or the Federal Unemployment Tax Act.

GLOSSARY

Wage Base.

The amount of wages paid to each worker within a calendar year on which the employer must pay unemployment taxes or contributions.

Wage Item.

A statement of wages for which, as the result of regular processing, a separate record is kept in a wage record file by employee name or Social Security Account Number. The number of wage items is reported for each month in a quarter on employers' contribution reports. (ETA 581)

Wage Record.

1. A record on a computerized file representing an individual's earnings in covered employment. (ETA Glossary)
2. A record maintained by a State agency of an individual employee's quarterly earnings in covered employment reported by subject employers.

Wage Report.

A quarterly report by a subject employer listing the wages of each individual worker in employment during the quarter. (ETA Glossary)

Warrant.

1. A legal instrument authorizing an arrest, seizure of property or execution of a judgment against an employer for delinquent unemployment taxes.
2. A State instrument issued in lieu of a commercial bank benefit check.

Workday.

A day which is both a regular day of work for State agency staff and a "bank business day". A "bank business day" is defined by State law or by the bank itself, i.e., a day on which commercial transactions can be conducted between the bank and the Federal Reserve (excludes Saturdays, Sundays and Federal holidays).

GLOSSARY

Workmen's or Workers' Compensation Acts.

State statutes which provide for fixed awards to employees or their dependents in case of employment related accidents and diseases, dispensing with proof of negligence and legal actions.

Work Paper(s).

A document prepared or obtained by the auditor in conducting an audit. Work papers are composed of analyses, transcriptions, letters, memoranda, and confirmation of test results. Work papers are the basis of the work performed and support the auditor's findings and conclusions. Upon review of work papers, a reviewer can determine the quality of work performed by the auditor. See also Audit Report, Conclusion(s), Findings.

Writeoff.

Same as Declared Uncollectible.

GLOSSARY

Definition Sources:

Employment and Training Administration Glossary (ETA Glossary)

Employment Security Manual Glossary (ESM Glossary)

ETA 581, Contribution Operations - Definitions (ETA 581)

6/23/93 last revision (J:\OQC\TPS\GLOSSARY)

3/27/95 converted to WP 6.0 (TIMMS) Font changed to Dutch 801 Roman (header and footer not changed)

10/20/95 revised by Timms - New format, header, footer placed in "o" drive under Appendix C

10/26/95 removed by Bev - the citing of "Other" and "Random" audit, and "See also Source Document from Original Record of Entry and visa versa. Reversed the from and to in General Ledger. Added to the definition of Chart of Accounts, defined General Journal and added "employer" to the definition of Collections and Collections Unit.

10/31/95 revised "due date" checked for excessive blank spaces and single lines - Peterkin