



INDIANA
WORKFORCE
DEVELOPMENT
AND ITS **WorkOne** CENTERS

TO: Scott B. Sanders, Chief Financial Officer
Mary Johnson, Deputy Commissioner, Unemployment
Ron Miller, Director, UI Benefits/ALJs
Director, UI Tax

THRU: Dustin Stohler, General Counsel

FROM: Denise Klinkose, Director, Oversight and Security

DATE: February 2, 2009

SUBJECT: Requirement of Corrective Action Plans (CAPs)
For the Tax Performance System (TPS) Reviews

Tax Performance System staff review thirteen (13) tax functions annually to determine if they meet USDOL's Acceptable Levels of Performance (ALPs) in tax performance. USDOL Unemployment Insurance Policy Letter (UIPL) 14-05 states in part, "To meet the acceptable level of performance for tax quality, a state can have no more than three (3) failures out of the thirteen (13) tax functions reviewed under TPS in a year, nor any single tax function failing the TPS review for three (3) consecutive years." The State will be required to submit to USDOL Corrective Action Plans (CAPs) for each function not meeting ALPs, with quarterly updates on the progress of the CAPs as required.

Effective with the Program Year (PY) 09 TPS reviews, the following procedures will be implemented by the Oversight Division to ensure proper tracking and a proactive approach in resolving our failures on the reviews.

- Should any tax function fail to pass a TPS review and not meet ALPs, a CAP is required and is to be submitted to the Resolution Specialist of the Oversight Division.
- Should there be any finding of a weak or lacking internal control, a CAP is required and is to be submitted to the Resolution Specialist of the Oversight Division.

Following each tax function review not meeting ALPs, or a finding of a weak or lacking internal control to assure quality, the Oversight Division will issue a Corrective Action Letter to the Deputy Commissioner responsible for UI Tax and/or UI Benefits. They must ensure a CAP is completed and submitted to the Resolution Specialist for the Oversight Division within thirty (30) days of the issuance of the Corrective Action Letter. TPS will track each of the thirteen (13) tax functions to ensure that we are improving our tax performance.

This memorandum rescinds the May 16, 2005, memorandum entitled *Requirement of Corrective Action Plans (CAPs) for the Tax Performance System (TPS) Reviews*, which expires at the completion of the PY08 TPS reviews.

cc: William Peterson
Ron Giveans
Cheryl Haskett