CHAPTER II

METHODS AND PROCEDURES REVIEW

l. Introduction. The Department of Labor is responsible for reviewing operational procedures as a mechanism for ensuring the integrity of the SESA QC program. Regional Office staff will conduct Methods and Procedures (M & P) reviews as a means of assessing a SESA's adherence to the required QC methodology. Each SESA must be reviewed bi-annually. Regional Offices should conduct reviews in half of their SESAs each year. During years in which SESAs are not reviewed, Regional Office staff will base their annual assessment on findings of on-going monitoring and discussion with SESA staff.

An M & P review covers the following operational areas:

- Organization
- Authority
- Written Procedures
- Forms

A section of this chapter is devoted to each of these areas. Each section presents the QC Requirements from the applicable section of ET Handbook No. 395. Process describes in general terms the purpose of reviewing each area and the steps performed in conducting the review. Worksheet presents a facsimile of the form to be completed during the review. This is followed by Worksheet Instructions which explain how to answer the questions on the worksheets and draw a conclusion as to whether the SESA adheres to the QC requirements.

The assessment of each M & P area will result in one of the following conclusions by the Region:

- The SESA adheres to QC requirements.

- The SESA does not adhere to QC requirements, and the SESA agrees to correct the deficiency.

- The SESA does not adhere to QC requirements, and the SESA does not agree to correct the deficiency.

Whenever review findings show that the SESA adheres to QC requirements in each M & P area, the review is complete for a given review period. No further review will be needed unless there is a SESA program or policy change which affects the facts supporting the earlier finding of adherence;e.g. reorganization.

Whenever the M & P review shows non-adherence in any one or more of the four areas, further attention of the Region is required. Depending upon the SESA's response (e.g., agrees to take

corrective action or disagrees with the review findings), the Regional monitor will work with the State to achieve QC corrective action or dispute resolution, as prescribed in Chapter VII.

Whenever corrective action has been completed, the monitor must review again each program area that was deficient to determine that the SESA has corrected its deficiency(ies) and is in adherence to M & P requirement(s).

If subsequent review of area(s) of non-adherence reveals that a SESA still has not taken corrective action earlier agreed to, the Regional Office will necessarily find the SESA in non-compliance on this (these) requirement(s).

2. Review Schedule and Reporting. Methods and Procedures reviews will be conducted in each State agency bi-annually during the first three months of the calendar year. Regions should schedule half of their States each year. Findings (conclusions) will be reported by the Regions to the National Office following each review, using the four worksheets presented in this chapter. The bi-annual M & P reports are due in the National Office on or before the sixth working day of April. Appropriate documentation supportive of the review findings should accompany each worksheet. (Copies of the M & P worksheets are included in Appendix B.)

Specific QC program documents generated by the SESA must be submitted to the National Office, on a one-time basis, whenever they are completed by the SESA and approved by the Regional Office. These documents, described later in this chapter, are:

- the SESA's QC Operations Manual

- the QC Claimant Questionnaire, and

- required standard QC forms used in SESA case investigations.

It will be sufficient for the Regional Offices to submit the required documents for each SESA once, rather than bi-annually, to the National Office provided that:

a. each document has been reviewed and approved by the Region during M & P review;

b. each document has been approved by the National Office; and

c. in subsequent bi-annual reviews, the Regional Office sends to the National Office the required M & P review worksheets affirming that the previously approved documents remain substantially unchanged.

Regardless of whether or not substantive changes have been made by the SESA, review worksheets must be completed during each review to substantiate the review for the National Office.

Whenever substantive changes are made, they must be reviewed by the Regional Office. If approved, appropriate sections or pages affected by changes must then be submitted to the National Office for review.

The findings of the bi-annual M & P review of each SESA will be incorporated in the annual determination of the SESA's administration of Quality Control, as detailed in Chapter VII. During non-review years, Regions, through their on-going monitoring, should gather enough information to be able to certify in the annual determination that a SESA does or does not adhere to the M & P requirements.

3. Organization

a. QC Requirements. Each QC unit is to be organizationally independent of, and not accountable to, any unit performing functions subject to evaluation by this QC unit. The organizational location of the QC unit must be such as to maintain its objectivity, to facilitate its access to information necessary to carry out its responsibilities, and to minimize organizational conflict of interest.

b. Process. The purpose of reviewing organizational independence is to establish that the QC unit has adequate access to information to conduct a complete and timely investigation and is able to find and report on what is found without fear of censure.

The steps in the review process include:

(1) Examining documents and discussing the organizational position with SESA staff.

(2) Determining whether the nature of the reporting relationship for the QC supervisor makes unlikely the potential for an undue conflict of interest.

(3) Determining whether the QC staff is subject to the State Merit System.

(4) Determining whether the QC unit has access to information necessary to conduct case investigation.

c. Worksheet. Facsimile of worksheet for Organization.

WORKSHEET QC-1

ORGANIZATION

State_____ **Date**_____ **Reviewer**_____

I. Questions.

1. Does the QC supervisor (QCS) report to one of the following? ☐ Yes ☐ No
   a. A person who has no line responsibility for any function audited by QC.

   b. The head or deputy head of the SESA.

   c. The head or deputy head of UI, or equivalent, who has staff or line management responsibility for other functions and activities in addition to benefits.

   Name, title of QCS's superior: ☐

2. Are the QC supervisor and investigators covered by the State Merit System? ☐ Yes ☐ No

3. Does the QC unit have access (by policies and procedures) to the records and data bases necessary to carry out its functions? ☐ Yes ☐ No

II. Conclusion.

☐ SESA adheres to requirements.
☐ SESA does not adhere to QC requirements - agrees to correct.
☐ SESA does not adhere to QC requirements - does not agree to correct.

III. Explanation.

☐

d. Worksheet Instructions -- QC-1

(1) Questions. The following are instructions for obtaining the information requested in each question:

(a) Information as to whom the QC supervisor reports should be obtained from discussions with the SESA staff in conjunction with documentation from the following sources:

- SESA organizational chart.
- Position description for the QC supervisor.
- Mission and function statement of the QC unit.
- Mission and function statement of the UI office or unit to whom the QC supervisor reports.
- Copies of SESA directives and policy issuances pertaining to the establishment, duties, and responsibilities of the QC unit.
- Copy of the SESA's written procedures that guide the operation of the QC unit.

(b) Question the QC supervisor or higher authority to ascertain whether or not QC staff fall within the State Merit System. It is anticipated that all QC staff will fall within the State Merit System. Section 303(a)(1) of the Social Security Act requires the establishment and maintenance of personnel standards based on merit for certification of administrative grants to States. (The merit staffing responsibilities under Sec. 303(a)(1) were transferred to the Civil Service Commission, now the Office of Personnel Management, effective March 6, 1971 by P.L. 91-648, Sec. 208(a)(2)(B) and are still in effect.) If it appears that the QC staff are outside the State Merit System, obtain documentation from the SESA to verify the fact and to use in pursuit of a solution.

(c) Hold a discussion with the QC supervisor to determine the accessibility of data necessary for QC operations. Include at least the following items in the discussion:

- claim files (LO and CO)
- determinations (monetary and nonmonetary)
- wage records (and access to employer records)
- overpayment records
- appeals records
- response/support from UI Data Processing Unit
- tax records
- policy statements

(2) Conclusion. Make a decision as to whether or not the SESA's organization is consistent with QC requirements, and check one box to indicate the appropriate response:

(a) If answers to all three questions are "yes", the QC requirements have been adhered to. Check the "Adheres to QC Requirements" box, provide the explanation as required in Section (3) below, and proceed to the Completion Process, Chapter VII.

(b) If the requirements have not been adhered to, and the SESA agrees to make corrections, check the appropriate box, provide the explanation required in Section (3) below, and offer technical assistance as described in Chapter VII.

(c) If the requirements have not been adhered to, and the SESA does not agree to make corrections, check the appropriate box, provide the explanation required in Section (3) below, and work with the SESA to resolve any dispute or to encourage adherence as described in Chapter VII.

(3) Explanation. Regardless of the conclusion reached, it needs to be supported by an explanation and documentation. If the SESA adheres to QC requirements, explain and attach some verifying documentation. If the SESA does not adhere to QC requirements, explain the deficiency and indicate how the SESA will correct it or what attempts were made to negotiate a correction before an impasse was reached. If the deficiency persists, the Region must continue efforts to resolve the dispute as described in Chapter VII. If and when corrective action is completed, the Region must conduct another review to determine and document whether or not adherence is achieved.

4. Authority

a. QC Requirements. All conclusions drawn from the QC investigative process must be formalized in official agency actions if errors are found, except where prohibited by SESA provisions such as finality. Determinations and redeterminations resulting from the QC investigation must be made so as to preclude any conflict of interest with a SESA unit whose work has been evaluated by QC. If a conflict of interest arises, a mechanism must be in place for resolution of the issue by a higher authority. Any determinations or redeterminations resulting from the QC process must be in accord with the appeal and fair hearing requirements of Federal and State law.

b. Process. The scope of the review of the QC unit's authority is limited to ensuring that there is no conflict of interest inherent in issuing official agency action flowing from QC findings.

The steps in the authority review process include:

(1) Examining documents and discussing the issuing of determinations with the QC supervisor to establish where decision-making authority lies.

(2) Determining if the location of decision-making authority for determinations ensures that QC findings are not compromised by the interests of a unit evaluated in the QC process. This will be determined through questions which pose potential ways to be consistent with QC requirements, as identified on the worksheet.

c. Worksheet. Facsimile of worksheet for Authority review.

WORKSHEET QC-2

AUTHORITY

State _____ **Date** _____ **Reviewer** _____

I. Action.

Enter the number from the "Options" section below which explains how the following are issued:

- ☐ Monetary redeterminations
- ☐ Findings of fraud
- ☐ Nonmontary determinations/redeterminations
- ☐ Other actions not included above (OP's, UP's, voided offsets, etc.) Identify:

II. Options.

1. The SESA's written policies and procedures give the QC unit the authority to issue a determination/ redetermination when an error is found in a case.

2. The QC unit refers findings to other units to issue determinations/redeterminations, and in the event of disputes with those units, the QC unit has access to a higher authority to obtain resolution.

3. Other (explain).

III. Conclusion.

- ☐ SESA adheres to QC requirements.
- ☐ SESA does not adhere to QC requirements - agrees to correct.
- ☐ SESA does not adhere to QC requirements - does not agree to correct.

IV. Explanation.

d. Worksheet Instructions -- QC-2.

(1) Actions. Ascertain where the authority to take action resulting from QC investigations resides for the following:

- Monetary redeterminations

- Findings of potential fraud

- Nonmonetary determinations/redeterminations

- Other actions not included above which could be prompted by QC investigations. Identify any such actions.

Obtain the information by discussion with the SESA staff in conjunction with examination of documentation from some or all of the following sources:

- Copies of SESA directives and policy issuances pertaining to the establishment, duties, and responsibilities of the QC unit.

- Copy of the SESA's written procedures that guide the operation of the QC unit.

- Samples of determinations written by the QC unit.

(2) Options. From this section, select the SESA practice which applies to each of the items listed under "Actions" and enter the appropriate number next to the item. If neither option "1" nor "2" is applicable, enter "3", and explain the SESA practice.

(3) Conclusion. If all entries in the "Action" section are "1" or "2", check the block that indicates "SESA adheres to QC methodology".

- If there is a "3" entry for one or more items, ascertain whether or not the SESA practice meets the QC requirements, and make the appropriate entry:

- If the requirements have been adhered to, check the appropriate box, provide the explanation required in Section (4) below, and proceed to the Completion Process, Chapter VII.

- If the requirements have not been adhered to, and the SESA agrees to make corrections, check the appropriate box, provide the explanation required in Section (4) below, and offer technical assistance as described in Chapter VII.

- If the requirements have not been adhered to, and the SESA does not agree to make corrections, check the appropriate box, provide the explanation required in Section (4) below, and work with the SESA to encourage adherence as described in Chapter VII.

(4) Explanation. Each "3" entry in section I of the worksheet must contain an explanation here as to why the SESA was considered to have or have not adhered to the requirements.

Regardless of the conclusion reached for section III, cite the appropriate sections of the SESA QC Operations Manual to support the conclusion. If not addressed in the SESA QC Operations Manual, identify the source of the information.

If the SESA does not adhere to QC requirements, explain how it will correct the deficiency or what attempts were made to negotiate a correction before an impasse was reached. If the SESA is not adhering to QC requirements, continue to work on obtaining SESA adherence as described in Chapter VII .

5. Written Procedures

a. QC Requirements. Each SESA must develop written procedures to guide the operation of the QC program. These procedures, in the form of a SESA QC Operations Manual, must cover all investigative and administrative functions of the QC unit. Though procedures will be adapted to the particular circumstances of the State, they must interpret ET Handbook No. 395 so as to provide for the proper administration of the QC program. Copies of the State's QC procedures must be provided by the SESA to the Regional Office for review.

b. Process. The SESA QC Operations Manual should be reviewed in conjunction with the State's written law and policy. The SESA QC Operations Manual is reviewed to ensure that it conforms to the QC requirements set forth in ET Handbook No. 395. These SESA procedures manuals will also reflect state-specific law, policy, and internal UI processes.

c. Worksheet. Facsimile of worksheet for Written Procedures.

WORKSHEET QC-3

WRITTEN PROCEDURES

State _____ **Date** _____ **Reviewer** _____

I. Questions.

1. Does the SESA QC Operations Handbook cover all investigative and administrative functions of the QC unit? Consider: ☐ Yes ☐ No

   - Responsibilities of QC staff
   - Support - data processing
   - Maintaining data files
   - Sampling
   - Assignment of cases
   - Investigations
   - Interstate procedures for assisting other States and for requesting assistance
   - Coding/error classification
   - Records - data input, documentation, retention
   - Relationships with other SESA units - BPC, Benefits, Tax, Appeals, LO's, JS
   - Process for making determinations resulting from QC investigations

2. Have the procedures been adapted to particular circumstances of the State? Consider the following: ☐ Yes ☐ No

   - Work search requirements
   - ES registration requirements
   - Procedures for obtaining necessary dependency information, if applicable
   - Procedures for contacts with non-English speaking claimants

3. Ascertain whether or not the requirements of ET Handbook No. 395, including Appendix C - Investigative Guide, are properly incorporated into SESA procedures:

   a. Are the procedures consistent with ET Handbook No. 395? Consider: ☐ Yes ☐ No

      - Data collection
      - Investigations
      - Documentation
      - Retention of records
      - Reporting

WORKSHEET QC-3 (PAGE 2 OF 2)
WRITTEN PROCEDURES

State _____ **Date** _____

b. Are the investigative procedures designed to accord with standard SESA fact-finding practices? ☐ Yes ☐ No

c. Do the investigative procedures facilitate the case completion timeliness objectives? ☐ Yes ☐ No

d. Do SESA procedures outline specifically that hearings be attended by the investigator responsible for the descision being appealed? ☐ Yes ☐ No

e. Do instructions for completing the required formats specify that the investigator must explain if the information was not obtained in-person when required or by the primary and secondary methods. (This may be satisfied by space on the formats designated for this information.) ☐ Yes ☐ No

II. Conclusion.

☐ SESA adheres to QC requirements.

☐ SESA does not adhere to QC requirements - agrees to correct.

☐ SESA does not adhere to QC requirements - does not agree to correct.

III. Explanation.

d. Worksheet Instructions -- QC-3

(1) Questions. Compare the QC procedures developed by the SESA with the procedures outlined in ET Handbook No. 395 to ascertain whether the procedures are consistent with QC requirements. The items listed after questions 1 and 2 should be

considered before answering these questions. However, these lists are not meant to be all-inclusive; other items should be considered, as applicable under State law/procedures.

(2) Conclusion. Using the answers to the questions in (1) above, make a decision as to whether or not the QC requirements have been adhered to, and check one box to indicate the appropriate response:

(a) If answers to all questions are "yes", the QC requirements have been adhered to. Check the "Adheres to QC Requirements" box and proceed to the Completion Process, Chapter VII.

(b) If the QC requirements have not been adhered to, and the SESA agrees to make corrections, check the appropriate box, provide the explanation required in Section (3) below, and offer technical assistance as described in Chapter VII.

(c) If the requirements have not been adhered to, and the SESA does not agree to make corrections, check the appropriate box and provide the explanation required in Section (3) below.

(3) Explanation. A conclusion that the SESA does not adhere to QC methodology needs to be explained and documented. Provide a narrative describing how the requirements were not adhered to and what will be done to correct this situation, or why it will not be corrected. Regardless of the conclusion reached, submit a copy of the SESA QC Operations Manual as an attachment to the worksheet. This will need to be done once for each State, whenever the Operations Manual is completed. In the event of subsequent substantive changes, selected pages of the Manual should be submitted to the National Office during successive Regional Office M & P reviews.

6. Forms

a. QC Requirements

(1) QC Claimant Questionnaire. The QC claimant questionnaire is a required, standard information form to be completed by each UI claimant whose claim is investigated by SESA QC staff. The Regional Office must review the claimant questionnaire (based upon ET Handbook No. 395 model) to ensure that the SESA has added items to it which are needed to determine benefit eligibility in accordance with State law, regulations, and policy. All such changes to the questionnaire should be reviewed by the Regional Office for adherence to the QC regulation and ET Handbook No. 395. Amended claimant questionnaires must also be reviewed and approved by the National Office. When the claimant questionnaire is translated into another language, the Regional Office must submit a copy to the National Office for post-review.

(2) Standard Forms. Each SESA must develop a standard QC form to be used in investigations for:

- Work Search Verification - Employer
- Work Search Verification - Labor Organization
- Employment/Wage/Earnings Verification
- Disqualifying/Deductible Income Verification
- Authorization to Release Information (in SESAs where required)
- Fact-finding Statement
- Dependency Eligibility Verification (if applicable)
- Summary of Investigation

The questions on all forms which address eligibility must be adequate to obtain information which the SESA requires to determine whether provisions of law and written policy were adhered to. Additionally, all forms used for interviews must provide space for the name or signature of the person being interviewed and the date of the interview, and for the SESA investigator's signature and date of review.

b. Process. Review the SESA QC forms in conjunction with the State's written law and policy. SESA QC forms should be reviewed to ensure that they conform to QC requirements set forth in the ET Handbook No. 395.

c. Worksheet. Facsimile of worksheet for Forms.

WORKSHEET QC-4

FORMS

State _____ **Date** _____ **Reviewer** _____

I. Questions.

Claimant Questionnaire

1. Has the questionnaire been altered as required to cover specific provisions of State law? Consider the following: ☐ Yes ☐ No ☐ N/A

   - Base period separations
   - Base period wages
   - Lag period separations
   - Work search separations
   - ES registration
   - Income during Key Week
   - Dependency allowances

2. Are all changes to the questionnaire adequate to obtain the necessary information? ☐ Yes ☐ No ☐ N/A

3. Were changes to the questionnaire limited to those necessitated by specific provisions of State law? ☐ Yes ☐ No ☐ N/A

Standard Formats

4. Work Search Verification - Employer

   a. Are questions on the form adequate to determine whether claimant's work search contacts were acceptable according to the SESA written law and policy? ☐ Yes ☐ No

   b. Is space provided for signature of the investigator, signature or name of the person interviewed, and the date? ☐ Yes ☐ No

5. Work Search Verification - Labor Organization

   a. Are questions on the form adequate to determine claimant's union status? ☐ Yes ☐ No

FORMS

State _____ **Date** _____

b. Are questions on the form adequate to determine, according to SESA written law and policy, if any issues resulted from job referrals or job refusals? ☐ Yes ☐ No

c. Is space provided for signature of the investigator, signature of the person interviewed, and the date? ☐ Yes ☐ No

6. Employment/Wages/Earnings Verification

a. Are questions on the form adequate to obtain, according to SESA written law and policy, reason for separation from employment, base period earnings, and earnings received during the benefit year? ☐ Yes ☐ No

b. Is space provided for signature of the investigator, signature or name of the person interviewed, and the date. ☐ Yes ☐ No

7. Disqualifying/Deductible Income Verification

a. Are questions on the form used for QC adequate to determine eligibility or reductions to benefits, according to SESA written law and policy, regarding receipt of or application for pension/income/remuneration? ☐ Yes ☐ No

b. Is space provided for signature of investigator and date? ☐ Yes ☐ No

8. Authorization to Release Information If required by the State, is the form used for QC adequate according to SESA requirements? ☐ Yes ☐ No ☐ N/A

9. Fact-finding Statement Does the form used for QC provide space for the signature or name of the person providing the information and the date? ☐ Yes ☐ No

FORMS

State _____ **Date** _____

10. Dependency Eligibility Verification

a. Are questions on the form adequate to obtain, according to SESA written law and policy, data needed to determine eligibility? ☐ Yes ☐ No

b. Is space provided for signature of the investigator and the date? ☐ Yes ☐ No

11. Summary of Investigative Narrative

a. Is adequate space provided on the form to enter pertinent facts of the case? ☐ Yes ☐ No

b. If a "fill-in-the-blank" summary is used, is it adequate to summarize pertinent facts of cases ☐ Yes ☐ No

c. Is space provided for signature of the investigator and date? ☐ Yes ☐ No

II. Conclusion.

☐ SESA adheres to QC requirements.

☐ SESA does not adhere to QC requirements - agrees to correct.

☐ SESA does not adhere to QC requirements - does not agree to correct.

III. Explanation.

d. Worksheet Instructions -- QC-4

(1) Questions. Questions 1-11 are grouped into the two categories noted below. Most questions have more than one part. Each question is self-explanatory, therefore no elaboration is necessary in this section.

(a) Claimant Questionnaire. Compare the Claimant Questionnaire developed by the SESA with the Claimant Questionnaire prescribed in ET Handbook No. 395 and with State written law and policy. Each SESA's version must contain modifications enabling it to collect adequate information to verify the accuracy of the SESA's unique claims processes. Questions 1-3 on the Worksheet are applicable.

(b) Standard Forms. ET Handbook No. 395 calls for the use of six standard forms in all SESAs plus two others (Authorization to Release Information and Dependency Eligibility Verification) in some States where applicable. Regular State UI forms may be substituted for two of the six standard formats--Disqualification/Deductible Income Verification and Factfinding Statement. However, the forms must still meet the stated requirements. All forms should be compared with State written law and policy and with the forms in ET Handbook No. 395 for adequacy. Questions 4-11 on the Worksheet are applicable.

(2) Conclusion. Using the answers to the questions above, make a decision as to whether or not the requirements have been adhered to, and check one box to indicate the appropriate response:

- If answers to all questions are "yes" (or "N/A"), the requirements have been adhered to. Check the "Adheres to QC Requirements" box, provide the explanation required for (3) below, and proceed to the Completion Process, Chapter VII.

- If the requirements have not been adhered to, and the SESA agrees to make corrections, check the appropriate box, provide the explanation required for (3) below, and offer technical assistance as described in Chapter VII.

- If the requirements have not been adhered to, and the SESA does not agree to make corrections, check the appropriate box, provide the explanation required for (3) below, and work with the SESA to encourage adherence as described in Chapter VII.

(3) Explanation. If the SESA does not adhere to QC requirements, explain what is wrong and how the deficiency will be corrected or what attempts have been made to negotiate a correction. Additionally, provide a rationale for any changes made to the Questionnaire.

A copy of the Claimant Questionnaire (highlighted to show any revisions) and all other SESA QC forms should be submitted to the National Office as attachments after the first official M & P review. Once approved by the National Office, these documents will not be required in subsequent M & P reporting, unless substantive changes have been made by the SESA.